



## SEASPAN REPORTS FINANCIAL RESULTS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012

### Declares Third Quarter Dividend of \$0.25 per Common Share

**HONG KONG, CHINA - Oct. 30, 2012 /CNW/** - Seaspan Corporation ("Seaspan") (NYSE:SSW) announced today its financial results for the three and nine months ended September 30, 2012. Below is a summary of Seaspan's key financial results:

### Summary of Key Financial Results (in thousands of USD):

	<b>Three Months Ended September 30,</b>		<b>Change</b>		
	<b>2012</b>	<b>2011</b>	<b>\$</b>	<b>%</b>	
Reported net earnings (loss)	\$ 17,813	\$ (122,607)	\$ 140,420	114.5	%
Normalized net earnings(1)	\$ 33,608	\$ 34,132	\$ (524)	(1.5)	%
Earnings (loss) per share, basic and diluted	\$ 0.01	\$ (2.01)	\$ 2.02	100.5	%
Normalized earnings per share, converted(1)(Series A preferred shares converted at \$15)	\$ 0.30	\$ 0.29	\$ 0.01	3.4	%
Cash available for distribution to common shareholders(2)	\$ 69,811	\$ 63,930	\$ 5,881	9.2	%
Adjusted EBITDA(3)	\$ 129,043	\$ 114,964	\$ 14,079	12.2	%

	<b>Nine Months Ended September 30,</b>		<b>Change</b>		
	<b>2012</b>	<b>2011</b>	<b>\$</b>	<b>%</b>	
Reported net earnings (loss)	\$ 62,322	\$ (106,917)	\$ 169,239	158.3	%
Normalized net earnings(1)	\$ 104,615	\$ 87,953	\$ 16,662	18.9	%
Earnings (loss) per share, basic and diluted	\$ 0.18	\$ (2.19)	\$ 2.37	108.2	%
Normalized earnings per share, converted(1) (Series A preferred shares converted at \$15)	\$ 0.95	\$ 0.77	\$ 0.18	23.4	%
Cash available for distribution to common shareholders(2)	\$ 211,564	\$ 168,360	\$ 43,204	25.7	%
Adjusted EBITDA(3)	\$ 376,809	\$ 298,030	\$ 78,779	26.4	%

(1) Normalized net earnings and normalized earnings per share are non-GAAP measures that are adjusted for items such as interest expense, change in fair value of financial instruments, interest expense at the hedged rate, organizational development costs, losses (gains) on vessels and certain other items that Seaspan believes are not representative of its operating performance. Normalized earnings per share, converted, reflects normalized earnings per share on a pro-forma basis on the assumption that Seaspan's outstanding Series A preferred shares are converted at \$15.00 per share. Please read "Reconciliation of Non-GAAP Financial

Measures for the Three and Nine Months Ended September 30, 2012 and 2011- Description of Non-GAAP Financial Measures - B. Normalized Net Earnings and Normalized Earnings per Share" for a description of normalized net earnings and normalized earnings per share, converted, and for reconciliations of these measures to net earnings and earnings per share, respectively.

(2) Cash available for distribution to common shareholders is a non-GAAP measure that represents net earnings adjusted for depreciation and amortization, interest expense, amortization of deferred charges, non-cash share-based compensation, change in fair value of financial instruments, bareboat charter adjustment, organizational development costs, amounts paid for dry-docking, cash dividends paid on preferred shares, losses (gains) on vessels, interest expense at the hedged rate and certain other items that Seaspan believes are not representative of its operating performance. Please read "Reconciliation of Non-GAAP Financial Measures for the Three and Nine Months Ended September 30, 2012 and 2011 - Description of Non-GAAP Financial Measures - A. Cash Available for Distribution to Common Shareholders" for a description of cash available for distribution to common shareholders and a reconciliation of cash available for distribution to net earnings.

(3) Adjusted EBITDA is a non-GAAP measure that represents net earnings before interest expense and other debt-related expenses, interest income, income tax expense, depreciation and amortization expense, bareboat charter adjustment, organizational development costs, losses (gains) on vessels, change in fair value of financial instruments and certain other items that Seaspan believes are not representative of its operating performance. Please read "Reconciliation of Non-GAAP Financial Measures for the Three and Nine Months Ended September 30, 2012 and 2011 - Description of Non-GAAP Financial Measures - C. Adjusted EBITDA" for a description of Adjusted EBITDA and a reconciliation of Adjusted EBITDA to net earnings.

### **Summary of Key Highlights**

- Achieved vessel utilization of 98.9% and 99.1% for the three and nine months ended September 30, 2012, respectively.
- Paid a quarterly dividend of \$0.59375 per Series C preferred share on July 30, 2012, representing a distribution of \$8.3 million. The dividend was paid to all Series C shareholders of record as of July 27, 2012 for the period from April 30, 2012 to July 29, 2012.
- Paid a quarterly dividend of \$0.25 per Class A common share on August 22, 2012 to all shareholders of record as of August 13, 2012. Seaspan has increased its quarterly common share dividend by 150% since March 31, 2010. Seaspan expects common share dividends for the four quarters ending December 31, 2012 to total \$1.00 per share.

Gerry Wang, Chief Executive Officer, Co-Chairman, and Co-Founder of Seaspan, commented, "During the third quarter, Seaspan's business continued to perform as expected. We achieved high utilization, delivered strong financial results and distributed a sizeable dividend to shareholders."

Mr. Wang added, "Our balance sheet strength positions us well to capitalize on the attractive ship acquisition environment. We remain committed to our disciplined growth strategy, providing credit worthy customers with state-of-the-art fuel efficient vessels and creating long-term value for our shareholders."

### **Third Quarter Developments**

#### *Loan Facility Transaction*

On July 3, 2012, three of Seaspan's subsidiaries entered into a \$223.8 million loan facility with a leading



Ownership Days	5,591	5,087	5,847	5,421	5,980	5,857	17,418	16,365
Less Off-hire Days:								
Scheduled 5-Year Survey	(44)	(53)	(24)	(58)	(12)	(6)	(80)	(117)
Unscheduled Off-hire(1)	(7)	(2)	(14)	(3)	(56)	(7)	(77)	(12)
<b>Operating Days</b>	<b>5,540</b>	<b>5,032</b>	<b>5,809</b>	<b>5,360</b>	<b>5,912</b>	<b>5,844</b>	<b>17,261</b>	<b>16,236</b>
<b>Vessel Utilization</b>	<b>99.1</b>	<b>% 98.9</b>	<b>% 99.4</b>	<b>% 98.9</b>	<b>% 98.9</b>	<b>% 99.8</b>	<b>% 99.1</b>	<b>% 99.2</b>

(1) Unscheduled off-hire includes days related to vessels in between their time-charters. Certain of these days were used to dry-dock such vessels.

Seaspan accepted delivery of 10 vessels during the year ended December 31, 2011. Seaspan began 2012 with 65 vessels in operation and during the nine months ended September 30, 2012, accepted delivery of four vessels, bringing its fleet to a total of 69 vessels in operation as at September 30, 2012. Revenue is determined primarily by the number of operating days, and ship operating expense is determined primarily by the number of ownership days.

The following table summarizes Seaspan's consolidated financial results for the three and nine months ended September 30, 2012 and 2011:

	Three Months Ended September 30,		Increase		Nine Months Ended September 30,		Increase	
	2012	2011	Days	%	2012	2011	Days	%
Operating days	5,912	5,844	68	1.2%	17,261	16,236	1,025	6.3%
Ownership days	5,980	5,857	123	2.1%	17,418	16,365	1,053	6.4%

Financial Summary (in millions of USD)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2012	2011	\$	%	2012	2011	\$	%
Revenue	\$ 168.7	\$ 154.8	\$ 13.8	8.9%	\$ 487.1	\$ 409.5	\$ 77.6	18.9%
Ship operating expense	35.7	35.9	(0.3)	(0.8%)	101.7	99.8	1.9	1.9%
Depreciation and amortization expense	42.5	38.4	4.1	10.8%	122.7	102.2	20.5	20.1%
General and administrative expense	5.6	3.9	1.7	42.9%	18.1	11.7	6.5	55.6%
Operating lease	2.0	-	2.0	100.0%	2.0	-	2.0	100.0%
Loss (gain) on vessels	-	8.9	(8.9)	(100.0%)	(9.8)	8.9	(18.7)	(209.9%)
Interest expense	18.5	14.0	4.5	32.4%	54.7	34.8	19.9	57.1%
Change in fair value of financial	45.8	174.6	(128.7)	(73.7%)	132.6	253.5	(120.9)	(47.7%)

instruments loss

### Revenue

Revenue increased by 8.9% and 18.9%, respectively, for the three and nine months ended September 30, 2012 over the prior year's comparable periods. This is due to an increase in operating days of 1.2% and 6.3% for the three and nine months ended September 30, 2012, respectively, over the prior year's comparable periods and higher time-charter rates attributed to the delivery of Seaspan's larger newbuild vessels. The increase in operating days and the financial impact thereof, for the three and nine months ended September 30, 2012 relative to the corresponding periods in 2011, is attributable to the following:

	<b>Three Months Ended September 30, 2012</b>		<b>Nine Months Ended September 30, 2012</b>	
	<b>Operating Days impact</b>	<b>\$ impact (in millions)</b>	<b>Operating Days impact</b>	<b>\$ impact (in millions)</b>
2012 vessel deliveries	368	\$ 20.5	724	\$ 40.4
Full period contribution for 2011 vessel deliveries	123	6.1	1,380	66.1
Changes due to bareboat charters (1)	(368)	(8.6)	(1,092)	(25.5)
Change in daily charterhire rate	-	(2.8)	-	(3.4)
Change in charterhire days -	-	-	41	1.3
Scheduled off-hire	(6)	-	37	0.4
Unscheduled off-hire	(49)	(1.4)	(65)	(1.7)
<b>Total</b>	<b>68</b>	<b>\$ 13.8</b>	<b>1,025</b>	<b>\$ 77.6</b>

(1) Seaspan bareboat chartered to Mediterranean Shipping Company S.A., or MSC, four 4800 TEU vessels commencing in the fourth quarter of 2011. These transactions were accounted for as sales-type leases with the vessels being deemed disposed of and a gross investment in lease recorded, which is being amortized to income through interest income from leasing. In the comparable periods in the prior year, the hire payments from the time chartering of these vessels to A.P. Møller-Mærsk A/S was included in revenue.

Vessel utilization was 98.9% and 99.1%, for the three and nine months ended September 30, 2012, respectively, compared to 99.8% and 99.2% for the three and nine months ended September 30, 2011, respectively.

The decrease in vessel utilization for the nine months ended September 30, 2012 was primarily due to a 65 day increase in unscheduled off-hire. The unscheduled off-hire includes 31 days for the Seaspan Dalian and Seaspan Felixstowe. While these vessels were in between time charters, their scheduled dry-dockings were completed. There was also 22 days of unscheduled off-hire related to mechanical issues experienced onboard the COSCO Indonesia. During the nine months ended September 30, 2012, Seaspan completed six dry-dockings which resulted in 80 days of scheduled off-hire, compared to the nine months ended September 30, 2011, where Seaspan completed eight dry-dockings which resulted in 117 days of scheduled off-hire.

The dry-dockings Seaspan completed during the nine months ended September 30, 2012 involved the following vessels:

**Vessel**

**Completed**

Rio de Janeiro Express	Q1
CSCL Zeebrugge	Q1
COSCO Fuzhou	Q1
COSCO Yingkou	Q1
CSCL Long Beach	Q2
Seaspan Ningbo	Q3
Seaspan Dalian (1)	Q3
Seaspan Felixstowe (1)	Q3

(1) Dry-dockings for these vessels were completed in between their time charters, as described above.

Seaspan's cumulative vessel utilization since its initial public offering in August 2005 is 99.2%.

### *Ship Operating Expense*

Prior to Seaspan's acquisition of Seaspan Management Services Limited (the "Manager"), ship operating expense was comprised of fixed, daily, per vessel fees paid to the Manager for technical services. The amount of this technical services fee was established every three years. As a result of the acquisition, Seaspan's consolidated ship operating expense now represents the direct operating costs of the vessels.

(\$ impact in millions of USD, except per day amounts)	Three Months Ended September 30,		Change		Nine Months Ended September 30,		Change	
	2012	2011	%		2012	2011	%	
Ship operating expense, as reported	35.7	35.9	(0.8)	%	101.7	99.8	1.9	%
Add: General and administrative component of technical services fee(1)	3.1	-	100.0	%	7.9	-	100.0	%
Adjusted ship operating expense	38.8	35.9	8.1	%	109.6	99.8	9.8	%
Ownership days	5,980	5,857	2.1	%	17,418	16,365	6.4	%
Adjusted ship operating expense per day	\$ 6,484	\$ 6,135	5.7	%	\$ 6,291	\$ 6,099	3.1	%

(1) Prior to the acquisition of the Manager, the entire technical services fee was classified as ship operating expense. After the acquisition of the Manager, the Manager's general and administrative expenses that previously would have been included in the technical services fee and reported as ship operating expense are now presented as general and administrative expenses.

Total ship operating expense for the nine months ended September 30, 2012 of \$101.7 million consists of \$9.3 million of technical services fees paid to the Manager during the pre-acquisition period to January 26, 2012, and \$92.4 million of direct costs incurred during the post-acquisition period from January 27 to September 30, 2012.

The changes in ship operating expense for the three and nine months ended September 30, 2012 are primarily attributable to the general and administrative reclassification, as explained above, of approximately \$3.1 million and \$7.9 million, respectively, and the increase in ownership days of 123 days and 1,053 days, respectively. The increase in adjusted average ship operating expense per vessel per day of 5.7% and 3.1% for the three and nine months ended September 30, 2012, respectively, compared to the comparable periods in the

prior year, are favorable relative to our estimate of an approximate 8.0% increase in average per vessel per day ship operating expense from the fees charged by the Manager for the year ending December 31, 2011, and reflects the results of Seaspan's cost saving initiatives.

#### *Depreciation and Amortization Expense*

The increase in depreciation and amortization for the three and nine months ended September 30, 2012, from the corresponding periods in the prior year is due to the increase in the size of the fleet. Four vessels delivered in 2012 and a full period of depreciation was taken for the 10 vessels delivered in 2011, partially offset by the impact of the disposition of the four MSC bareboat charter vessels and the disposition of the UASC Madinah.

#### *General and Administrative Expenses*

The increases of \$1.7 million and \$6.5 million, respectively, in general and administrative expenses for the three and nine months ended September 30, 2012 compared to the corresponding periods of the prior year, are primarily due to the reclassification of approximately \$3.1 million and approximately \$7.9 million, respectively, of the Manager's general and administrative expense from ship operating expense.

#### *Operating Lease Expense*

On June 27, 2012, Seaspan sold the UASC Madinah to a U.S. bank and is leasing the vessel back for approximately nine years. Prior to June 27, 2012, Seaspan owned the vessel and financed it with a term loan of \$53.0 million which was repaid using the proceeds from the sale to the U.S. bank. During the three and nine months ended September 30, 2012, Seaspan incurred operating lease expense of \$2.0 million. In the comparable periods of 2011, Seaspan incurred interest expense on the \$53.0 million loan.

#### *Gain on Vessels*

The \$53.0 million term loan credit facility matured on June 27, 2012. On June 27, 2012, Seaspan sold the UASC Madinah to the U.S. bank for \$52.1 million, the amount outstanding under the term loan which resulted in a gain on vessel of \$9.8 million. The proceeds of this sale were used to fully repay the term loan.

#### *Interest Expense*

As at September 30, 2012, the balance of Seaspan's long-term debt was \$3.1 billion and Seaspan's other long-term liabilities was \$661.5 million. Interest expense is comprised primarily of interest incurred on long-term debt and other long-term liabilities for operating vessels and a reclassification of amounts from accumulated other comprehensive income related to previously designated hedging relationships. Interest incurred on long-term debt and other long-term liabilities for Seaspan's vessels under construction is capitalized to the cost of the respective vessels under construction. Seaspan's long-term debt and other long-term liabilities bear interest primarily at variable rates calculated by reference to LIBOR plus applicable margins.

The increases in interest expense for the three and nine months ended September 30, 2012, were primarily due to the increases in average operating debt and other long-term liabilities attributed to the delivery of four 13100 TEU newbuild vessels in 2012 and higher average LIBOR compared to the respective periods in the prior year. The average LIBOR charged on Seaspan's long-term debt and other long-term liabilities for the three and nine months ended September 30, 2012 was 0.4% and 0.5%, compared to 0.3% and 0.4% for the comparable periods in the prior year. Although Seaspan has entered into fixed interest rate swaps for much of its variable rate debt, the difference between the variable interest rate and the swapped fixed-rate on operating debt is recorded in Seaspan's change in fair value of financial instruments.

#### *Change in Fair Value of Financial Instruments*

The change in fair value of financial instruments resulted in losses of \$45.8 million and \$132.6 million for the three and nine months ended September 30, 2012, respectively, compared to losses of \$174.6 million and \$253.5 million for the comparable periods last year. The decreases in change in fair value for the three and nine months ended September 30, 2012 were primarily due to decreases in the forward LIBOR curve. The fair value of interest rate swap and swaption agreements is subject to change based on the counterparty and Seaspan's company-specific credit risk included in the discount factor and the interest rate implied by the current swap curve, including its relative steepness. In determining the fair value, these factors are based on current information available to Seaspan. These factors are expected to change through the life of the instruments, causing the fair value to fluctuate significantly due to the large notional amounts and long-term nature of Seaspan's derivative instruments. As these factors may change, the fair value of the instruments is an estimate and may deviate significantly from the actual cash settlements realized over the term of the instruments. Seaspan's valuation techniques have not changed and remain consistent with those followed by other valuation practitioners.

## About Seaspan

Seaspan provides many of the world's major shipping lines with an attractive outsourced alternative to vessel ownership by offering long-term leases on large, modern containerships combined with industry-leading ship management and a reputation for safety, quality and innovation. Seaspan's managed fleet consists of 76 containerships representing a total capacity of approximately 475,000 TEU, including 7 ships scheduled for delivery by the end of 2015. Seaspan's current operating fleet of 69 vessels has an average age of approximately five years and an average remaining lease period of approximately seven years.

Seaspan's common shares are listed on The New York Stock Exchange under the symbol "SSW".

Seaspan's Series C Preferred Shares are listed on The New York Stock Exchange under the symbol "SSW PR C".

## Conference Call and Webcast

Seaspan will host a conference call and webcast presentation for investors and analysts to discuss its results for the three and nine months ended September 30, 2012 on October 31, 2012 at 7:00 a.m. PT / 10:00 a.m. ET. Participants should call 1-877-246-9875 (US/Canada) or 1-707-287-9353 (International) and request the Seaspan call. A telephonic replay will be available for anyone unable to participate in the live call. To access the replay, call 1-855-859-2056 or 1-404-537-3406 and enter the replay passcode: 55291488. The recording will be available from October 31, 2012 at 10:00 a.m. PT / 1:00 p.m. ET through 8:59 p.m. PT / 11:59 p.m. ET on November 13, 2012. The conference call will also be broadcast live over the Internet and will include a slide presentation. To access the live webcast and slide presentation, go to [www.seaspancorp.com](http://www.seaspancorp.com) and click on "News & Events" and then "Events & Presentations" for the link. The webcast and slides will be archived on the site for one year.

## SEASPAN CORPORATION UNAUDITED CONSOLIDATED BALANCE SHEET AS OF SEPTEMBER 30, 2012 (IN THOUSANDS OF US DOLLARS)

	September 30, 2012	December 31, 2011
Assets		
Current assets:		
Cash and cash equivalents	\$ 273,000	\$ 481,123
Short term investments	35,485	-



Accounts receivable	7,611	6,837
Prepaid expenses	24,195	17,398
Gross investment in lease	14,600	14,640
	354,891	519,998
Vessels	4,827,943	4,289,331
Vessels under construction	76,146	407,918
Deferred charges	48,307	45,917
Gross investment in lease	84,878	95,798
Goodwill	66,662	-
Other assets	72,992	88,754
Fair value of financial instruments	38,760	-
	\$ 5,570,579	\$ 5,447,716
<b>Liabilities and Shareholders' Equity</b>		
<b>Current liabilities:</b>		
Accounts payable and accrued liabilities	\$ 46,680	\$ 47,400
Current portion of deferred revenue	24,674	23,257
Current portion of long-term debt	73,197	81,482
Current portion of other long-term liabilities	38,481	37,649
	183,032	189,788
Deferred revenue	8,991	12,503
Long-term debt	3,023,935	2,914,247
Other long-term liabilities	623,025	583,263
Fair value of financial instruments	633,402	564,490
	4,472,385	4,264,291
Share capital	772	838
Treasury shares	(301)	-
Additional paid in capital	1,775,392	1,860,979
Deficit	(628,889)	(622,406)
Accumulated other comprehensive loss	(48,780)	(55,986)
Total shareholders' equity	1,098,194	1,183,425
	\$ 5,570,579	\$ 5,447,716

## SEASPAN CORPORATION

### UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011 (IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2012	2011	2012	2011
Revenue	\$ 168,667	\$ 154,826	\$ 487,077	\$ 409,493

Operating expenses:				
Ship operating	35,650	35,930	101,715	99,805
Depreciation and amortization	42,527	38,378	122,742	102,200
General and administrative	5,618	3,932	18,139	11,658
Operating lease	2,035	-	2,035	-
Loss (gain) on vessels	-	8,890	(9,773)	8,890
	85,830	87,130	234,858	222,553
Operating earnings	82,837	67,696	252,219	186,940
Other expenses (income):				
Interest expense	18,531	13,998	54,663	34,801
Interest income	(299)	(144)	(928)	(471)
Interest income from leasing	(1,275)	-	(3,934)	-
Undrawn credit facility fees	145	952	1,348	3,434
Amortization of deferred charges	1,877	917	5,643	2,568
Change in fair value of financial instruments	45,847	174,580	132,607	253,525
Equity loss on investment	83	-	217	-
Other expenses	115	-	281	-
	65,024	190,303	189,897	293,857
<b>Net earnings (loss)</b>	<b>\$ 17,813</b>	<b>\$ (122,607)</b>	<b>\$ 62,322</b>	<b>\$ (106,917)</b>
Deficit, beginning of period	(622,454)	(483,179)	(622,406)	(469,616)
Dividends - common shares	(15,730)	(12,942)	(43,185)	(34,425)
Dividends - Series B preferred shares	-	(617)	-	(1,813)
Dividends - Series C preferred shares	(8,313)	(7,825)	(24,938)	(13,894)
Amortization of Series C issuance costs	(205)	(170)	(682)	(675)
Deficit, end of period	\$ (628,889)	\$ (627,340)	\$ (628,889)	\$ (627,340)
Weighted average number of shares, basic	62,664	69,257	62,989	69,045
Weighted average number of shares, diluted	64,201	69,257	64,377	69,045
Earnings (loss) per share, basic and diluted	\$ 0.01	\$ (2.01)	\$ 0.18	\$ (2.19)

**SEASPAN CORPORATION**

**UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME AND LOSS FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011 (IN THOUSANDS OF US DOLLARS)**

**Three Months Ended  
September 30,**

**Nine Months Ended September  
30,**

	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
<b>Net earnings (loss)</b>	<b>\$ 17,813</b>	<b>\$ (122,607)</b>	<b>\$ 62,322</b>	<b>\$ (106,917)</b>
Other comprehensive income:				
Amounts reclassified to earnings (loss) during the period, relating to cash flow hedging instruments	2,086	2,933	7,206	9,312
<b>Comprehensive income (loss)</b>	<b>\$ 19,899</b>	<b>\$ (119,674)</b>	<b>\$ 69,528</b>	<b>\$ (97,605)</b>

**SEASPAN CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011**  
**(IN THOUSANDS OF US DOLLARS)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Cash from (used in):				
Operating activities:				
Net earnings (loss)	\$ 17,813	\$ (122,607)	\$ 62,322	\$ (106,917)
Items not involving cash:				
Depreciation and amortization	42,527	38,378	122,742	102,200
Share-based compensation	901	1,014	3,430	2,266
Amortization of deferred charges	1,877	917	5,643	2,568
Amounts reclassified from other comprehensive loss to interest expense	1,859	2,784	6,595	8,970
Unrealized change in fair value of financial instruments	14,581	142,496	40,152	160,742
Loss (gain) on vessels	—	8,890	(9,773)	8,890
Equity loss on investment	83	—	217	—
Changes in assets and liabilities	2,373	(9,827)	(7,360)	(20,061)
Cash from operating activities	82,014	62,045	223,968	158,658
Financing activities:				
Preferred shares issued, net of share issue costs	—	(89)	—	344,567
Draws on credit facilities	—	544,863	113,672	547,160
Repayment of credit facilities	(27,394)	(366)	(38,380)	(366)
Shares repurchased, including related expenses	(1,403)	—	(172,341)	—
Repayment of other long-term liabilities	(10,618)	(6,210)	(43,602)	(11,910)
Financing fees	(3,797)	(6,941)	(3,615)	(8,008)
Dividends on common shares	(14,793)	(9,378)	(36,972)	(25,004)
Dividends on preferred shares	(8,313)	(8,151)	(24,938)	(14,866)
Swaption premium payment	(10,000)	—	(10,000)	—
Cash from (used in) financing				

activities	(76,318)	513,728	(216,176)	831,573
Investing activities:				
Expenditures for vessels	(45,864)	(302,906)	(210,139)	(602,171)
Short-term investments	(25,049)	—	(35,123)	—
Cash acquired on acquisition of Manager	—	—	23,911	—
Restricted cash	—	(5,000)	5,000	—
Intangible assets	(94)	(944)	436	(2,528)
Investment in affiliate	—	(4,015)	—	(4,015)
Cash used in investing activities	(71,007)	(312,865)	(215,915)	(608,714)
Increase (decrease) in cash and cash equivalents	(65,311)	262,908	(208,123)	381,517
Cash and cash equivalents, beginning of period	338,311	152,828	481,123	34,219
Cash and cash equivalents, end of period	\$ 273,000	\$ 415,736	\$ 273,000	\$ 415,736

**SEASPAN CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011**  
**(IN THOUSANDS OF US DOLLARS)**

**Description of Non-GAAP Financial Measures**

**A. Cash Available for Distribution to Common Shareholders**

Cash available for distribution to common shareholders is defined as net earnings adjusted for depreciation and amortization, interest expense, amortization of deferred charges, non-cash share-based compensation, change in fair value of financial instruments, bareboat charter adjustment, organizational development costs, amounts paid for dry-docking, cash dividends paid on preferred shares, losses (gains) on vessels, interest expense at the hedged rate and certain other items that Seaspan believes are not representative of its operating performance.

Cash available for distribution to common shareholders is a non-GAAP measure used to assist in evaluating Seaspan's ability to make quarterly cash dividends before reserves for replacement capital expenditures. Cash available for distribution to common shareholders is not defined by United States generally accepted accounting principles ("GAAP") and should not be considered as an alternative to net earnings or any other indicator of Seaspan's performance required to be reported by GAAP.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net earnings (loss)	\$ 17,813	\$ (122,607)	\$ 62,322	\$ (106,917)
Add:				
Depreciation and amortization	42,527	38,378	122,742	102,200
Interest expense	18,531	13,998	54,663	34,801

Amortization of deferred charges	1,877	917	5,443	2,568
Share-based compensation	901	1,014	3,430	2,288
Change in fair value of financial instruments	45,847	174,580	132,607	253,525
Bareboat charter adjustment, net (1)	2,405	—	7,026	—
Organizational development costs (2)	197	—	1,159	—
Less:				
Amounts paid for dry-dock adjustment	(3,194)	(1,871)	(6,954)	(6,299)
Series B preferred share dividends paid (3)	—	(327)	—	(972)
Series C preferred share dividends paid and accumulated (3)	(8,313)	(8,313)	(24,938)	(19,356)
Loss (gain) on vessels (4)	—	8,890	(9,773)	8,890
Net cash flows before interest payments	118,591	104,659	347,927	270,706
Less:				
Interest expense at the hedged rate (5)	(48,780)	(40,729)	(136,363)	(102,346)
<b>Cash available for distribution to common shareholders</b>	<b>\$ 69,811</b>	<b>\$ 63,930</b>	<b>\$ 211,564</b>	<b>\$ 168,360</b>

**SEASPAN CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011**  
**(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)**

**B. Normalized Net Earnings and Normalized Earnings per Share**

Normalized net earnings is defined as net earnings adjusted for items such as interest expense, change in fair value of financial instruments, interest expense at the hedged rate, organizational development costs, losses (gains) on vessels and certain other items Seaspan believes affect the comparability of operating results. Normalized net earnings is a useful measure because it excludes those items that Seaspan believes are not representative of its operating performance.

Normalized net earnings is not defined by GAAP and should not be considered as an alternative to net earnings or any other indicator of Seaspan's performance required to be reported by GAAP.

Normalized earnings per share, converted, is calculated as normalized net earnings, less dividends on Series B (until their repurchase on November 30, 2011) and Series C preferred shares, divided by the "converted" number of shares outstanding for the period. The Series A preferred shares automatically convert to Class A common shares at a price of \$15.00 per share at any time on or after January 31, 2014 if the trailing 30-day average trading price of the common shares is equal to or above \$15.00. If the share price is less than \$15.00, Seaspan can choose to not convert the preferred shares and to increase the annual increase in the liquidation preference to 15% per annum from 12%. The "converted" number of shares includes: basic weighted average number of shares, share-based compensation, and the impact of the Series A preferred shares converted at \$15.00 per share. This method reflects Seaspan's ability to control the conversion if the share price is less than \$15.00 and the per share impact of the preferred shares conversion at \$15.00.

Normalized earnings per share, basic, can be computed as normalized net earnings attributable to common shareholders divided by the weighted-average number of shares used to compute reported earnings per share, basic.

Normalized earnings per share, converted, diluted, and basic are not defined by GAAP and should not be considered as an alternative to earnings per share or any other indicator of Seaspan's performance required to be reported by GAAP.

**SEASPAN CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011**  
**(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)**

**B. Normalized Net Earnings and Normalized Earnings per Share (continued)**

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net earnings (loss)	\$ 17,813	\$ (122,607)	\$ 62,322	\$ (106,917)
Adjust:				
Interest expense	18,531	13,998	54,663	34,801
Change in fair value of financial instruments	45,847	174,580	132,607	253,525
Organizational development costs (2)	197	—	1,159	—
Loss (gain) on vessels (4)	—	8,890	(9,773)	8,890
Interest expense at the hedged rate (5)	(48,780)	(40,729)	(136,363)	(102,346)
<b>Normalized net earnings</b>	<b>\$ 33,608</b>	<b>\$ 34,132</b>	<b>\$ 104,615</b>	<b>\$ 87,953</b>
<b>Less: preferred share dividends</b>				
Series A	8,717	7,742	25,216	22,319
Series B	—	617	—	1,813
Series C (including amortization of issuance costs)	8,518	8,485	25,620	20,031
	<b>17,235</b>	<b>16,844</b>	<b>50,836</b>	<b>44,163</b>
<b>Normalized net earnings attributable to common shareholders</b>	<b>\$ 16,373</b>	<b>\$ 17,288</b>	<b>\$ 53,779</b>	<b>\$ 43,790</b>
<b>Weighted average number of shares used to compute earnings (loss) per share</b>				
<b>Reported and normalized, basic</b>	<b>62,664</b>	<b>69,257</b>	<b>62,989</b>	<b>69,045</b>
Share-based compensation	248	125	219	123
Contingent consideration	703	—	638	—
Shares held in escrow	586	—	531	—
Series A preferred shares liquidation preference converted at \$15	19,502	17,322	18,939	16,823
<b>Normalized, converted</b>	<b>83,703</b>	<b>86,704</b>	<b>83,316</b>	<b>85,991</b>
Series A preferred shares 115%				

premium (30-day trailing average)	—	3,178	—	1,059
<b>Reported, diluted (6)</b>	<b>83,703</b>	<b>89,882</b>	<b>83,316</b>	<b>87,050</b>
<b>Earnings (loss) per share:</b>				
<b>Reported, basic and diluted</b>	<b>\$ 0.01</b>	<b>\$ (2.01)</b>	<b>\$ 0.18</b>	<b>\$ (2.19)</b>
<b>Normalized, converted - preferred shares converted at \$15 (7)</b>	<b>\$ 0.30</b>	<b>\$ 0.29</b>	<b>\$ 0.95</b>	<b>\$ 0.77</b>

**SEASPAN CORPORATION**  
**RECONCILIATION OF NON-GAAP FINANCIAL MEASURES**  
**FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2012 AND 2011**  
**(IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE AMOUNTS)**

**C. Adjusted EBITDA**

Adjusted EBITDA is defined as net earnings before interest expense and other debt-related expenses, income tax expense, interest income, depreciation and amortization, bareboat charter adjustment, organizational development costs, losses (gains) on vessels, change in fair value of financial instruments and certain other items that Seaspan believes are not representative of its operating performance.

Adjusted EBITDA provides useful information to investors in assessing Seaspan's results of operations. Seaspan believes that this measure is useful in assessing performance and highlighting trends on an overall basis. Seaspan also believes that this measure can be useful in comparing its results with those of other companies. The GAAP measure most directly comparable to Adjusted EBITDA is net earnings. Adjusted EBITDA is not defined by GAAP and should not be considered as an alternative to net earnings or any other indicator of Seaspan's performance required to be reported by GAAP.

	<b>Three Months Ended September 30,</b>		<b>Nine Months Ended September 30,</b>	
	<b>2012</b>	<b>2011</b>	<b>2012</b>	<b>2011</b>
Net earnings (loss)	\$ 17,813	\$ (122,607)	\$ 62,322	\$ (106,917)
Add:				
Interest expense	18,531	13,998	54,663	34,801
Interest income	(299)	(144)	(928)	(471)
Undrawn credit facility fees	145	952	1,348	3,434
Depreciation and amortization	42,527	38,378	122,742	102,200
Amortization of deferred charges	1,877	917	5,643	2,568
Bareboat charter adjustment, net (1)	2,405	—	7,026	—
Organizational development costs (2)	197	—	1,159	—
Loss (gain) on vessels (4)	—	8,890	(9,773)	8,890
Change in fair value of financial instruments	45,847	174,580	132,607	253,525
<b>Adjusted EBITDA</b>	<b>\$ 129,043</b>	<b>\$ 114,964</b>	<b>\$ 376,809</b>	<b>\$ 298,030</b>

(1) In the second half of 2011, Seaspan entered into agreements to bareboat charter to MSC four 4800 TEU vessels for a five year term, beginning from vessel delivery dates that occurred in 2011. Upon delivery of the vessels to MSC, the transactions were accounted for as sales-type leases. The vessels were disposed of and a gross investment in leases was recorded, which is being amortized to income through interest income from leasing. The bareboat charter adjustment is included to reverse the GAAP accounting treatment and reflect the transaction as if the vessels had not been disposed of. Therefore, the bareboat charter fees are added back and the interest income from leasing is deducted resulting in a net bareboat charter adjustment.

(2) Organizational development costs include professional fees and integration costs related to the acquisition of the Manager.

(3) Dividends related to the Series B and Series C preferred shares have been deducted as they reduce cash available for distribution to common shareholders. All outstanding Series B preferred shares were redeemed on November 30, 2011.

(4) Gains or losses on disposal of vessels are excluded from the calculation. Included in the current period adjustment is the gain on sale of vessel that resulted from the sale of the Madinah to a U.S. bank on June 27, 2012. Included in the prior period adjustment is the loss on vessels that resulted from the York and Maersk Moncton as a result of the bareboat charters which is considered a sales-type lease and accounted for as a disposition upon delivery of the vessels in October 2011.

(5) Interest expense at the hedged rate is calculated as the interest incurred on operating debt at the fixed rate on the related interest rate swaps plus the applicable margin on the related credit facilities and variable rate leases, on an accrual basis. Interest expense on fixed rate leases is calculated on the effective interest rate.

(6) If the effect of Series A preferred shares is anti-dilutive, their effect is excluded from the computation of reported diluted earnings per share.

(7) Normalized earnings per share, converted, increased for the three and nine months ended September 30, 2012 as detailed in the table below:

	<b>Three Months Ended, September 30</b>	<b>Nine Months Ended, September 30</b>
<b>Normalized earnings per share, converted-preferred shares converted at \$15, September 30, 2011</b>	<b>\$ 0.29</b>	<b>\$ 0.77</b>
Excluding share count changes:		
Increase (decrease) in normalized earnings	(0.01)	0.19
Increase (decrease) from impact of Series B and C preferred shares	0.01	(0.04)
Share count changes:		
Decrease in converted share count (from 86,704 to 83,703 and from 85,991 to 83,316 for the three and nine months ended, respectively)	0.01	0.03
<b>Normalized earnings per share, converted-preferred shares converted at \$15, September 30, 2012</b>	<b>\$ 0.30</b>	<b>\$ 0.95</b>



## STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This release contains certain forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended), which reflect management's current views with respect to certain future events and performance, including, in particular, statements regarding: future operating results; expansion of Seaspan's business; future dividends; the effects of the acquisition of the Manager on Seaspan and its operations and results, including, among other things, on ship operating expenses and general and administrative expenses; repurchases of Seaspan common shares under its share repurchase program; vessel deliveries; vessel financing arrangements; and Seaspan's capital requirements. Although these statements are based upon assumptions Seaspan believes to be reasonable, they are subject to risks and uncertainties. These risks and uncertainties include, but are not limited to: the availability to Seaspan of containership acquisition opportunities; the availability and cost to Seaspan of financing to pursue growth opportunities; integration of the Manager acquisition and the number of additional vessels managed by the Manager in the future; chartering rates; conditions in the containership market; increased operating expenses; the number of off-hire days; dry-docking requirements; Seaspan's ability to borrow funds under its credit facilities and to obtain additional financing in the future; Seaspan's future cash flows and its ability to make dividend and other payments; the time that it may take to construct new ships; Seaspan's continued ability to enter into primarily long-term, fixed-rate time charters with customers; changes in governmental rules and regulations or actions taken by regulatory authorities; the financial condition of shipyards, charterers, lenders, refund guarantors and other counterparties and their ability to perform their obligations under their agreements with Seaspan; the potential for early termination of long-term contracts and Seaspan's potential inability to renew or replace long-term contracts; conditions in the public equity markets and the price of Seaspan's common shares; and other factors detailed from time to time in Seaspan's periodic reports and filings with the Securities and Exchange Commission, including Seaspan's Report on Form 20-F for the year ended December 31, 2011. Seaspan expressly disclaims any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in Seaspan's views or expectations, or otherwise.

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