SEASPAN REPORTS FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010

HONG KONG, CHINA - Aug. 5, 2010 /CNW/ - Seaspan Corporation (NYSE:SSW) announced today the financial results for the three and six months ended June 30, 2010. Below is a summary of our key financial results.

Summary of Key Financial Results (dollars in thousands):

	Three Months Ended June 30, 2010	Three Months Ended June 30, 2009	Change $	Change %
Reported net earnings (loss)	$ (121,842)	$ 112,306	$ (234,148)	(208.5%)
Normalized net earnings(1)	$ 22,284	$ 18,661	$ 3,623	19.4%
Earnings (loss) per share, basic	$ (1.89)	$ 1.62	$ (3.51)	(216.7%)
Earnings (loss) per share, diluted	$ (1.89)	$ 1.41	$ (3.30)	(234.0%)
Normalized earnings per share, basic(1)	$ 0.23	$ 0.23	$ -	-
Normalized earnings per share, diluted(1)	$ 0.23	$ 0.23	$ -	-
Normalized earnings per share, converted(1) (i) (preferred shares converted at $15)	$ 0.27	$ 0.25	$ 0.02	8.0%
Cash available for distribution to common shareholders(2)	$ 48,395	$ 39,014	$ 9,381	24.0%

	Six Months Ended June 30, 2010	Six Months Ended June 30, 2009	Change $	Change %
Reported net earnings (loss)	$ (158,458)	$ 136,524	$ (294,982)	(216.1%)
Normalized net earnings(1)	$ 41,912	$ 37,235	$ 4,677	12.6%
Earnings (loss) per share, basic	$ (2.52)	$ 1.96	$ (4.48)	(228.6%)
Earnings (loss) per share, diluted	$ (2.52)	$ 1.74	$ (4.26)	(244.8%)
Normalized earnings per share, basic(1)	$ 0.42	$ 0.48	$ (0.06)	(12.5%)
Normalized earnings per				

share, diluted(1)	$ 0.42	$ 0.47	$ (0.05)	(10.6%)
Normalized earnings per share, converted(1) (i) (preferred shares converted at $15)	$ 0.50	$ 0.50	-	-
Cash available for distribution to common shareholders(2)	$ 88,763	$ 73,802	$ 14,961	20.3%

(i) Normalized earnings per share, converted, reflects normalized earnings per share on a pro-forma basis on the assumption that the Series A preferred shares are converted at $15.00 per share. For a more detailed description of this calculation, please read "Reconciliation of Non-GAAP Financial Measures for the Three and Six Months Ended June 30, 2010 - Description of Non-GAAP Financial Measures - B. Normalized net Earnings and Normalized Earnings per Share."

Summary of Key Highlights:

- Achieved vessel utilization of 99.0% and 98.1%, respectively, for the three and six months ended June 30, 2010;
- Accepted delivery of seven newbuild vessels during the second quarter, including the UASC Madinah. The UASC Madinah is the first vessel that we have contracted to acquire since late 2007;
- Paid a first quarter dividend of $0.10 per share on May 18, 2010; and
- Declared a second quarter dividend to common shareholders of $0.125 per share to be paid on August 20, 2010, increasing cumulative dividends declared since our IPO to $6.715 per share.

Gerry Wang, Chief Executive Officer of Seaspan, stated, "During the second quarter, Seaspan achieved high utilization for its modern fleet and posted strong operating results while further expanding its contracted revenue streams. We took delivery of six newbuildings, four of which were delivered ahead of schedule, highlighting increased demand during the quarter. All six vessels commenced long-term time charters with top liner companies as planned. In addition, we capitalized on an attractive market opportunity by acquiring a 4250 TEU newbuilding, our first acquisition since late 2007. This vessel commenced a time charter for a period of two years at a favorable rate of more than $20,000 per day, reflecting strong market conditions."

Mr. Wang concluded, "We continue to take proactive measures to enhance our financial flexibility, including a $26 million preferred share issuance in May. Due to the strength of our business model, our increasing cash flows, and the considerable improvement in the container shipping industry fundamentals, we were able to increase our second quarter dividend by 25%. Going forward, we plan to take delivery of 16 newbuildings over the next 21 months and pursue additional growth opportunities. During a time when the fundamentals in the container shipping industry have improved considerably, we remain well-positioned to strengthen Seaspan as a leading franchise."

Series B Preferred Share Issuance:

In May 2010, we issued 260,000 Series B Preferred Shares for $26 million to Jaccar Holdings Limited, an investor related to Zhejiang Shipbuilding Co., Ltd. of China ("Zhejiang"). These preferred shares are perpetual and not convertible into common shares. They carry an annual dividend rate of 5% until June 30, 2012, 8% from July 1, 2012 to June 30, 2013 and 10% from July 1, 2013 thereafter and are redeemable by the Company at any time for $26 million plus accrued and unpaid dividends.

Vessel Acquisitions:

On June 1, 2010, we accepted delivery of a 4250 TEU newbuilding vessel constructed by Zhejiang for approximately $43 million. The vessel commenced a two-year time charter on July 1, 2010 with United Arab Shipping Company (S.A.G.) ("UASC") at a rate of $20,500 per day in the first year and increasing to $20,850 per day in the second year.

Subsequent to the end of the quarter, on July 5, 2010, we accepted delivery of an 8500 TEU vessel named the COSCO Indonesia, bringing our fleet to 53 vessels.

Results for the Three and Six Months Ended June 30, 2010:

The following tables summarize vessel utilization and the impact of off-hire time incurred on our revenues for the three and six months ended June 30, 2010:

	First Quarter		Second Quarter		Year to Date	
	2010	2009	2010	2009	2010	2009
Vessel Utilization:						
Ownership Days	3,908	3,150	4,390	3,445	8,298	6,595
Less Off-hire Days:						
Scheduled 5-Year Survey	(20)	-	(42)	-	(62)	-
Unscheduled Off-hire	(91)	(1)	(4)	(4)	(95)	(5)
Operating Days	3,797	3,149	4,344	3,441	8,141	6,590
Vessel Utilization	97.2%	99.9%	99.0%	99.9%	98.1%	99.9%

	First Quarter		Second Quarter		Year to Date	
	2010	2009	2010	2009	2010	2009
Revenue - Impact of Off-Hire (in thousands):						
100% Utilization	$ 82,378	$ 63,147	$ 98,360	$ 69,904	$ 180,738	$ 133,051
Less Off-hire:						
Scheduled 5-Year Survey	(347)	-	(738)	-	(1,085)	-
Unscheduled Off-hire(3)	(1,662)	(20)	(77)	(73)	(1,739)	(93)
Actual Revenue Earned	$ 80,369	$ 63,127	$ 97,545	$ 69,831	$ 177,914	$ 132,958

We accepted delivery of seven vessels in the year ended December 31, 2009. We began 2010 with 42 vessels in operation and accepted delivery of 10 vessels for a total of 52 vessels in operation as at June 30, 2010. Operating days are the primary driver of revenue while ownership days are the driver for ship operating costs.

	Three Months Ended June 30,		Increase		Six Months Ended June 30,		Increase	
	2010	2009	Days	%	2010	2009	Days	%
Operating days	4,344	3,441	903	26.2%	8,141	6,590	1,551	23.5%
Ownership days	4,390	3,445	945	27.4%	8,298	6,595	1,703	25.8%

Financial Summary (in millions)	Three Months Ended June 30,		Change	
	2010	2009	$	%
Revenue	$ 97.5	$ 69.8	$ 27.7	39.7%
Ship operating expense	26.6	19.4	7.2	37.2%
Depreciation	24.1	17.2	6.9	40.0%
General and administrative expenses	2.4	2.0	0.4	21.0%
Interest expense	6.9	5.6	1.4	24.6%
Change in fair value of financial instruments	157.7	(89.3)	246.9	276.6%

Other expenses	-	1.1	(1.1)	(100.0%)

Financial Summary (in millions)	Six Months Ended June 30, 2010	2009	Change $	%
Revenue	$ 177.9	$ 133.0	$ 45.0	33.8%
Ship operating expense	49.0	37.1	12.0	32.3%
Depreciation	44.4	33.0	11.4	34.7%
General and administrative expenses	4.3	4.1	0.2	5.8%
Interest expense	12.0	10.7	1.3	12.0%
Change in fair value of financial instruments	223.2	(92.5)	315.7	341.3%
Other expenses	-	1.1	(1.1)	(100.0%)

Revenue

The increase in operating days, and the dollar impact thereof, for the three and six months ended was due to the following:

	Three Months Ended June 30, 2010 Operating Days impact	$ impact (in millions)	Six Months Ended June 30, 2010 Operating Days impact	$ impact (in millions)
2010 vessel deliveries	568	$ 18.8	696	$ 22.6
Full period contribution for 2009 vessel deliveries	377	9.6	1,007	25.1
Scheduled off-hire	(42)	(0.7)	(62)	(1.1)
Unscheduled off-hire	-	-	(90)	(1.6)
Total	903	$ 27.7	1,551	$ 45.0

Vessel utilization was 99.0% and 98.1%, respectively, for the three and six months ended June 30, 2010 compared to 99.9% for each of the comparable periods in the prior year.

This decrease in vessel utilization for the six months ended June 30, 2010 was primarily due to the 90 days of unscheduled off-hire for the CSCL Hamburg grounding in the Gulf of Aqaba on December 31, 2009. We combined the repairs of the CSCL Hamburg with an earlier dry-docking to achieve savings that resulted in 12 days of scheduled off-hire. The CSCL Hamburg was back in service in April. We also completed the dry-docking for the CSCL Vancouver, the CSCL Sydney and the CSCL New York, which resulted in a total of 62 days of scheduled off-hire. Our vessel utilization since our initial public offering is 99.1%.

Ship Operating Expense

The increase in ownership days, and the dollar impact thereof, for the three and six months ended was due to the following:

	Three Months Ended June 30, 2010		Six Months Ended June 30, 2010	
	Ownership Days impact	$ impact (in millions)	Ownership Days impact	$ impact (in millions)
2010 vessel deliveries	568	$ 3.6	696	$ 4.5
Full period contribution for 2009 vessel deliveries	377	2.1	1,007	5.6
Additional extraordinary (4) costs & expenses not covered by the fixed fee	-	1.5	-	1.8
Total	945	$ 7.2	1,703	$ 11.9

Depreciation

The increase in depreciation expense was due to the additional ownership days from the 10 deliveries in 2010 and a full period for the seven deliveries in 2009.

General and Administrative Expenses

The increase in general and administrative expenses was primarily due to an increase in non-cash share based compensation and increased costs to support growth.

Interest Expense

Interest expense is composed of interest at the variable rate plus margin incurred on debt for operating vessels and a reclassification of amounts from accumulated other comprehensive income related to previously designated hedging relationships. The increase in interest expense for the three and six months ended June 30, 2010, was due to a higher average operating debt balance compared to the comparable periods in the prior year. The average LIBOR was lower for both the three and six months ended June 30, 2010 was 0.3%, compared to 0.4% and 0.6%, respectively, for the comparable periods in the prior year. Although we have entered into fixed interest rate swaps, the difference between the variable interest rate and the swapped fixed rate on operating debt is recorded in our change in fair value of financial instruments caption as required by financial reporting standards. The interest incurred on our long-term debt for our vessels under construction is capitalized to the respective vessels under construction.

Change in Fair Value of Financial Instruments

The change in fair value of financial instruments resulted in a loss of $157.7 million for the three months ended June 30, 2010 compared to a gain of $89.3 million for the comparable quarter last year. The change in fair value of financial instruments resulted in a loss of $223.2 million for the six months ended June 30, 2010 compared to a gain of $92.5 million for the comparable period last year. The change in fair value loss for the three and six months ended June 30, 2010 was due to decreases in the forward LIBOR curve and overall market changes in credit risk.

Cash Available for Distribution to Common Shareholders(2)

During the three and six months ended June 30, 2010, we generated $48.4 million and $88.8 million, respectively, of cash available for distribution to common shareholders, compared to $39.0 million and $73.8 million, respectively, for the comparative periods in 2009. For the three months ended June 30, 2010, this represents an increase of $9.4 million, or 24.0%, as compared to the same quarter in 2009. For the six months ended June 30, 2010, this represents an increase of $15.0 million, or 20.3%, as compared to the same period in 2009. These increases are primarily due to an increased fleet size of 52 vessels at June 30, 2010 compared to 39 vessels at June 30, 2009.

Cash dividends paid on the Series B Preferred Shares have been deducted from the Cash Available for Distribution to Common Shareholders calculation. The Series A Preferred Shares are non-cash and accrue until January 31, 2014 and thus, do not impact the Cash Available for Distribution to Common Shareholders.

Dividend Declared:

For the quarter ended June 30, 2010, we declared a quarterly dividend of $0.125 per common share, representing a total distribution of $8.5 million. The dividend will be paid on August 20, 2010 to all shareholders of record as of August 9, 2010. Because we adopted a dividend investment plan, or DRIP, the actual amount of cash dividends paid may be less than the $8.5 million based on shareholder participation in the DRIP.

Since our initial public offering in August 2005, we have declared cumulative dividends of $6.715 per common share. Cumulatively, since we adopted the DRIP in May 2008, an additional 1.6 million shares have been issued through the participation in the DRIP. As of today's date and based on a discount of 3%, participating shareholders have invested $16.3 million in the DRIP since the plan's adoption.

About Seaspan

Seaspan owns containerships and charters them pursuant to primarily long-term fixed-rate charters. Seaspan's contracted fleet of 69 containerships consists of 53 containerships in operation and 16 containerships to be delivered over approximately the next 21 months. Seaspan's operating fleet of 53 vessels has an average age of approximately four years and an average remaining charter period of approximately seven years. All of the 16 vessels to be delivered to Seaspan are already committed to primarily long-term time charters averaging approximately 12 years in duration from delivery. Seaspan's customer base consists of eight of the world's largest liner companies, including China Shipping Container Lines, A.P. Moller-Maersk, Mitsui O.S.K. Lines, Hapag-Lloyd, COSCO Container Lines, K-Line, CSAV and UASC.

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

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 six months ended June 30, 2010 on August 5, 2010 at 7:30 a.m. PT / 10:30 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 1-800-642-1687 or 1-706-645-9291 and enter replay passcode: 90686618. The recording will be available from August 5, 2010 at 10:30 a.m. PT / 1:30 p.m. ET through to 8:59 p.m. PT / 11:59 p.m. ET on August 19, 2010. 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 and click on "News & Events" 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 JUNE 30, 2010
(IN THOUSANDS OF US DOLLARS)

	June 30, 2010	December 31, 2009
Assets		
Current assets:		
Cash and cash equivalents	$ 6,388	$ 133,400

Accounts receivable	993	164
Prepaid expenses	9,761	12,489
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	17,142	146,053
Vessels	2,850,205	2,088,689
Vessels under construction	1,235,608	1,396,661
Deferred charges	28,818	21,667
Other assets	18,110	11,377
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	$ 4,149,883	$ 3,664,447
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Liabilities and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 26,581	$ 20,905
Deferred revenue	4,599	9,787
Current portion of other long-term liabilities	9,576	-
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	40,756	30,692
Long-term debt (operating vessels)	1,612,471	936,794
Long-term debt (vessels under construction)	633,155	946,352
Other long-term liabilities	491,605	410,598
Fair value of financial instruments	448,004	280,445
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	3,225,991	2,604,881
Share capital	686	679
Additional paid-in capital	1,520,472	1,489,936
Deficit	(522,061)	(349,802)
Accumulated other comprehensive loss	(75,205)	(81,247)
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Total shareholders' equity	923,892	1,059,566
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	$ 4,149,883	$ 3,664,447
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SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE AMOUNTS)

	Three	Three	Six	Six

	months ended June 30, 2010	months ended June 30, 2009	months ended June 30, 2010	months ended June 30, 2009
Revenue	$ 97,545	$ 69,831	$ 177,914	$ 132,958
Operating expenses:				
Ship operating	26,583	19,379	49,040	37,071
Depreciation	24,055	17,177	44,373	32,952
General and administrative	2,424	2,004	4,308	4,073
	53,062	38,560	97,721	74,096
Operating earnings	44,483	31,271	80,193	58,862
Other expenses (earnings):				
Interest expense	6,926	5,559	11,979	10,698
Interest income	(6)	(68)	(36)	(249)
Undrawn credit facility fees	906	1,173	2,061	2,356
Amortization of deferred charges	831	468	1,488	933
Change in fair value of financial instruments	157,668	(89,267)	223,159	(92,500)
Other expenses	-	1,100	-	1,100
	166,325	(81,035)	238,651	(77,662)
Net earnings (loss)	$ (121,842)	$ 112,306	$ (158,458)	$ 136,524
Deficit, beginning of period	(393,201)	(450,630)	(349,802)	(443,081)
Dividends on common shares	(6,800)	(6,717)	(13,583)	(38,484)
Dividends on series B preferred shares	(218)	-	(218)	-
Deficit, end of period	$ (522,061)	$ (345,041)	$ (522,061)	$ (345,041)
Weighted average number of shares, basic	68,090	67,260	68,012	67,138
Weighted average number of shares, diluted	68,090	79,551	68,012	78,413
Earnings (loss) per share,				

basic	$ (1.89)	$ 1.62	$ (2.52)	$ 1.96
Earnings (loss) per share, diluted	$ (1.89)	$ 1.41	$ (2.52)	$ 1.74

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(IN THOUSANDS OF US DOLLARS)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Net earnings (loss)	$ (121,842)	$ 112,306	$ (158,458)	$ 136,524
Other comprehensive income:				
Amounts reclassified to earnings (loss) during the period	3,361	3,349	6,042	6,040
Comprehensive income (loss)	$ (118,481)	$ 115,655	$ (152,416)	$ 142,564

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009
(IN THOUSANDS OF US DOLLARS)

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009

Cash provided by (used in):				
Operating activities:				
Net earnings (loss)	$ (121,842)	$ 112,306	$ (158,458)	$ 136,524
Items not involving cash:				
Depreciation	24,055	17,177	44,373	32,952
Share-based compensation	727	557	1,274	1,024
Amortization of deferred charges	831	468	1,488	933
Amounts reclassified from other comprehensive loss	3,294	3,328	5,924	6,005
Unrealized change in fair value of financial instruments	129,144	(110,239)	167,559	(131,643)
Change in assets and liabilities	3,954	3,716	(4,494)	(5,779)
Cash provided by operating activities	40,163	27,313	57,666	40,016
Financing activities:				
Preferred shares issued, net of share issue costs	25,895	(190)	25,895	98,842
Draws on credit facilities	183,124	3,475	362,480	43,561
Other long-term liabilities	-	-	21,250	-
Financing fees	(214)	(412)	(3,077)	(3,372)
Dividends on common shares(i)	(5,159)	(5,616)	(10,306)	(34,317)
Dividends on series B preferred shares	(121)	-	(121)	-
Cash provided by (used in) financing activities	203,525	(2,743)	396,121	104,714
Investing activities:				
Expenditures for vessels	(316,316)	(171,568)	(574,625)	(217,815)
Restricted cash	-	-	(5,000)	-
Intangible assets	(754)	(683)	(1,174)	(683)
Cash used in investing activities	(317,070)	(172,251)	(580,799)	(218,498)
Decrease in cash and cash equivalents	(73,382)	(147,681)	(127,012)	(73,768)

Cash and cash equivalents, beginning of period	79,770	210,198	133,400	136,285
Cash and cash equivalents, end of period	$ 6,388	$ 62,517	$ 6,388	$ 62,517

(i) During the three and six months ended June 30, 2010, non-cash dividends of $1.6 million and $3.3 million, respectively, were paid through the dividend reinvestment program. Shareholders have invested $16.3 million in the dividend reinvestment program since its adoption in May 2008.

SEASPAN CORPORATION

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(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 represents net earnings adjusted for depreciation, amortization of deferred charges, non-cash undrawn credit facility fees, write-off of deferred financing fees on debt refinancing, non-cash share-based compensation, dry-dock adjustment, non-cash interest income, change in fair value of financial instruments, interest expense(5), cash interest paid at the hedged rate(7), cash dividends paid on preferred shares and other items that the Company believes are not representative of its operating performance. Cash available for distribution to common shareholders is a non-GAAP quantitative standard used to assist in evaluating a company's ability to make quarterly cash dividends before reserves. Cash available for distribution to common shareholders is not defined by accounting principles generally accepted in the United States and should not be considered as an alternative to net earnings or any other indicator of Seaspan's performance required by accounting principles generally accepted in the United States. Cash available for distribution to common shareholders is a non-GAAP measure used to assist in evaluating a company's overall operating performance because Cash available for distribution to common shareholders eliminates the effects of non-cash items and items that do not impact our operating performance or our ability to distribute cash to our common shareholders.

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009

Net earnings (loss)	$ (121,842)	$ 112,306	$ (158,458)	$ 136,524
Add:				
Depreciation	24,055	17,177	44,373	32,952
Interest expense(5)	6,926	5,559	11,979	10,698
Amortization of deferred charges	831	468	1,488	933
Undrawn credit facility fees	906	1,173	2,061	2,356
Share-based compensation	727	557	1,274	1,024
Change in fair value of financial instruments	157,668	(89,267)	223,159	(92,500)
Other expenses	-	1,100	-	1,100
Less:				
Dry-dock adjustment	(1,612)	(860)	(2,830)	(1,677)
Interest income	(6)	(68)	(36)	(249)
Series B preferred share dividends paid(6)	(121)	-	(121)	-
Net cash flows before cash interest payments	67,532	48,145	122,889	91,161
Less:				
Cash interest paid at the hedged rate(7)	(18,519)	(8,699)	(32,920)	(16,406)
Cash paid for undrawn credit facility fees	(624)	(501)	(1,242)	(1,198)
Add:				
Cash interest received	6	69	36	245
Cash available for distribution to common shareholders	$ 48,395	$ 39,014	$ 88,763	$ 73,802

SEASPAN CORPORATION

RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2010 AND 2009

(IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE AMOUNTS)

Description of Non-GAAP Financial Measures

B. Normalized Net Earnings and Normalized Earnings per Share

Normalized net earnings represent net earnings adjusted for items such as the change in fair value of financial instruments, write-off of deferred financing fees on debt refinancing, interest expense(5) and interest expense at the hedged rate(8). With these adjustments normalized net earnings reflects interest expense on our operating debt at the fixed rate on our interest rate swaps plus the applicable margin on the related credit facilities. We believe that this presentation of normalized net earnings is useful because investors and securities analysts frequently adjust net earnings for non-operating items, as described above, to evaluate companies in our industry. Normalized net earnings is a non-GAAP measure used to assist in evaluating a company's overall operating performance and liquidity because normalized net earnings eliminates the effects of non-cash items and items that do not impact our operating performance or our ability to distribute cash to our shareholders.

Normalized net earnings is not defined by generally accepted accounting principles (GAAP) in the United States and should not be considered as an alternative to net earnings or any other indicator of Seaspan's performance required by accounting principles generally accepted in the United States. Normalized earnings per share are calculated using the normalized net earnings and weighted average number of shares.

	Three months ended June 30, 2010	Three months ended June 30, 2009	Six months ended June 30, 2010	Six months ended June 30, 2009
Net earnings (loss)	$ (121,842)	$ 112,306	$ (158,458)	$ 136,524
Adjust:				
Change in fair value of financial instruments	157,668	(89,267)	223,159	(92,500)
Interest expense(5)	6,926	5,559	11,979	10,698
Interest expense at the hedged rate(8)	(20,468)	(9,937)	(34,768)	(17,487)
Normalized net earnings	$ 22,284	$ 18,661	$ 41,912	$ 37,235
Less: preferred share dividends				
Series A	6,606	3,050	12,952	5,023
Series B	218	-	218	-
	6,824	3,050	13,170	5,023
Normalized net earnings attributable to common shareholders	$ 15,460	$ 15,611	$ 28,742	$ 32,212
Weighted average number of shares used to compute earnings (loss) per share:				
Reported and normalized, basic	68,090	67,260	68,012	67,138

Share-based compensation	91	-	65	27
Preferred shares liquidation preference converted at $15	14,941	6,798	14,725	6,667
Normalized, converted (Note 3)	83,122	74,058	82,802	73,832
Preferred shares 115% premium (30-day trailing average)	6,796	5,493	7,329	4,581
Reported and normalized, diluted (Note 2)	89,918	79,551	90,131	78,413
Earnings (loss) per share:				
Reported, basic (Note 1)	$ (1.89)	$ 1.62	$ (2.52)	$ 1.96
Reported, diluted (Note 2)	$ (1.89)	$ 1.41	$ (2.52)	$ 1.74
Normalized, basic (Note 1)	$ 0.23	$ 0.23	$ 0.42	$ 0.48
Normalized, converted - preferred shares converted at $15 (Note 3)	$ 0.27	$ 0.25	$ 0.50	$ 0.50
Normalized, diluted (Note 2)	$ 0.23	$ 0.23	$ 0.42	$ 0.47

Note 1: Basic earnings (loss) per share, reported and normalized, are calculated as net earnings (loss) or normalized net earnings, less dividends on preferred shares, divided by the weighted average number of shares outstanding for the period.

Note 2: Diluted earnings (loss) per share, reported and normalized, are calculated as net earnings or normalized net earnings less dividends on the Series B preferred shares divided by the diluted number of shares outstanding for the period. The diluted number of shares includes the impact of share-based compensation and the convertible Series A preferred shares, if dilutive. The dilutive impact is calculated using the if-converted method which assumes conversion at the 30 day trailing average at the end of the relevant fiscal period for which the earnings per share is being reported and that the 115% difference between this trailing average and the $15.00 exercise price is settled in additional Class A common shares. If the effect of the Series A preferred shares are anti-dilutive, their effect is also excluded from the diluted earnings per share, reported and normalized.

Note 3: 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, the Company can choose to not convert the preferred shares and to increase 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. Normalized earnings per share, converted, is calculated as normalized net earnings divided by the converted number of shares outstanding for the period. This method is reflective of the Company'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.

(1) Normalized net earnings and normalized earnings per share are non-GAAP measures that are adjusted for non-cash items such as the change in fair value of financial instruments, write-off of deferred financing fees on debt refinancing, interest expense and interest expense at the hedged rate. Please read "Reconciliation of Non-GAAP Financial Measures for the Three and Six Months Ended June 30, 2010 - Description of Non-GAAP Financial Measures - B. Normalized Net Earnings and Normalized Earnings per Share" for a description of normalized net earnings and a reconciliation of net earnings to normalized net earnings.

(2) Cash available for distribution to common shareholders is a non-GAAP measure that represents net earnings adjusted for depreciation, amortization of deferred charges, non-cash undrawn credit facility fees, write-off of deferred financing fees on debt refinancing, non-cash share-based compensation, dry-dock adjustment, non-cash interest income, change in fair value of financial instruments, interest expense, cash interest paid at the hedged rate and other items that the Company believes are not representative of its operating performance. Please read "Reconciliation of Non-GAAP Financial Measures for the Three and Six Months Ended June 30, 2010 - 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) Includes charterer deductions that are not related to off-hire.

(4) Extraordinary costs and expenses are defined in our management agreements and do not relate to extraordinary items as defined by financial reporting standards.

(5) Interest expense as reported on the consolidated statement of operations.

(6) Dividends paid in cash on the Series B Preferred Shares have been deducted as they reduce cash available for distribution to common shareholders.

(7) Cash interest paid 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, on a cash basis.

(8) 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, on an accrual basis.

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) concerning future events and our operations, performance and financial condition, including, in particular, the likelihood of our success in developing and expanding our business. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates", "projects", "forecasts", "will", "may", "potential", "should", and similar expressions are forward-looking statements.
These forward-looking statements reflect management's current views only as of the date of this presentation and are not intended to give any assurance as to future results. As a result, you are cautioned not to rely on any forward-looking statements. Forward-looking statements appear in a number of places in this release. Although these statements are based upon assumptions we believe to be reasonable based upon available information, including operating margins, earnings, cash flow, working capital and capital expenditures, they are subject to risks and uncertainties. These risks and uncertainties include, but are not limited to: future operating or financial results; our expectations relating to dividend payments and our ability to make such payments; pending acquisitions, business strategy and expected capital spending; operating expenses, availability of crew, number of off-hire days, dry-docking requirements and insurance costs; general market conditions and shipping market trends, including charter rates and factors affecting supply and demand; our financial condition and liquidity, including our ability to borrow funds under our credit facilities and to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities; estimated future capital expenditures needed to preserve our capital base; our expectations about the availability of ships to purchase, the time that it may take to construct new ships, or the useful lives of our ships; our continued ability to enter into primarily long-term, fixed-rate time charters with our customers; our ability to leverage to our advantage Seaspan Management Services Limited's relationships and reputation in the containership industry; changes in governmental rules and regulations or actions taken by regulatory authorities; the financial condition of our shipyards, charterers, lenders, refund guarantors and other counterparties and their ability to perform their obligations under their agreements with us; changes in worldwide container demand; changes in trading patterns; competitive factors in the markets in which we operate; potential inability to implement our growth strategy; potential for early termination of long-term contracts and our potential inability to renew or replace long-term contracts; ability of our customers to make charter payments; potential liability from future litigation; conditions in the public equity markets; and other factors detailed from time to time in our periodic reports and our filings with the Securities and Exchange Commission. We expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, or otherwise. We make no prediction or statement about the performance of our common shares.

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