SEASPAN REPORTS FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2016

Achieves Operating Efficiencies, Strengthens Balance Sheet and Further Modernizes Fleet; Announces New Quarterly Dividend

HONG KONG, China, Feb. 28, 2017 /CNW/ - Seaspan Corporation ("Seaspan") (NYSE: SSW) announced today its financial results for the quarter and year ended December 31, 2016.

Key Financial Metrics

- Total revenues of $213.2 million for the fourth quarter and $877.9 million for the full year.
- Loss per diluted share of $0.14 for the fourth quarter and a loss of $1.89 for the full year.
- Normalized earnings per diluted share [(1)] of $0.21 for the fourth quarter and $1.13 for the full year.
- Cash available for distribution to common shareholders [(1)] of $71.0 million for the fourth quarter and $373.1 million for the full year.
- Adjusted EBITDA [(1)] was $131.9 million for the fourth quarter and $621.1 million for the full year.

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(1) Refer to the selected financial information accompanying this press release for definition of these Non-GAAP measures and reconciliations of U.S. generally accepted accounting principles (GAAP) and Non-GAAP figures.

Highlights

- Added three 10000 TEU vessels on long-term charters with Mitsui O.S.K. Lines, Ltd. and Maersk Line A/S, and two 14000 TEU vessels on long-term charters with Yang Ming Marine Transport Corp.
- Strengthened balance sheet by raising a total of $660 million of common and preferred equity during the year ended December 31, 2016.
- Achieved reductions of 11.7% and 8.8% in ship operating expense per ownership day during the quarter and year ended December 31, 2016, respectively, compared to the same periods in 2015.
- Achieved vessel utilization of 93.4% and 96.0% for the quarter and year ended December 31, 2016, respectively.
- Intends to pay a quarterly dividend of $0.125 per common share commencing with the first quarter of 2017.

Gerry Wang, Chief Executive Officer, Co-Chairman and Co-Founder of Seaspan, commented, "During 2016 we continued to generate strong cash flows from our business while taking important steps aimed at positioning Seaspan to successfully operate in the current challenging industry environment and over the long-term. We further improved our fleet profile by adding five newbuilding vessels to our operating fleet, each of which commenced long-term fixed rate time charters with leading liners. We also focused diligently on implementing cost control measures which enabled us to reduce daily ship operating expense by approximately 9%, and we strengthened our balance sheet by lowering our net debt to equity ratio to approximately 1.7 times by the end of the year."

Mr. Wang added, "While we have seen the industry take measures to manage vessel supply and are confident industry conditions will improve over time, after careful consideration the Board of Directors has made the difficult decision to reduce the quarterly dividend on our common shares to $0.125 per share. We believe this decision is in the long-term interests of our shareholders and will allow us to capitalize on industry weakness while maintaining a strong balance sheet."

Mr. Wang continued, "Seaspan is focused on enchancing its leadership position in the current industry environment. With over $5.2 billion in future contracted revenue, strong industry relationships, and a history of both accessing capital under favourable terms and entering into long-term contracts with leading liners, our focus remains on creating long-term shareholder value."

Summary of Key Financial Results (in thousands of US dollars):

	Quarter Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Revenue	$ 213,193	$ 218,464	$ 877,905	$ 819,024
Reported net earnings (loss)	$ 1,442	$ 76,212	$ (139,039)	$ 199,391
Normalized net earnings [(1)]	$ 38,751	$ 48,937	$ 172,294	$ 165,820
Earnings (loss) per share, basic and diluted	$ (0.14)	$ 0.63	$ (1.89)	$ 1.46
Normalized earnings per share, diluted [(1)]	$ 0.21	$ 0.35	$ 1.13	$ 1.12
Cash available for distribution to common Shareholders [(1)]	$ 70,952	$ 115,772	$ 373,102	$ 432,910
Adjusted EBITDA [(1)]	$ 131,936	$ 181,143	$ 621,095	$ 687,497

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(1) These are Non-GAAP financial measures. Please read "Reconciliation of Non-GAAP Financial Measures for the Quarter and Year Ended December 31, 2016 and 2015—Description of Non-GAAP Financial Measures" for (a) descriptions of Normalized net earnings and Normalized earnings per share, Cash available for distribution to common shareholders, and Adjusted EBITDA and (b) reconciliations of these Non-GAAP financial measures as used in this release to the most directly comparable financial measures under GAAP.

Fourth Quarter Developments

Vessel Acquisitions

In December 2016, Seaspan entered into agreements to purchase four 4250 TEU vessels. Three of these vessels delivered in December 2016 and one vessel delivered in January 2017.

Vessel Disposal

In December 2016, Seaspan sold a 4600 TEU vessel, the Seaspan Efficiency, for recycling at an ISO certified recycler, for net sale proceeds of approximately $6.2 million, resulting in a loss on disposition of approximately $15.4 million.

Vessel Sales

In October and November 2011, Seaspan entered into agreements to bareboat charter four 4800 TEU vessels to MSC Mediterranean Shipping Company S.A. ("MSC"), each for a five-year term and MSC agreed to purchase the vessels for $5.0 million each at the end of the bareboat charters. In October and November 2016, all four of the 4800 TEU vessels completed their five-year bareboat charter terms and were sold to MSC for $5.0 million per vessel.

Vessel Impairments

During the quarter ended December 31, 2016, Seaspan recognized non-cash vessel impairments of $82.4 million related to six vessels each under 5000 TEU in size.

Subsequent Events

Dividends

In January 2017, Seaspan declared and paid quarterly cash dividends on its common and preferred shares, for total distributions of $55.4 million.

Seaspan's founding shareholders who own over 55% of the company's common shares have notified us that they intend to fully participate in Seaspan's dividend reinvestment program for the first quarter 2017 dividend payment.

Results for the Quarter and Year Ended December 31, 2016

At the beginning of 2016, Seaspan had 85 vessels in operation. During 2016, Seaspan accepted delivery of three newbuilding vessels, leased in two vessels, acquired three 4250 TEU vessels, sold two 4600 TEU vessels and sold four 4800 TEU vessels upon completion of their five-year bareboat charters, bringing its operating fleet to a total of 87 vessels as at December 31, 2016. Revenue is determined primarily by the number of operating days, and ship operating expense is determined primarily by the number of ownership days.

	Quarter Ended December 31,		Increase		Year Ended December 31,		Increase	
	2016	2015	Days	%	2016	2015	Days	%
Ownership days[1]	7,812	7,437	375	5.0%	30,593	28,133	2,460	8.7%
Operating days[1]	7,293	7,279	14	0.2%	29,384	27,717	1,667	6.0%

The following table summarizes Seaspan's vessel utilization by quarter and for the years ended December 31, 2016 and 2015:

	First Quarter		Second Quarter		Third Quarter		Fourth Quarter		Year Ended- December 31,	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Vessel Utilization:										
Ownership Days[1]	7,375	6,570	7,612	6,901	7,794	7,225	7,812	7,437	30,593	28,133
Less Off-hire Days:										
Scheduled 5-Year Survey	(75)	(49)	(19)	(66)	(25)	(39)	-	(112)	(119)	(266)
Unscheduled Off-hire[2]	(128)	(21)	(125)	(73)	(318)	(10)	(519)	(46)	(1,090)	(150)
Operating Days[1]	**7,172**	**6,500**	**7,468**	**6,762**	**7,451**	**7,176**	**7,293**	**7,279**	**29,384**	**27,717**
Vessel Utilization	**97.2 %**	**98.9 %**	**98.1 %**	**98.0 %**	**95.6 %**	**99.3 %**	**93.4 %**	**97.9 %**	**96.0 %**	**98.5**

(1) Operating and ownership days include leased vessels and exclude vessels under bareboat charter.
(2) Unscheduled off-hire includes days related to vessels off-charter.

The following table summarizes Seaspan's consolidated financial results for the quarter and years ended December 31, 2016 and 2015:

Financial Summary (in millions of US dollars)	Quarter Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Revenue	$ 213.2	$ 218.5	$ 877.9	$ 819.0
Ship operating expense	46.9	50.5	192.3	193.8
Depreciation and amortization expense	50.0	54.4	216.1	204.9
General and administrative expense	7.2	7.2	32.1	27.3
Operating lease expense	26.6	14.4	85.9	40.3
Interest expense and amortization of deferred financing fees	29.7	26.5	119.9	108.7
Loss on disposals	15.4	-	31.9	-
Expenses related to customer bankruptcy	0.8	-	19.7	-
Vessel impairments	82.4	-	285.2	-
Change in fair value of financial instruments	(46.0)	(10.1)	29.1	54.6

Revenue

Revenue decreased by 2.4% to $213.2 million for the quarter ended December 31, 2016, compared to the same period in 2015, primarily due to lower average charter rates for vessels that were on short-term charters and an increase in unscheduled off-hire, primarily relating to vessels being off-charter, including the three vessels previously chartered to Hanjin Shipping Co., Ltd. ("Hanjin"). The decrease was partially offset by the delivery of newbuilding vessels and the addition of two leased in vessels in 2016.

Revenue increased by 7.2% to $877.9 million for the year ended December 31, 2016 over the same period in 2015, primarily due to the delivery of newbuilding vessels in 2015 and 2016 and the addition of two leased in vessels in 2016. These increases were partially offset by lower average charter rates for vessels that were on short-term charters and an increase in unscheduled off-hire days.

The increases in operating days and the related financial impact thereof for the quarter and year ended December 31, 2016, respectively, relative to the same periods in 2015, are attributable to the following:

	Quarter Ended December 31,		Year Ended December 31,	
	Operating Days Impact	$ Impact (in millions)	Operating Days Impact	$ Impact (in millions)
2016 vessel deliveries	469	18.3	1,101	43.5
Full period contribution for 2015 vessel deliveries	15	0.8	1,432	63.3
Change in daily charter hire rate and re-charters	-	(11.6)	-	(31.4)
Additional days due to leap year	-	-	81	2.1
Unscheduled off-hire	(473)	(13.0)	(940)	(20.7)
Scheduled off-hire	112	3.2	147	2.0
Supervision fee revenue	-	(0.7)	-	5.8
Vessel management revenue	-	-	-	1.1
Customer bankruptcy	-	(0.6)	-	(4.5)
Vessel disposals	(109)	(1.6)	(154)	(2.3)
Other	-	(0.1)	-	-
Total	**14**	**$ (5.3)**	**1,667**	**$ 58.9**

Vessel utilization decreased due to an increase in off-charter days from a weakened market and the termination of Hanjin charters.

During the year ended December 31, 2016, Seaspan completed dry-dockings for 15 vessels:

Vessel Class (TEU)	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year To Date- December 31, 2016
2500	—	—	1	—	1
3500	—	—	1	—	1
4250	2 (1)	1 (1)	1 (1)	—	4 (1)
4500	1	—	—	—	1
8500	1	—	—	—	1
13100	5	2	—	—	7
	9	3	3	—	15

(1) Dry-docking for these vessels was completed between their time charters.

Ship Operating Expense

Ship operating expense decreased by 7.2% to $46.9 million and by 0.8% to $192.3 million for the quarter and year ended December 31, 2016, respectively, compared to the same periods in 2015, primarily due to cost savings initiatives. These decreases were achieved while ownership days increased by 5.0% and 8.7% for the quarter and year ended December 31, 2016, respectively. As a result, ship operating expense per ownership day declined by 11.7% and 8.8% for the quarter and year ended December 31, 2016, respectively, compared to the same periods in 2015.

Depreciation and Amortization Expense

Depreciation and amortization expense decreased by 8.0% to $50.0 million for the quarter ended December 31, 2016, compared to the same period in 2015, primarily due to lower depreciation on ten vessels that were impaired as of September 30, 2016 and the disposal of two 4600 TEU vessels, partially offset by an increase in dry-dock amortization.

Depreciation and amortization expense increased by 5.5% to $216.1 million for the year ended December 31, 2016, compared to 2015. The increase in depreciation and amortization expense was due to the increase in fleet size from vessel deliveries in 2015, an increase in dry-dock amortization and write-off of replaced vessel equipment. The increases were partially offset by lower depreciation due to impairment of ten vessels as of September 30, 2016 and the disposal of two 4600 TEU vessels.

General and Administrative Expense

General and administrative expense decreased by 0.4% to $7.2 million and increased by 17.5% to $32.1 million for the quarter and year ended December 31, 2016, respectively, compared to the same periods in 2015.

The increase for the year ended December 31, 2016 was primarily due to an increase in non-cash stock-based compensation expense related to grants of restricted and performance stock units, professional fees and other corporate expenses incurred.

Operating Lease Expense

Operating lease expense increased to $26.6 million and $85.9 million for the quarter and year ended December 31, 2016, respectively, from $14.4 million and $40.3 million in the same periods in 2015. The increase was primarily due to the delivery of four vessels in 2015 and three vessels in 2016 that were financed through sale-leaseback transactions and the two leases entered into in 2016 for a 10000 TEU vessel and a 14000 TEU vessel.

Interest Expense and Amortization of Deferred Financing Fees

The following table summarizes Seaspan's borrowings:

(in millions of US dollars)	As at December 31, 2016	As at December 31, 2015
Long-term debt, excluding deferred financing fees	$ 2,903.4	$ 3,387.2
Long-term obligations under capital lease, excluding deferred financing fees	498.8	342.8
Total borrowings	3,402.2	3,730.0

Less: Vessels under construction	(306.2)	(209.1)
Operating borrowings	$ 3,096.0	$ 3,520.9

Interest expense and amortization of deferred financing fees increased by $3.2 million to $29.7 million and by $11.2 million to $119.9 million for the quarter and year ended December 31, 2016, respectively, compared to the same periods in 2015.

For the quarter ended December 31, 2016, the increase in interest expense was primarily due to an increase in amortization of deferred financing fees and an increase in LIBOR, partially offset by repayments made on existing operating borrowings.

For the year ended December 31, 2016, the increase in interest expense was due to an increase in operating borrowings primarily related to certain vessels that delivered in 2015, an increase in LIBOR, higher amortization of deferred financing fees and higher interest due to the full period impact of the March 2015 refinancing of three 4500 TEU vessels. The increases were partially offset by repayments made on existing operating borrowings.

Loss on Disposals

Loss on disposals was $15.4 million and $31.9 million for the quarter and year ended December 31, 2016, respectively, due to the sale of the Seaspan Excellence and Seaspan Efficiency, for recycling at an ISO certified recycler, for total net sale proceeds of approximately $12.1 million.

Expenses Related to Customer Bankruptcy

Expenses related to customer bankruptcy were $0.8 million and $19.7 million for the quarter and year ended December 31, 2016, respectively, which included a full reserve of $18.9 million for past due accounts receivables from Hanjin as a result of their bankruptcy filing in August 2016.

Vessel Impairments

During the quarter ended December 31, 2016, Seaspan recognized non-cash vessel impairments of $82.4 million, for a total impairment of $285.2 million in 2016. In 2016, a total of 16 vessels, each under 5000 TEU in size, were impaired. Seaspan reviews its vessels for impairment whenever events or changes in circumstances indicate that the carrying amount of its vessels may not be recoverable. Seaspan performed an impairment test of its vessels due to deterioration in current market rates and declines in the vessels' market values.

Change in Fair Value of Financial Instruments

The change in fair value of financial instruments resulted in a gain of $46.0 million for the quarter ended December 31, 2016 and was primarily due to an increase in the forward LIBOR curve, partially offset by swap settlements. The change in fair value of financial instruments loss of $29.1 million for the year ended December 31, 2016 was primarily due to the impact of swap settlements, partially offset by an increase in the forward LIBOR curve.

About Seaspan

Seaspan provides many of the world's major shipping lines with creative outsourcing alternatives to vessel ownership by offering long-term leases on large, modern containerships combined with industry-leading ship management services. Seaspan's managed fleet consists of 114 containerships representing a total capacity of over 915,000 TEU, including 11 newbuilding containerships on order scheduled for delivery to Seaspan and third parties. Seaspan's current operating fleet of 88 vessels has an average age of approximately six years and an average remaining lease period of approximately five years, on a TEU weighted basis.

Seaspan has the following securities listed on The New York Stock Exchange:

Symbol:	Description:
SSW	Class A common shares
SSW PR D	Series D preferred shares
SSW PR E	Series E preferred shares
SSW PR G	Series G preferred shares
SSW PR H	Series H preferred shares
SSWN	6.375% senior unsecured notes due 2019

Conference Call and Webcast

Seaspan will host a conference call and webcast presentation for investors and analysts to discuss its results for the quarter and year ended December 31, 2016 on March 1, 2017 at 5:30 a.m. PT / 8:30 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 1-855-859-2056 or 1-404-537-3406 and enter the replay passcode: 77373616. The recording will be available from March 1, 2017 at 9:30 a.m. PT / 12:30 p.m. ET through 8:59 p.m. PT / 11:59 p.m. ET on March 15, 2017. The conference call will also be broadcast live over the Internet and will include a slide presentation. To access the live webcast of the conference call, go to www.seaspancorp.com and click on "News & Events" then "Events & Presentations" for the link. The webcast will be archived on the site for one year.

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED BALANCE SHEET
AS OF DECEMBER 31, 2016
(IN THOUSANDS OF US DOLLARS)

	December 31, 2016	December 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	$ 367,901	$ 215,520
Short-term investments	411	3,415
Accounts receivable	30,793	24,065
Loans to affiliate	62,414	219,649
Prepaid expenses	37,252	39,731
Gross investment in lease	—	37,783
Fair value of financial instruments	11,338	—
	510,109	540,163
Vessels	4,577,667	5,069,229
Vessels under construction	306,182	209,119

Deferred charges		68,099		57,299
Goodwill		75,321		75,321
Other assets		120,451		89,056
Fair value of financial instruments		—		33,632
	$	5,657,829	$	6,073,819
Liabilities and Shareholders' Equity				
Current liabilities:				
Accounts payable and accrued liabilities	$	62,157	$	76,386
Current portion of deferred revenue		28,179		22,199
Current portion of long-term debt		314,817		285,783
Current portion of long-term obligations under capital lease		27,824		22,702
Current portion of other long-term liabilities		21,115		15,471
Fair value of financial instruments		30,752		1,260
		484,844		423,801
Deferred revenue		1,528		2,730
Long-term debt		2,569,697		3,072,058
Long-term obligations under capital lease		459,395		314,078
Other long-term liabilities		195,104		148,083
Fair value of financial instruments		200,012		336,886
		3,910,580		4,297,636
Shareholders' equity:				
Share capital		1,385		1,223
Treasury shares		(367)		(356)
Additional paid in capital		2,580,274		2,266,661
Deficit		(807,496)		(460,425)
Accumulated other comprehensive loss		(26,547)		(30,920)
		1,747,249		1,776,183
	$	5,657,829	$	6,073,819

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2016 AND 2015
(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Quarter Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Revenue	$ 213,193	$ 218,464	$ 877,905	$ 819,024
Operating expenses:				
Ship operating	46,897	50,541	192,327	193,836
Cost of services, supervision fees	(410)	650	7,390	1,950
Depreciation and amortization	50,045	54,384	216,098	204,862
General and administrative	7,167	7,197	32,118	27,338
Operating leases	26,580	14,381	85,910	40,270
Loss on disposals	15,389	—	31,876	—
Expenses related to customer bankruptcy	849	—	19,732	—
Vessel impairments	82,420	—	285,195	—
	228,937	127,153	870,646	468,256
Operating earnings (loss)	(15,744)	91,311	7,259	350,768
Other expenses (income):				
Interest expense and amortization of deferred financing fees	29,692	26,486	119,882	108,693
Interest income	(1,379)	(2,756)	(8,455)	(11,026)
Undrawn credit facility fees	710	635	2,673	3,100
Refinancing expenses	—	1,850	1,962	5,770
Change in fair value of financial instruments	(45,963)	(10,053)	29,118	54,576
Equity income on investment	(782)	(2,090)	(188)	(5,107)
Other expense (income)	536	1,027	1,306	(4,629)
	(17,186)	15,099	146,298	151,377
Net earnings (loss)	**$ 1,442**	**$ 76,212**	**$ (139,039)**	**$ 199,391**
Deficit, beginning of period	(753,785)	(484,561)	(460,425)	(459,161)
Dividends - common shares	(39,628)	(37,269)	(152,915)	(144,553)
Dividends - preferred shares	(15,106)	(13,350)	(53,630)	(53,655)
Amortization of Series C issuance costs	—	(342)	(116)	(1,310)
Other	(419)	(1,115)	(1,371)	(1,137)
Deficit, end of period	$ (807,496)	$ (460,425)	$ (807,496)	$ (460,425)
Weighted average number of shares, basic	106,164	99,835	102,869	99,217
Weighted average number of shares, diluted	106,164	99,906	102,869	99,278

Earnings (loss) per share, basic and diluted	$ (0.14)	$ 0.63	$ (1.89)	$ 1.46

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2016 AND 2015
(IN THOUSANDS OF US DOLLARS)

	Quarter Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Net earnings (loss)	**$ 1,442**	**$ 76,212**	**$ (139,039)**	**$ 199,391**
Other comprehensive income:				
Amounts reclassified to net earnings (loss) during the year relating to cash flow hedging instruments	851	1,077	4,373	4,397
Comprehensive income (loss)	**$ 2,293**	**$ 77,289**	**$ (134,666)**	**$ 203,788**

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2016 AND 2015
(IN THOUSANDS OF US DOLLARS)

	Quarter Ended December 31,		Year Ended December 31,	
	2016	2015	2016	2015
Cash from (used in):				
Operating activities:				
Net earnings (loss)	$ 1,442	$ 76,212	$ (139,039)	$ 199,391
Items not involving cash:				
Depreciation and amortization	50,045	54,384	216,098	204,862
Share-based compensation	1,974	1,567	6,378	4,528
Amortization of deferred financing fees	4,430	1,295	14,181	11,685
Amounts reclassified from other comprehensive loss to interest expense	646	816	3,407	3,319
Unrealized change in fair value of financial instruments	(63,427)	(34,862)	(53,998)	(53,252)
Equity income on investment	(782)	(2,090)	(188)	(5,107)
Refinancing expenses	—	1,228	1,677	5,148
Operating leases	(5,215)	(3,709)	(19,003)	(9,795)
Vessel impairments	82,420	—	285,195	—
Expenses related to customer bankruptcy	—	—	18,883	—
Loss on disposals	15,389	—	31,876	—
Other income	—	—	—	(6,600)
Other	(17)	1,614	34	7,759
Changes in assets and liabilities	(8,320)	181	(54,414)	(26,066)
Cash from operating activities	78,585	96,636	311,087	335,872
Financing activities:				
Preferred shares issued, net of issuance costs	(98)	—	541,694	—
Common shares issued, net of issuance costs	—	—	95,978	—
Draws on credit facilities	—	196,250	220,485	534,325
Repayment of credit facilities	(201,031)	(156,349)	(704,291)	(607,174)
Draws on long-term obligations under capital lease	—	—	180,750	150,000
Repayment of long-term obligations under capital lease	(6,325)	(5,968)	(24,733)	(21,691)
Common shares repurchased, including related expenses	—	(13,885)	(8,269)	(13,885)
Preferred shares redeemed, including related expenses.	—	—	(333,074)	—
Preferred shares repurchased, including related expenses	—	(11,283)	—	(12,303)
Financing fees	(424)	(2,374)	(12,992)	(17,399)
Dividends on common shares	(39,209)	(36,158)	(148,556)	(105,691)
Dividends on preferred shares	(15,561)	(13,350)	(54,085)	(53,655)
Proceeds from sale-leaseback of vessels	—	144,000	354,000	542,000
Cash from (used in) financing activities	(262,648)	100,883	106,907	394,527
Investing activities:				
Expenditures for vessels	(21,261)	(172,037)	(343,552)	(712,663)
Short-term investments	1,930	71	3,004	(2,203)
Net proceeds from vessel disposals	6,235	—	12,078	—
Proceeds from sale of leased vessels	20,000	—	20,000	—
Restricted cash	—	—	(201)	—
Loans to affiliate	(898)	(67,633)	(18,096)	(201,865)
Repayment of loans to affiliate	13,525	8,106	67,831	200,680
Other assets	(6,043)	(166)	(6,677)	(583)
Cash from (used in) investing activities	13,488	(231,659)	(265,613)	(716,634)
Increase (decrease) in cash and cash equivalents	(170,575)	(34,140)	152,381	13,765

Cash and cash equivalents, beginning of period	538,476	249,660	215,520	201,755
Cash and cash equivalents, end of year	$ 367,901	$ 215,520	$ 367,901	$ 215,520

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2016 AND 2015
(**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 (loss) adjusted for depreciation and amortization, interest expense and amortization of deferred financing fees, refinancing expenses, share-based compensation, change in fair value of financial instruments, bareboat charter adjustment, gain on sales, loss on disposals, expenses related to customer bankruptcy, adjustments to equity income on investment, vessel impairments, amortization of deferred gain, foreign exchange gain, dry-dock reserve adjustment, cash dividends paid on preferred shares, 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 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.

	Quarter Ended December 31,		Year Ended December 31,	
	2016	**2015**	**2016**	**2015**
Net earnings (loss)	$ 1,442	$ 76,212	$ (139,039)	$ 199,391
Add:				
Depreciation and amortization	50,045	54,384	216,098	204,862
Interest expense and amortization of deferred financing fees	29,692	26,486	119,882	108,693
Refinancing expenses	—	1,228	1,677	5,148
Share-based compensation	1,974	1,567	6,378	4,528
Change in fair value of financial instruments [1]	(46,120)	(10,460)	28,674	53,260
Bareboat charter adjustment, net [2]	1,774	4,761	16,353	18,454
Gain on sales [3]	—	32,795	52,235	117,482
Loss on disposals [4]	15,389	—	31,876	—
Expenses related to customer bankruptcy [5]	849	—	19,732	—
Adjustments to equity income on investment [6]	—	—	5,880	—
Vessel impairments [7]	82,420	—	285,195	—
Less:				
Amortization of deferred gain [8]	(4,860)	(3,709)	(18,064)	(9,795)
Foreign exchange gain [9]	—	—	—	(6,600)
Dry-dock reserve adjustment	(5,601)	(7,334)	(22,963)	(19,655)
Cash dividends paid on preferred shares:				
Series C	—	(8,054)	(19,665)	(32,396)
Series D	(2,475)	(2,513)	(9,900)	(10,124)
Series E	(2,769)	(2,783)	(11,077)	(11,135)
Series F	(2,432)	—	(4,405)	—
Series G	(3,997)	—	(5,150)	—
Series H	(3,888)	—	(3,888)	—
Net cash flows before interest payments	111,443	162,580	549,829	622,113
Less:				
Interest expense at the hedged rate [10]	(40,491)	(46,808)	(176,727)	(189,203)
Cash available for distribution to common shareholders	**$ 70,952**	**$ 115,772**	**$ 373,102**	**$ 432,910**

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2016 AND 2015
(**IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE DATA**)

B. Normalized Net Earnings and Normalized Earnings per Share

Normalized net earnings is defined as net earnings (loss) adjusted for interest expense, excluding amortization of deferred financing fees, refinancing expenses, loss on disposals, expenses related to customer bankruptcy, adjustments to equity income on investment, vessel impairments, foreign exchange gain, change in fair value of financial instruments, interest expense at the hedged rate, write-off of vessel equipment 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 and normalized earnings per share are not defined by GAAP and should not be considered as an alternative to net earnings, earnings per share or any other indicator of Seaspan's performance required to be reported by GAAP.

	Quarter Ended December 31,		Year Ended December 31,	
	2016	**2015**	**2016**	**2015**

Net earnings (loss)	$ 1,442	$ 76,212	$ (139,039)	$ 199,391
Adjust:				
Interest expense, excluding amortization of deferred financing fees	25,262	25,191	105,701	97,008
Refinancing expenses	—	1,850	1,962	5,770
Loss on disposals[4]	15,389	—	31,876	—
Expenses related to customer bankruptcy[5]	849	—	19,732	—
Adjustments to equity income on investment[6]	—	—	5,880	—
Vessel impairments[7]	82,420	—	285,195	—
Foreign exchange gain[9]	—	—	—	(6,600)
Change in fair value of financial instruments[1]	(46,120)	(10,460)	28,674	53,260
Interest expense at the hedged rate[10]	(40,491)	(46,808)	(176,727)	(189,203)
Write-off of vessel equipment[11]	—	2,952	9,040	6,194
Normalized net earnings	**$ 38,751**	**$ 48,937**	**$ 172,294**	**$ 165,820**
Less: preferred share dividends				
Series C (including amortization of issuance costs)	—	8,330	14,420	33,637
Series D	2,475	2,475	9,900	10,086
Series E	2,770	2,769	11,077	11,121
Series F	2,433	—	6,055	—
Series G	3,997	—	7,404	—
Series H	4,429	—	6,841	—
	16,104	**13,574**	**55,697**	**54,844**
Normalized net earnings attributable to common shareholders	**$ 22,647**	**$ 35,363**	**$ 116,597**	**$ 110,976**
Weighted average number of shares used to compute earnings per share				
Reported, basic	**106,164**	**99,835**	**102,869**	**99,217**
Share-based compensation	60	71	70	61
Reported and normalized, diluted[12]	**106,224**	**99,906**	**102,939**	**99,278**
Earnings (loss) per share:				
Reported, basic and diluted	**$ (0.14)**	**$ 0.63**	**$ (1.89)**	**$ 1.46**
Normalized, diluted[13]	**$ 0.21**	**$ 0.35**	**$ 1.13**	**$ 1.12**

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2016 AND 2015
(**IN THOUSANDS OF US DOLLARS**)

C. Adjusted EBITDA

Adjusted EBITDA is defined as net earnings (loss) adjusted for interest expense and amortization of deferred financing fees, interest income, undrawn credit facility fees, depreciation and amortization, refinancing expenses, share-based compensation, gain on sales, loss on disposals, expenses related to customer bankruptcy, adjustments to equity income on investment, vessel impairments, amortization of deferred gain, foreign exchange gain, bareboat charter adjustment, 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, even though other companies may not calculate this measure in the same way as Seaspan. 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.

	Quarter Ended December 31,		Year Ended December 31,	
	2016	**2015**	**2016**	**2015**
Net earnings (loss)	$ 1,442	$ 76,212	$ (139,039)	$ 199,391
Adjust:				
Interest expense and amortization of deferred financing fees	29,692	26,486	119,882	108,693
Interest income	(1,379)	(2,756)	(8,455)	(11,026)
Undrawn credit facility fees	710	635	2,673	3,100
Depreciation and amortization	50,045	54,384	216,098	204,862
Refinancing expenses	—	1,228	1,677	5,148
Share-based compensation	1,974	1,567	6,378	4,528
Gain on sales[3]	—	32,795	52,235	117,482
Loss on disposals[4]	15,389	—	31,876	—
Expenses related to customer bankruptcy[5]	849	—	19,732	—
Adjustments to equity income on investment[6]	—	—	5,880	—
Vessel impairments[7]	82,420	—	285,195	—

Amortization of deferred gain[8]	(4,860)	(3,709)	(18,064)	(9,795)
Foreign exchange gain[9]	—	—	—	(6,600)
Bareboat charter adjustment, net[2]	1,774	4,761	16,353	18,454
Change in fair value of financial instruments[1]	(46,120)	(10,460)	28,674	53,260
Adjusted EBITDA	**$ 131,936**	**$ 181,143**	**$ 621,095**	**$ 687,497**

Notes to Non-GAAP Financial Measures

(1) Change in fair value of financial instruments includes realized and unrealized losses (gains) on Seaspan's interest rate swaps, unrealized losses (gains) on Seaspan's foreign currency forward contracts and unrealized losses (gains) on interest rate swaps included in equity income on investment.

(2) In the second half of 2011, Seaspan entered into agreements to bareboat charter four 4800 TEU vessels to MSC 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 lease was recorded, which is being amortized to income through revenue. The bareboat charter adjustment in the applicable non-GAAP measures 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, which is recorded in revenue, is deducted resulting in a net bareboat charter adjustment. During the fourth quarter of 2016, Seaspan sold these vessels to MSC pursuant to the agreements entered into in 2011.

(3) For the year ended December 31, 2016, the gain on sales relates to the proceeds received in excess of vessel cost upon the sale and leaseback transactions of two 10000 TEU vessels and one 14000 TEU vessel. Under these transactions, Seaspan sold the vessels to the SPCs and is leasing the vessels back. For accounting purposes, the gain is deferred and amortized as a reduction of operating lease expense over the term of the lease.

(4) The loss on disposals relates to the sale of two 4600 TEU vessels to a ship recycler for total net sale proceeds of approximately $12.1 million.

(5) Expenses related to customer bankruptcy primarily relates to reserves made on past due accounts receivables from Hanjin. As of September 1, 2016, after Hanjin declared bankruptcy, no revenue was recognized on the Hanjin charters.

(6) Adjustments to equity income on investment excludes Seaspan's proportionate interest in the impact of the sale of Greater China Intermodal investments LLC's ("GCI") two 4600 TEU vessels and the reserves for past due accounts receivables relating to GCI's four 10000 TEU vessels previously chartered to Hanjin.

(7) During the quarter and year ended December 31, 2016, Seaspan recognized non-cash vessel impairments of $82.4 million and $285.2 million, respectively, related to 16 vessels less than 5000 TEU in size which were held for use.

(8) As of December 31, 2016, ten vessels have been sold and leased back by Seaspan. For GAAP accounting purposes, the gain on sales was deferred and is being amortized as a reduction of operating lease expense over the term of the lease.

(9) Seaspan entered into contracts for the construction of five 14000 TEU newbuilding containerships. The contracts included a foreign exchange adjustment to adjust the US dollar denominated purchase price of the vessels. In connection with the allocation of two of the vessels to GCI, Seaspan recognized a foreign exchange gain of $6.6 million which has been included in other income.

(10) 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 variable rate credit facilities and leases, on an accrual basis. Interest expense on fixed rate borrowings is calculated using the effective interest rate.

(11) Commencing in May 2015, Seaspan installed upgrades on certain of its vessels to enhance fuel efficiency. As a result, Seaspan incurred non-cash write-offs related to the original vessel equipment of $9.0 million for the year ended December 31, 2016. These write-offs are included in depreciation and amortization expense. The costs of the vessel upgrades are recoverable from the charterer.

(12) Seaspan's convertible Series F preferred shares are not included in the computation of diluted earnings per share because their effect is anti-dilutive for the period.

(13) The changes in normalized earnings per share for the quarter and year ended December 31, 2016 are as detailed in the table below:

	Quarter Ended December 31,	Year Ended December 31,
Normalized earnings per share, diluted- December 31, 2015	**$ 0.35**	**$ 1.12**
Excluding share count changes:		
Increase (decrease) in normalized earnings[a]	(0.11)	0.06
Decrease from impact of preferred shares	(0.02)	(0.01)
Share count changes:		
Increase in diluted share count (from 99,906,535 shares to 106,223,407 shares and from 99,277,756 to 102,938,870 for the quarter and year ended, respectively)	(0.01)	(0.04)
Normalized earnings per share, diluted- December 31, 2016	**$ 0.21**	**$ 1.13**

(a) The decrease in normalized earnings for the quarter ended December 31, 2016 is primarily due to a decrease in revenue of $5.3 million and an increase in operating lease expense of $12.2 million, compared to the same period in 2015. The decrease to normalized earnings was offset by a decrease in interest at the hedged rate of $6.3 million and ship operating expense of $3.6 million. Please read "Results for the Quarter and Year Ended December 31, 2016" for a description of these changes.

The increase in normalized earnings for the year ended December 31, 2016 is primarily due to an increase in revenue of $58.9 million, a decrease in interest at the hedged rate of $12.5 million and ship operating expense of $1.5 million, compared to the same period in 2015. These increases to normalized earnings were partially offset by increases in operating lease expense of $45.6 million, depreciation and amortization expense of $8.4 million and general and administrative expense of $4.8 million, compared to the same period in 2015. Please read "Results for the Quarter and Year Ended December 31, 2016" for a description of these changes.

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; time charters; ship operating expense; vessel dry-docking schedules; future contracted revenues; Seaspan's access to capital and financial strength and flexibility; Seaspan's ability to take advantage of opportunities in a challenging industry period; vessel deliveries and dividends, including the amount and timing of payment thereof for 2017. 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 or construction opportunities; the availability and cost to Seaspan of financing to pursue growth opportunities; the number of additional vessels managed by our manager, Seaspan Management Services Limited, in the future; the availability of crew, number of off-hire days and dry-docking requirements, general market conditions and shipping market trends, including chartering rates; 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, customers, 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 enter into, renew or replace long-term contracts; conditions in the public capital markets and the price of Seaspan's shares; the declaration of dividends and related payment dates by Seaspan's board of directors; and other factors detailed from time-to-time in Seaspan's periodic reports and filings with the Securities and Exchange Commission, including Seaspan's Annual Report on Form 20-F for the year ended December 31, 2015. 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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