SEASPAN REPORTS FINANCIAL RESULTS FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018

Seaspan Achieves Strong Operating Results with the Successful Integration of GCI, Growth of Operating Fleet, and Increases Equity Capital through Fairfax's Continued Investment and Support

HONG KONG, Aug. 1, 2018 /CNW/ - Seaspan Corporation ("Seaspan") (NYSE: SSW) announced today its financial results for the three and six months ended June 30, 2018.

Highlights for the Quarter:

- Earnings per diluted share of $0.34 for the second quarter and $0.71 for the six months
- Normalized earnings per diluted share [1] of $0.23 for the second quarter and $0.36 for the six months
- Secured an additional $500 million equity investment commitment from affiliates of Fairfax Financial Holdings Limited ("Fairfax"), which increases their total investment to $1.0 billion
- Accepted delivery of four 10000 TEU vessels, each on a long-term charter with CMA CGM S.A. ("CMA CGM")
- Achieved vessel utilization of 98.6% for the second quarter and 97.8% for the six months ended June 30, 2018

(1) Refer to "Description of Non-GAAP Financial Measures" for the definitions of this non-GAAP measure and reconciliation of this non-GAAP financial measure as used in this release to the most directly comparable financial measure under U.S. generally accepted accounting principles ("GAAP").

Bing Chen, President and Chief Executive Officer of Seaspan, commented, "I am pleased with our strong operating results for the second quarter. As expected, the acquisition and seamless integration of GCI contributed significantly to our growth. In addition to the vessels acquired through GCI in the first quarter, we grew our operating fleet with the delivery of four 10000 TEU containerships on long-term fixed rate charters with CMA CGM, and achieved a utilization rate of 98.6% for the quarter. We remain optimistic about improving industry dynamics for containerships."

Mr. Chen continued, "The additional investment by Fairfax announced in the second quarter increases its cumulative investment to $1.0 billion. The $500.0 million Fairfax equity investment is transformative to Seaspan as it increases our equity capital base and improves our access to capital."

David Sokol, Chairman of Seaspan Corporation, commented, "Our Board of Directors believes that the management team is doing an excellent job executing on its strategy to deliver long-term shareholder value. We are appreciative of Fairfax's continued confidence in Seaspan. Today, Fairfax Financial Holdings owns 22 percent of Seaspan's Class A common shares outstanding and will own an additional 38.5 million shares upon the exercise of warrants in January 2019. Seaspan appreciates having such thoughtful, long-term investors like Fairfax and the Washington Family, whose perspectives and insights are well-aligned with the Company's longer term strategy."

Subsequent Events

Fairfax Investments

On July 16, 2018, in accordance with the May 2018 definitive agreement, Fairfax exercised 38.5 million warrants at an exercise price of $6.50 per share resulting in Seaspan receiving $250.0 million in proceeds. Also in accordance with the May 2018 definitive agreement, Seaspan issued Fairfax warrants to acquire 25.0 million Class A common shares at an exercise price of $8.05 per share and the terms of the debentures issued in February 2018 and to be issued in January 2019 were amended to allow Fairfax to call for an early redemption for some or all of the debentures on each anniversary date of issuance. As the right to put the debentures is solely within the control of Fairfax, the outstanding debentures will be reclassified from long-term liabilities to current liabilities as of July 16, 2018. Upon funding of the additional debentures and exercise of the additional warrants upon closing in January 2019, these debentures will also be classified as a current liability.

Series F Preferred Shares Redemption

On July 23, 2018, Seaspan redeemed all of its outstanding 10.5% Series F preferred shares for $140.0 million plus $3.4 million of accrued dividends.

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

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	$ 281,662	$ 204,609	$ 506,438	$ 405,930
Reported net earnings	$ 68,013	$ 28,284	$ 135,729	$ 68,307
Normalized net earnings [1]	$ 52,502	$ 35,538	$ 87,806	$ 67,367
Earnings per share, basic	$ 0.36	$ 0.11	$ 0.73	$ 0.33
Earnings per share, diluted	$ 0.34	$ 0.11	$ 0.71	$ 0.33
Normalized earnings per share, diluted [1]	$ 0.23	$ 0.17	$ 0.36	$ 0.32
Cash available for distribution to common shareholders [1]	$ 90,224	$ 95,007	$ 153,812	$ 155,356
Adjusted EBITDA [1]	$ 178,620	$ 153,862	$ 313,785	$ 273,235

(1) These are non-GAAP financial measures. Please read "Description of Non-GAAP Financial Measures" for (a) descriptions of Normalized net earnings and Normalized earnings per share, diluted, 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.

Results for the Three and Six Months Ended June 30, 2018

Financial Results

The following table summarizes Seaspan's consolidated financial results for the three and six months ended June 30, 2018 and 2017:

Financial Summary (in millions of US dollars)	**Three Months Ended June 30, 2018**	**Three Months Ended June 30, 2017**	**Six Months Ended June 30, 2018**	**Six Months Ended June 30, 2017**
Revenue	$ 281.7	$ 204.6	$ 506.4	$ 405.9
Ship operating expense	58.8	44.8	108.3	90.4
Depreciation and amortization expense	62.1	49.8	116.0	99.7
General and administrative expense	9.1	7.5	16.3	15.0
Operating lease expense	32.3	28.1	63.5	54.7
Interest expense and amortization of deferred financing fees	57.3	28.3	96.2	56.7
Change in fair value of financial instruments	(5.9)	13.6	(25.2)	17.0

Ownership Days, Operating Days and Vessel Utilization

Ownership days are the number of days a vessel is owned and available for charter. Operating days are the number of days a vessel is available to the charterer for use.

The primary driver of ownership days are the increases or decreases in number of vessels we own, while the drivers of operating days are ownership days and the number of days the vessels are off-hire. Ownership and operating days for the three and six months ended June 30, 2018 and 2017 were as follows:

	Three Months Ended June 30,		**Increase**		**Six Months Ended June 30,**		**Increase**	
	2018	**2017**	**Days**	**%**	**2018**	**2017**	**Days**	**%**
Ownership days(1)	9,546	8,037	1,509	18.8%	17,576	15,954	1,622	10.2%
Operating days(1)	9,409	7,895	1,514	19.2%	17,186	15,150	2,036	13.4%

(1) Ownership and operating days include leased vessels and exclude vessels under bareboat charter.

Ownership days increased by 1,509 days primarily due to the addition of 16 vessels acquired through the GCI acquisition, which contributed 1,456 days. The remainder of the increase was due to 2018 vessel deliveries and acquisitions and partially offset by vessel disposals.

Vessel utilization represents the number of days a vessel is used (operating days) as a percentage of the total days a vessel is available for charter (ownership days).

The following table summarizes Seaspan's vessel utilization by quarter and for the six months ended June 30, 2018 and 2017:

	Three Months Ended March 31,		**Three Months Ended June 30,**		**Six Months Ended June 30,**	
	2018	**2017**	**2018**	**2017**	**2018**	**2017**
Vessel Utilization:						
Ownership Days(1)	8,030	7,917	9,546	8,037	17,576	15,954
Less Off-hire Days:						
Scheduled Off-hire	(104)	—	—	—	(104)	—
Unscheduled Off-hire(2)	(149)	(662)	(137)	(142)	(286)	(804)
Operating Days(1)	**7,777**	**7,255**	**9,409**	**7,895**	**17,186**	**15,150**
Vessel Utilization	**96.8%**	**91.6%**	**98.6%**	**98.2%**	**97.8%**	**95.0%**

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

Vessel utilization increased for the three and six months ended June 30, 2018, compared to the same periods in 2017, primarily due to higher utilization of vessels acquired from Greater China Intermodal Investments LLC ("GCI") and the 2018 deliveries and acquisitions. The increase in utilization for the six months ended June 30, 2018 was also due to a decrease in off-charter days. During the six months ended June 30, 2018, Seaspan completed dry-dockings for five 2500 TEU vessels, one 3500 TEU vessel and one 4250 TEU vessel, one of which occurred while the vessel was off-charter.

Revenue

Revenue increased by 37.7% to $281.7 million and by 24.8% to $506.4 million for the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017. The increases in revenue were primarily due to the additional operating days from the vessel deliveries and acquisition of vessels from the GCI transaction.

The increase in operating days and the related financial impact thereof for the three and six months ended June 30, 2018, relative to the same periods in 2017, is attributable to the following:

	Three Months Ended June 30, 2018			**Six Months Ended June 30, 2018**		
	Ownership Days Impact	**Operating Days Impact**	**$ Impact (in millions of US dollars)**	**Ownership Days Impact**	**Operating Days Impact**	**$ Impact (in millions of US dollars)**
Addition of 16 vessels from acquisition of GCI	1,456	1,456	$ 52.8	1,744	1,744	$ 62.6
2018 vessel deliveries and acquisitions	355	355	6.6	447	447	7.4
Full period contribution for 2017 vessel deliveries	62	62	2.8	152	152	6.9
Changes in daily charter hire rates and re-charters	—	—	7.9	—	—	7.3
Unscheduled off-hire	—	5	1.3	—	518	5.5

Scheduled off-hire	—	—	—	—	(104)	(1.8)
Vessel disposals	(364)	(364)	(1.6)	(721)	(721)	(2.0)
Interest income from leasing	—	—	8.9	—	—	17.6
Other	—	—	(1.6)	—	—	(3.0)
Total	**1,509**	**1,514**	**$ 77.1**	**1,622**	**2,036**	**$ 100.5**

Ship Operating Expense

Ship operating expense increased by 31.1% to $58.8 million and by 19.8% to $108.3 million for the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017. The increases were primarily due to an increase in ownership days from the increase in the number of vessels in Seaspan's fleet, higher bulk purchasing of vessel stores and spare parts, and an increase in planned maintenance required for certain vessels less than 8500 TEU in size.

Depreciation and Amortization Expense

Depreciation and amortization expense increased by 24.7% to $62.1 million and by 16.3% to $116.0 million for the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017. The increases were primarily due to an increase in ownership days from the increase in the number of vessels in Seaspan's fleet.

General and Administrative Expense

General and administrative expense increased by 21.2%, to $9.1 million and by 9.2% to $16.3 million for the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017. The increases were primarily due to transition payments to the former chief financial officer, and additional general and administrative expense related to the acquisition of GCI, partially offset by a decrease in stock-based compensation related to the former chief executive officer.

Operating Lease Expense

Operating lease expense increased by 14.9% to $32.3 million and by 16.2% to $63.5 million for the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017. The increases were primarily due to an increase in LIBOR and the delivery of one vessel in 2017 that was financed through a sale-leaseback transaction.

Interest Expense and Amortization of Deferred Financing Fees

The following table summarizes Seaspan's borrowings:

(in millions of US dollars)	**June 30,**	
	2018	**2017**
Long-term debt, excluding deferred financing fees	$ 3,871.4	$ 2,675.9
Long-term obligations under capital lease, excluding deferred financing fees	672.5	485.9
Total borrowings	4,543.9	3,161.8
Less: Vessels under construction	—	(278.2)
Operating borrowings	$ 4,543.9	$ 2,883.6

Interest expense and amortization of deferred financing fees increased by $29.0 million to $57.3 million and by $39.5 million to $96.2 million for the three and six months ended June 30, 2018, respectively, compared to the same periods in 2017. The increases were primarily due to the debt assumed as part of the acquisition of GCI, an increase in operating debt for delivered vessels, the issuance of the debentures to Fairfax and an increase in LIBOR.

Change in Fair Value of Financial Instruments

The change in fair value of financial instruments resulted in a gain of $5.9 million and $25.2 million for the three and six months ended June 30, 2018, respectively. The gains for these periods were primarily due to the impact of swap settlements and increase in the forward LIBOR curve.

Working Capital

At June 30, 2018, we had a working capital deficiency of $497.0 million which includes $337.9 million of senior unsecured notes maturing in April 2019. The working capital deficiency may increase in future periods due to the classification of the Fairfax debentures to current liabilities as described in the subsequent events section. In order to alleviate this deficiency, we will rely, in part, upon the continued financial support of Fairfax, which includes not exercising the debenture put right and the successful closing of the agreements described above under "Fairfax Investments". We also expect to further address this deficiency through cash generated from operations and additional sources of funds in the capital markets to the extent available.

About Seaspan

Seaspan is the leading independent charter owner of containerships with industry leading ship management services. We charter our vessels primarily pursuant to long-term, fixed-rate, time charters from the world's largest container shipping liners. Seaspan's operating fleet consists of 112 containerships with a total capacity of more than 900,000 TEU, 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
SSWA	7.125% senior unsecured notes due 2027
SSW25	5.500% senior notes due 2025

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, 2018 on August 2, 2018 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 from August 2, 2018 at 8:30 a.m. PT / 11:30 a.m. ET through 8:30 p.m. PT / 11:30 p.m. ET on August 16, 2018. To access the replay, call 1-855-859-2056 or 1-404-537-3406 and enter the replay passcode 2573108. 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 SHEETS
AS OF JUNE 30, 2018
(IN THOUSANDS OF US DOLLARS)

	June 30, 2018	December 31, 2017
Assets		
Current assets:		
Cash and cash equivalents	$ 269,070	$ 253,176
Short-term investments	2,400	104
Accounts receivable	14,372	11,678
Loans to affiliate	—	36,100
Prepaid expenses and other	42,702	44,869
Fair value of financial instruments	277	—
Gross investment in lease	44,348	35,478
	373,169	381,405
Vessels	6,037,798	4,390,854
Vessels under construction	—	146,362
Deferred charges	60,624	62,020
Gross investment in lease	839,987	687,896
Goodwill	75,321	75,321
Other assets	166,648	134,284
	$ 7,553,547	$ 5,878,142
Liabilities, Puttable Preferred Shares and Shareholders' Equity		
Current liabilities:		
Accounts payable and accrued liabilities	$ 65,816	$ 63,220
Current portion of deferred revenue	55,929	55,367
Current portion of long-term debt	663,294	257,800
Current portion of long-term obligations under capital lease	47,588	43,912
Current portion of other long-term liabilities	37,562	23,635
	870,189	443,934
Deferred revenue	393,779	328,681
Long-term debt	3,182,448	2,192,833
Long-term obligations under capital lease	615,992	595,016
Other long-term liabilities	193,188	199,386
Fair value of financial instruments	123,733	168,860
Total liabilities	5,379,329	3,928,710
Puttable preferred shares	47,256	—
Shareholders' equity	2,126,962	1,949,432
	$ 7,553,547	$ 5,878,142

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(IN THOUSANDS OF US DOLLARS, EXCEPT SHARE AND PER SHARE AMOUNTS)

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Revenue	$ 281,662	$ 204,609	$ 506,438	$ 405,930
Operating expenses:				
Ship operating	58,766	44,823	108,315	90,430
Depreciation and amortization	62,107	49,798	116,032	99,744
General and administrative	9,073	7,486	16,346	14,975
Operating leases	32,329	28,148	63,523	54,658
Expenses related to customer bankruptcy	—	—	—	1,013
	162,275	130,255	304,216	260,820
Operating earnings	119,387	74,354	202,222	145,110
Other expenses (income):				
Interest expense and amortization of deferred financing fees	57,266	28,261	96,247	56,729
Interest income	(495)	(1,193)	(1,765)	(2,365)
Undrawn credit facility fees	84	635	295	1,265
Acquisition related gain on contract settlement	—	—	(2,430)	—
Change in fair value of financial instruments	(5,927)	13,610	(25,249)	17,027
Equity income on investment	—	(1,642)	(1,216)	(2,529)
Other expenses	446	6,399	611	6,676
	51,374	46,070	66,493	76,803

Net earnings	**$**	**68,013**	**$**	**28,284**	**$**	**135,729**	**$**	**68,307**
Deficit, beginning of period		(746,759)		(823,690)		(781,137)		(807,496)
Dividends - common shares		(17,004)		(13,698)		(33,494)		(53,393)
Dividends - preferred shares		(17,911)		(16,103)		(34,477)		(32,208)
Other		(532)		(152)		(814)		(569)
Deficit, end of period	$	(714,193)	$	(825,359)	$	(714,193)	$	(825,359)
Weighted average number of shares, basic		137,311		113,963		135,664		110,362
Weighted average number of shares, diluted		146,110		113,980		140,127		110,406
Earnings per share, basic	$	0.36	$	0.11	$	0.73	$	0.33
Earnings per share, diluted	$	0.34	$	0.11	$	0.71	$	0.33

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(IN THOUSANDS OF US DOLLARS)

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2018	**2017**	**2018**	**2017**
Net earnings	**$ 68,013**	**$ 28,284**	**$ 135,729**	**$ 68,307**
Other comprehensive income:				
Amounts reclassified to net earnings during the period relating to cash flow hedging instruments	276	662	576	2,138
Comprehensive income	**$ 68,289**	**$ 28,946**	**$ 136,305**	**$ 70,445**

SEASPAN CORPORATION
UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(IN THOUSANDS OF US DOLLARS)

	Three Months Ended June 30,		**Six Months Ended June 30,**	
	2018	**2017**	**2018**	**201**
Cash from (used in):				
Operating activities:				
Net earnings	$ 68,013	$ 28,284	$ 135,729	$ 68
Items not involving cash:				
Depreciation and amortization	62,107	49,798	116,032	99
Share-based compensation	923	1,989	1,550	3
Amortization of deferred financing fees, debt discount and fair value of long term debt	4,478	3,185	8,557	6
Amounts reclassified from accumulated other comprehensive loss to interest expense	86	401	174	1
Unrealized change in fair value of financial instruments	(18,310)	(1,037)	(48,909)	(13
Acquisition related gain on contract settlement	—	—	(2,430)	
Equity income on investment	—	(1,642)	(1,216)	(2
Operating leases	(5,350)	(5,500)	(11,809)	(10
Amortization of acquired revenue contracts	6,250	—	7,359	
Other	(4)	6,389	11	6
Changes in assets and liabilities	(5,001)	(19,568)	(22,296)	(20
Cash from operating activities	113,192	62,299	182,752	139
Financing activities:				
Common shares issued, net of issuance costs	—	33,362	—	57
Draws on credit facilities	225,600	—	325,600	
Repayment of credit facilities	(71,165)	(75,627)	(134,744)	(171
Fairfax notes and warrants issued	—	—	250,000	
Draws on long-term obligations under capital lease	—	—	46,964	
Repayment of long-term obligations under capital lease	(12,264)	(6,508)	(23,307)	(12
Senior unsecured notes repurchased, including related expenses	—	(2,665)	—	(3
Financing fees	(7,983)	(2,314)	(13,115)	(2
Dividends on common shares	(9,484)	(6,433)	(18,809)	(45
Dividends on preferred shares	(18,394)	(16,103)	(34,960)	(32
Net proceeds from sale-leaseback of vessels	—	90,753	—	90
Cash from (used in) financing activities	106,310	14,465	397,629	(119
Investing activities:				
Expenditures for vessels	(281,107)	(84,453)	(301,013)	(96
Short-term investments	(2,400)	—	(2,296)	
Other assets	(80)	(53)	2,711	

Loans to affiliate	—	(790)	(427)	(1
Repayment from loans to affiliate	—	18,068	—	2
Acquisition of GCI	—	—	(333,581)	
Cash acquired from GCI acquisition	—	—	70,121	
Cash used in investing activities	(283,587)	(67,228)	(564,485)	(76
Increase (decrease) in cash, cash equivalents and restricted cash	(64,085)	9,536	15,896	(56
Cash, cash equivalents and restricted cash, beginning of period	347,217	315,914	267,236	38
Cash, cash equivalents and restricted cash, end of period	$ 283,132	$ 325,450	$ 283,132	$ 32

The following table provides a reconciliation of cash, cash equivalents and restricted cash reported within the consolidated balance sheet that sum to the amounts shown in the consolidated statement of cash flows:

	June 30,	
	2018	2017
Cash and cash equivalents	$ 269,070	$ 305,592
Restricted cash included in other assets	14,062	19,858
Total cash, cash equivalents and restricted cash shown in the consolidated statements of cash flows	$ 283,132	$ 325,450

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(**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 and amortization of deferred financing fees, share-based compensation, change in fair value of financial instruments, bareboat charter adjustment, expenses related to customer bankruptcy, acquisition-related gain on contract settlement, amortization of deferred gain, dry-dock reserve adjustment, gain on sale, termination fee, cash dividends paid on preferred shares, interest expense at the hedged rate, and certain other items that Seaspan believes affect the comparability of operating results.

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. In addition, this measure may not be comparable to similar measures presented by other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net earnings	$ 68,013	$ 28,284	$ 135,729	$ 68,307
Adjust:				
Depreciation and amortization	62,107	49,798	116,032	99,744
Interest expense and amortization of deferred financing fees	57,266	28,261	96,247	56,729
Share-based compensation	923	1,989	1,550	3,870
Change in fair value of financial instruments (1)	(5,927)	13,695	(25,073)	17,198
Bareboat charter adjustment, net(2)	2,204	—	4,309	—
Expenses related to customer bankruptcy (3)	—	—	—	1,013
Acquisition-related gain on contract settlement(4)	—	—	(2,430)	—
Amortization of deferred gain(5)	(5,555)	(5,148)	(11,109)	(10,067)
Dry-dock reserve adjustment	(6,342)	(5,543)	(15,643)	(10,854)
Gain on sale(6)	—	31,291	—	31,291
Termination fee(7)	—	6,250	—	6,250
Cash dividends paid on preferred shares:				
Series D	(3,487)	(2,475)	(5,987)	(4,950)
Series E	(2,793)	(2,769)	(5,585)	(5,538)
Series F	(3,675)	(2,432)	(6,508)	(4,865)
Series G	(3,998)	(3,997)	(7,996)	(7,995)
Series H	(4,442)	(4,430)	(8,884)	(8,860)
Net cash flows before interest payments	154,294	132,774	264,652	231,273
Less:				
Interest expense at the hedged rate (8)	(64,070)	(37,767)	(110,840)	(75,917)
Cash available for distribution to common shareholders	**$ 90,224**	**$ 95,007**	**$ 153,812**	**$ 155,356**

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(**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 adjusted for interest expense (excluding amortization of deferred financing fees), expenses related to customer bankruptcy, change in fair value of financial instruments, acquisition-related gain on contract settlement, termination fee, interest expense at the hedged rate, and certain other items Seaspan believes affect the comparability of operating results.

Normalized net earnings is a non-GAAP measure that Seaspan believes 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. In addition, this measure may not be comparable to similar measures presented by other companies.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net earnings	$ 68,013	$ 28,284	$ 135,729	$ 68,307
Adjust:				
Interest expense, excluding amortization of deferred financing fees	54,486	25,076	90,420	50,516
Expenses related to customer bankruptcy (3)	—	—	—	1,013
Change in fair value of financial instruments (1)	(5,927)	13,695	(25,073)	17,198
Acquisition-related gain on contract settlement (4)	—	—	(2,430)	—
Termination fee (7)	—	6,250	—	6,250
Interest expense at the hedged rate (8)	(64,070)	(37,767)	(110,840)	(75,917)
Normalized net earnings	**$ 52,502**	**$ 35,538**	**$ 87,806**	**$ 67,367**
Less: preferred share dividends				
Series D	3,922	2,475	6,753	4,950
Series E	2,793	2,769	5,585	5,538
Series F	3,675	2,432	7,350	4,865
Series G	3,998	3,997	7,996	7,995
Series H	4,442	4,430	8,884	8,860
	18,830	**16,103**	**36,568**	**32,208**
Normalized net earnings attributable to common shareholders	**$ 33,672**	**$ 19,435**	**$ 51,238**	**$ 35,159**
Weighted average number of shares used to compute earnings per share				
Reported, basic	**137,311**	**113,963**	**135,664**	**110,362**
Share-based compensation	475	17	301	44
Fairfax warrants (9)	8,324	—	4,162	—
Reported and normalized, diluted (10)	**146,110**	**113,980**	**140,127**	**110,406**
Earnings per share:				
Reported, basic	**$ 0.36**	**$ 0.11**	**$ 0.73**	**$ 0.33**
Reported, diluted	**$ 0.34**	**$ 0.11**	**$ 0.71**	**$ 0.33**
Normalized, diluted (11)	**$ 0.23**	**$ 0.17**	**$ 0.36**	**$ 0.32**

SEASPAN CORPORATION
RECONCILIATION OF NON-GAAP FINANCIAL MEASURES
FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2018 AND 2017
(**IN THOUSANDS OF US DOLLARS**)

C. Adjusted EBITDA

Adjusted EBITDA is defined as net earnings adjusted for interest expense and amortization of deferred financing fees, interest income, undrawn credit facility fees, depreciation and amortization, share-based compensation, gain on sale, expenses related to customer bankruptcy, termination fee, amortization of deferred gain, bareboat charter adjustment, change in fair value of financial instruments, acquisition-related gain on contract settlement, and certain other items that Seaspan believes affect the comparability of operating results.

Adjusted EBITDA is a non-GAAP measure that Seaspan believes 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.

	Three Months Ended June 30,		Six Months Ended June 30,	
	2018	2017	2018	2017
Net earnings	$ 68,013	$ 28,284	$ 135,729	$ 68,307
Adjust:				
Interest expense and amortization of deferred financing fees	57,266	28,261	96,247	56,729
Interest income	(495)	(1,193)	(1,765)	(2,365)
Undrawn credit facility fees	84	635	295	1,265
Depreciation and amortization	62,107	49,798	116,032	99,744
Share-based compensation	923	1,989	1,550	3,870
Gain on sale (6)	—	31,291	—	31,291
Expenses related to customer bankruptcy (3)	—	—	—	1,013
Termination fee (7)	—	6,250	—	6,250
Amortization of deferred gain (5)	(5,555)	(5,148)	(11,109)	(10,067)

Bareboat charter adjustment, net[2]	2,204	—	4,309	—
Change in fair value of financial instruments[1]	(5,927)	13,695	(25,073)	17,198
Acquisition-related gain on contract settlement[4]	—	—	(2,430)	—
Adjusted EBITDA	**$ 178,620**	**$ 153,862**	**$ 313,785**	**$ 273,235**

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 and unrealized losses (gains) on interest rate swaps included in equity income on investment.

(2) Certain of Seaspan's vessels are on bareboat charters, which are accounted for as direct financing-type leases. Under these arrangements, the vessels were disposed of and a gross investment in lease was recorded, which is amortized to income through revenue. The bareboat charter adjustment in the applicable non-GAAP measure 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 hire is added back and the interest income from leasing, which is recorded in revenue, is deducted, resulting in a net bareboat charter adjustment. The adjustment relates to five 11000 TEU vessels which commenced 17-year bareboat charters with MSC during 2017 and 2018. Upon completion of the bareboat charter period, MSC is obligated to purchase the vessels for pre-determined amounts.

(3) Expenses related to customer bankruptcy primarily relates to costs and expenses related to the Hanjin Shipping Co., Ltd. ("Hanjin") bankruptcy in 2016. As of September 1, 2016, after Hanjin declared bankruptcy, no revenue was recognized on the Hanjin charters.

(4) As part of the acquisition of GCI, a gain was recorded related to the settlement of a favourable ship management contract.

(5) As of June 30, 2018, 11 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 terms of the leases.

(6) The gain on sale relates to the proceeds received in excess of vessel cost upon the sale and leaseback transaction of one 14000 TEU vessel during the three and six months ended June 30, 2017. Under this transaction, Seaspan sold the vessel to special purpose companies and is leasing the vessel back. For accounting purposes, the gain is deferred and amortized as a reduction of operating lease expense over the term of the lease.

(7) The termination fee relates to a non-cash payment in 2017 in connection with the termination of the financial services agreement with SFSL, an entity controlled by former Director Graham Porter.

(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 variable rate credit facilities and leases, on an accrual basis. Interest expense on fixed rate borrowings is calculated using the effective interest rate. Interest expense at the hedged rate includes the non-cash interest expense from the amortization of the debt discount on the Fairfax debentures of $1.9 million and $2.9 million, respectively, for the three and six months ended June 30, 2018.

(9) Seaspan issued 38,461,539 warrants to Fairfax in February 2018, each exercisable for one Class A common share at an exercise price of $6.50 per share.

(10) Seaspan's common shares issuable upon conversion of its 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.

(11) The increase in normalized earnings per share for the three and six months ended June 30, 2018 is detailed below:

Normalized earnings per share, diluted - June 30, 2017	**$ 0.17**	**$ 0.32**
Excluding share count changes:		
Increase in normalized earnings[a]	0.15	0.18
Decrease from impact of preferred shares	(0.02)	(0.04)
Share count changes:		
Increase in diluted share count (from 113,980,000 shares to 146,110,000 shares and from 110,406,000 shares to 140,127,000 shares for the three and six months ended, respectively)	(0.07)	(0.10)
Normalized earnings per share, diluted - June 30, 2018	**$ 0.23**	**$ 0.36**

(a) The increase in normalized earnings for the three months ended June 30, 2018, compared to the same period in 2017, is primarily due to an increase in revenue of $77.1 million, which is offset by increases in ship operating expense of $13.9 million, depreciation and amortization expense of $12.3 million and operating lease expense of $4.2 million.

The increase in normalized earnings for the six months ended June 30, 2018, compared to the same period in 2017, is primarily due to an increase in revenue of $100.5 million, which is offset by increases in ship operating expense of $17.9 million, depreciation and amortization expense of $16.3 million and operating lease expense of $8.9 million. Please read "Results for the Three and Six Months Ended June 30, 2018" for further description of these changes.

STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This release contains forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act) concerning Seaspan's operations, cash flows, and financial position, including, in particular, the likelihood of its success in developing and expanding its business. Statements that are predictive in nature, that depend upon or refer to future events or conditions, or that include words such as "continue," "expects," "anticipates," "intends," "plans," "believes," "estimates," "projects," "forecasts," "will," "may," "potential," "should" and similar expressions are forward-looking statements. These forward-looking statements represent Seaspan's estimates and assumptions only as of the date of this release 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 Seaspan believes to be reasonable based upon available information, they are subject to risks and uncertainties. These risks and uncertainties include, but are not limited to:

- future growth prospects and ability to expand Seaspan's business;
- Seaspan's expectations as to impairments of its vessels, including the timing and amount of currently anticipated impairments;
- the future valuation of Seaspan's vessels and goodwill;
- potential acquisitions, vessel financing arrangements and other investments, and Seaspan's expected risks and benefits from such transactions;
- future time charters and vessel deliveries, including future long-term charters for certain existing vessels;
- estimated future capital expenditures needed to preserve the operating capacity of Seaspan's fleet including, its capital base, and comply with regulatory standards, its expectations regarding future dry-docking and operating expenses, including ship operating expense and general and administrative expenses;
- Seaspan's expectations about the availability of vessels to purchase, the time that it may take to construct new vessels, the delivery dates of new vessels, the commencement of service of new vessels under long-term time charter contracts and the useful lives of its vessels;
- availability of crew, number of off-hire days and dry-docking requirements;
- general market conditions and shipping market trends, including charter rates, increased technological innovation in competing vessels and other factors affecting supply and demand;
- Seaspan's financial condition and liquidity, including its ability to borrow and repay funds under its credit facilities, to refinance its existing facilities and to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;

- Seaspan's continued ability to meet its current liabilities as they become due;
- Seaspan's continued ability to maintain, enter into or renew primarily long-term, fixed-rate time charters with its existing customers or new customers;
- the potential for early termination of long-term contracts and Seaspan's potential inability to enter into, renew or replace long-term contracts;
- the introduction of new accounting rules for leasing and exposure to currency exchange rates and interest rate fluctuations;
- conditions inherent in the operation of ocean-going vessels, including acts of piracy;
- acts of terrorism or government requisition Seaspan's containership during periods of war or emergency;
- adequacy of Seaspan's insurance to cover losses that result from the inherent operational risks of the shipping industry;
- lack of diversity in Seaspan's operations and in the type of vessels in its fleet;
- conditions in the public equity market and the price of Seaspan's shares;
- Seaspan's ability to leverage to its advantage its relationships and reputation in the containership industry;
- compliance with and changes in governmental rules and regulations or actions taken by regulatory authorities, and the effect of governmental regulations on Seaspan's business;
- the financial condition of Seaspan's customers, lenders, and other counterparties and their ability to perform their obligations under their agreements with us;
- Seaspan's continued ability to meet specified restrictive covenants and other conditions in its financing and lease arrangements, its notes and its preferred shares;
- any economic downturn in the global financial markets and export trade and increase in trade protectionism and potential negative effects of any recurrence of such disruptions on Seaspan's customers' ability to charter Seaspan's vessels and pay for Seaspan's services;
- the recent departures of Seaspan's former chief executive officer and former chief financial officer, the upcoming departure of Seaspan's current general counsel and chief operating officer and the ability to retain key employees in the future;
- some of Seaspan's directors and investors may have separate interests which may conflict with those of its shareholders and they may be difficult to replace given the anti-takeover provisions in Seaspan's organizational documents;
- taxation of Seaspan's earnings and of distributions to its shareholders;
- Seaspan's exemption from tax on U.S. source international transportation income;
- the ability to bring claims in China and Marshall Island, where the legal systems are not well-developed;
- potential liability from future litigation; and
- other factors detailed from time to time in Seaspan's periodic reports.

Forward-looking statements in this release are estimates and assumptions reflecting the judgment of senior management and involve known and unknown risks and uncertainties. These forward-looking statements are based upon a number of assumptions and estimates that are inherently subject to significant uncertainties and contingencies, many of which are beyond Seaspan's control. Actual results may differ materially from those expressed or implied by such forward-looking statements. Accordingly, these forward-looking statements should be considered in light of various important factors listed above and including, but not limited to, those set forth in "Item 3. Key Information—D. Risk Factors" in Seaspan's Annual Report for the year ended December 31, 2017 on Form 20-F filed on March 6, 2018 and in the "Risk Factors" in Reports on Form 6-K filed on April 13, 2018 and to be filed in connection with our second quarter results.

Seaspan does not intend to revise any forward-looking statements in order to reflect any change in Seaspan's expectations or events or circumstances that may subsequently arise. 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. You should carefully review and consider the various disclosures included in this Annual Report and in Seaspan's other filings made with the Securities and Exchange Commission that attempt to advise interested parties of the risks and factors that may affect Seaspan's business, prospects and results of operations.

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