



## **SEASPACE REPORTS FINANCIAL RESULTS FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2008**

### **Continues Strong Operating Performance, Increases Distributable Cash and Normalized Earnings by 14%-22% over Comparable 2007 Quarter and Annual Results**

HONG KONG, CHINA - March 3, 2009 /CNW/ - Seaspan Corporation (NYSE:SSW) announced today the financial results for the quarter and year ended December 31, 2008.

#### **Fourth Quarter 2008 and Year-to-Date 2009 Highlights:**

- Paid a third quarter dividend of \$0.475 per share on November 14, 2008 to all shareholders of record as of November 5, 2008;
- Paid a fourth quarter dividend of \$0.475 per share on February 16, 2009 to all shareholders of record as of February 2, 2009;
- Generated \$36.8 million in cash available for distribution for the quarter, an increase of 15.0%, or \$4.8 million from \$32.0 million for the prior year's quarter. Cash available for distribution increased by 19.0%, or \$21.8 million to \$136.2 million for 2008 compared to \$114.4 million for the prior year;(1)
- Reported increased normalized net earnings(2) of \$2.6 million, or 14.7%, to \$20.4 million for the quarter from \$17.8 million for the comparable prior year's quarter. Normalized net earnings increased by \$13.7 million, or 22.0%, to \$76.2 million for 2008 from \$62.4 million for the prior year;
- Reported normalized earnings per share(2) of \$0.31, which is consistent with the comparable prior year's quarter, and reported an increase in normalized earnings per share by \$0.01, or 0.8%, to \$1.19 for 2008 from \$1.18 for the prior year;
- Reported net loss of \$241.9 million and \$199.3 million for the quarter and year ended December 31, 2008, respectively. This includes a non-cash unrealized loss of \$261.1 million and \$268.6 million from interest rate swap agreements for the quarter and year ended December 31, 2008, respectively;
- Reported loss per share of \$3.63 and \$3.12 for the quarter and year ended December 31, 2008, respectively. This includes a non-cash unrealized loss of \$3.92 per share and \$4.21 per share from interest rate swap agreements for the quarter and year ended December 31, 2008, respectively;
- Reported revenue of \$62.7 million and \$229.4 million for the quarter and year ended December 31, 2008, respectively;
- Raised approximately \$228.0 million in net proceeds from the April 2008 follow-on offering of our common stock;
- Entered into a \$291.2 million credit facility agreement with Fortis Bank S.A./N.V., New York Branch, The Export-Import Bank of Korea, Swedbank AB (Publ) and others in March 2008;
- Entered into a \$235.3 million credit facility agreement with Sumitomo Mitsui Banking Corporation and

others in March 2008;

- Accepted delivery of six newbuild vessels in 2008;
- Converted our subordinated shares effective October 1, 2008. The subordination period for our 7,145,000 Class B Common shares ended on the earliest possible date contemplated by our articles of incorporation as we met the conversion requirements by consistently paying quarterly dividends on both the Class A and Class B Common shares. Upon conversion, the former subordinated holders now have the same rights and privileges as our Class A Common shareholders;
- Agreed to fixed technical service fees with Seaspan Management Services Limited and its affiliates for the period from January 1, 2009 to December 31, 2011 in respect of the contracted fleet of 68 vessels; and
- Completed the first \$100 million tranche of a \$200 million aggregate investment in the Company's Series A Preferred Stock in January 2009.

Gerry Wang, Chief Executive Officer of Seaspan, stated, "During 2008, Seaspan achieved strong growth in both its contracted revenue stream and cash flow for distribution, a testament to its stable business model. Including the \$1.90 per share we distributed in dividends in 2008, Seaspan has paid cumulative cash dividends of \$6.09 per share since its IPO in August 2005. During a challenging economic environment, the Company continues to perform as expected based on its fully contracted fleet with high quality counterparties and its ability to achieve strong utilization rates for its fleet of modern vessels. Notably, our customers continue to perform as expected and 100 percent of Seaspan's fleet remains on time charters with no renewals until 2011 at the earliest."

Mr. Wang concluded, "We continue to take proactive measures to further enhance our financial strength and liquidity. Seaspan satisfied its equity needs for 2009 in January 2009 when we entered into a \$200 million preferred share agreement with Dennis Washington, co-founder of the Company, and a group of our other founders. This investment, which was executed at a significant premium, demonstrates a high level of confidence in Seaspan's business model and future prospects. We continue to maintain strong relationships with our shipyards and customers and have worked with both to ensure our delivery schedule reflects current market conditions."

Fourth Quarter 2008 and Year-to-Date Financial Summary (dollars in thousands):

Quarter ended December 31,

			Change	
	2008	2007	\$	%
Reported net loss	\$(241,913)	\$(20,032)	\$(221,881)	(1,107.6)%
Normalized net earnings(2)	20,363	17,755	2,608	14.7%
Loss per share	(3.63)	(0.35)	(3.28)	(937.1)%
Normalized earnings per share(2)	0.31	0.31	-	-

Year ended December 31,

			Change	
	2008	2007	\$	%
Reported net loss	\$(199,346)	\$(10,408)	\$(188,938)	(1,815.3)%
Normalized net earnings(2)	76,166	62,431	13,735	22.0%
Loss per share	(3.12)	(0.20)	(2.92)	(1,460.0)%
Normalized earnings per share(2)	1.19	1.18	0.01	0.8%

Results for the Quarter and Year Ended December 31, 2008:

#### Revenue

Revenue increased by 14.0%, or \$7.7 million, to \$62.7 million for the quarter ended December 31, 2008, from \$55.0 million for the comparable quarter last year. The increase was primarily due to six vessel deliveries in 2008. These deliveries included the CSCL Panama, CSCL Sao Paulo, CSCL Montevideo, CSCL Lima, CSCL Santiago and CSCL San Jose. Expressed in vessel operating days, our primary revenue driver, these six vessels contributed \$7.4 million in additional revenue or 439 of the 3,105 operating days in the quarter.

	Quarter Ended December 31,		Year Ended December 31,					
	2008	2007	Days	Increase	2008	2007	Days	Increase
Operating days	3,105	2,652	453	17.1%	11,195	9,731	1,464	15.0%
Ownership days	3,107	2,668	439	16.5%	11,277	9,829	1,448	14.7%

Operating days increased by 17.1%, or 453 days, to 3,105 days for the quarter ended December 31, 2008 from 2,652 operating days for the comparable quarter last year. Vessel utilization was 99.9% for the quarter ended December 31, 2008, compared to 99.4% for the comparable quarter last year.

For the year ended December 31, 2008, revenue increased by 15.1%, or \$30.2 million, to \$229.4 million from \$199.2 million compared to last year. The increase was mainly attributable to a full year's contribution for the 2007 deliveries: COSCO Fuzhou, CSCL Zeebrugge, Rio de Janeiro Express, Manila Express, COSCO Yingkou and CSCL Long Beach, and the six 2008 deliveries which collectively contributed 2,857 of the 11,195 operating days for the year.

Operating days increased by 15.0%, or 1,464 days, to 11,195 days for the year ended December 31, 2008 from 9,731 operating days for the prior year. The twelve vessels delivered in 2007 and 2008 contributed 1,424 of the 1,464 additional operating days. We incurred 82 days of net off-hire for the

year ended December 31, 2008, impacting revenue by \$1.6 million. Most of the off-hire was due to the repair and advanced dry-docking of the CSCL Hamburg and the main engine repairs of the Maersk Matane. Vessel utilization was 99.3% for the year ended December 31, 2008, compared to 99.0% for the prior year and vessel utilization of 99.2% since our initial public offering.

#### Ship Operating Expense

Ship operating expense increased by 16.4%, or \$2.1 million, to \$15.0 million for the quarter ended December 31, 2008, from \$12.9 million for the comparable quarter last year. The increase was due to the addition of the six vessels to our fleet in 2008. Stated in ownership days, our primary driver for ship operating expense based on fixed daily operating rates, these six deliveries account for the increase of 439 ownership days, or \$1.7 million, for the quarter ended December 31, 2008.

Ship operating expense increased by 17.8%, or \$8.2 million, to \$54.4 million for the year ended December 31, 2008, from \$46.2 million for the comparable period last year. The increase for the year ended December 31, 2008 was due to a full year of ownership in 2008 for the six vessels delivered in 2007, in addition to the six vessels delivered in 2008. Stated in ownership days, these twelve deliveries contributed 1,424 ownership days, or \$6.2 million, of the 1,464 additional ownership days for the year ended December 31, 2008.

#### Depreciation

Depreciation expense increased by 12.0%, or \$1.7 million, to \$15.4 million for the quarter ended December 31, 2008, from \$13.7 million for the comparable quarter last year. Depreciation expense increased by 14.5%, or \$7.3 million, to \$57.4 million for the year ended December 31, 2008, from \$50.2 million for the prior year. The increase was due to the increase in number of ownership days from the 2007 delivered vessels and the deliveries in 2008.

#### General and Administrative Expenses

General and administrative expenses increased by 47.8%, or \$0.8 million, to \$2.6 million for the quarter ended December 31, 2008, from \$1.8 million for the comparable quarter last year. The increase was due mainly to increases of \$0.2 million in share based compensation and \$0.6 million in growth and professional services. General and administrative expenses increased by 48.1%, or \$2.9 million, to \$8.9 million for the year ended December 31, 2008, from \$6.0 million for the comparable period last year. Of the \$2.9 million, approximately \$1.4 million relates to share-based compensation for directors and officers, \$0.6 million for accounting and legal services, and \$0.9 million for increased overhead costs to support growth and corporate governance costs.

#### Interest Expense

Interest expense increased by 7.2%, or \$0.6 million, to \$9.0 million for the quarter ended December 31, 2008, from \$8.4 million for the comparable quarter last year. This increase is attributable to higher overall operating debt outstanding during the current quarter compared to the same quarter in the prior year. Interest expense decreased by 3.0%, or \$1.0 million, to \$33.0 million for the year ended December 31, 2008, from \$34.1 million for the prior year. Interest expense is composed of interest incurred on debt for operating vessels and reclassification of amounts from accumulated other comprehensive income. 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 \$261.1 million for the quarter ended December 31, 2008 compared to a loss of \$37.6 million for the comparable quarter last year. The change in fair value of financial instruments resulted in a loss of \$268.6 million for the year ended December 31, 2008 compared to a \$72.4 million loss for the prior year. On September 30, 2008, due to the compliance and expense burden associated with applying hedge accounting, we elected to prospectively de-designate all interest rate swaps for which we were applying hedge accounting treatment. As a result, from October 1, 2008 onwards, all of our interest rate swap agreements and the swaption agreement are marked to market with all changes in the fair value of these instruments recorded in "Change in fair value of financial instruments" in the Statement of Operations. Prior to de-designation on September 30, 2008, approximately 30% of the change in fair value was recorded in "Accumulated other comprehensive loss" in the equity section of our Balance Sheet for our designated swaps with the change in fair value of our non-designated swaps recorded in "Change in fair value of financial instruments" in the Statement of Operations.

The fair value of the liability of our non-designated interest rate swaps increased due to decreases in the forward LIBOR and overall market changes in credit risk. Change in fair value of derivative financial instruments is a required accounting adjustment under financial reporting standards. At the end of each reporting period, we must record a mark-to-market adjustment for our interest rate swap agreements as though the instruments were realized as of the reporting date. All of our interest rate swaps meet our interest rate risk and economic management criteria to ensure long term stability of cashflows. There is no impact on our operating performance or ability to distribute cash to shareholders from the unrealized mark-to-market accounting adjustments. The change in fair value from the unrealized non-cash mark-to-market accounting adjustments are specifically excluded by our banks for our debt covenant calculations and have no impact on security requirements for our debt.

The accounting adjustments appear in the following locations in the financial statements:

- 1) Other Comprehensive Loss - For interest rate swaps that the Company had designated as hedges under the technical accounting requirements for hedge accounting, an amount was included in "Other comprehensive loss" that approximated the adjustment in fair value. Since we have elected to prospectively de-designate the interest rate swaps for which we applied hedge accounting, no further fair value changes will be recorded to "Other comprehensive loss". Following the de-designations, the amounts in "Other comprehensive loss" will be reclassified to earnings when and where the hedged transaction is reflected in earnings.
- 2) Statement of Operations - For interest rate swaps that are not designated as hedges under the accounting requirements for hedge accounting, mark-to-market adjustments are recorded in "Change in fair value of financial instruments".

#### Cash Available for Distribution(1)

During the quarter and year ended December 31, 2008, we generated \$36.8 million and \$136.2 million, respectively, of cash available for distribution, (1) as compared to \$32.0 million and \$114.4 million, respectively, for the comparative periods in 2007. For the quarter ended December 31, 2008, this represents an increase of \$4.8 million, or 15.0%, as compared to the same quarter in 2007. For the year ended December 31, 2008, this represents an increase of \$21.8 million, or 19.0%, as compared to the prior year.

#### Adjusted Technical Services Fees

On December 31, 2008, Seaspan reached a fixed-fee agreement on technical services fees for the period from 2009 to 2011 with its manager, Seaspan Management Services Limited, for its contracted fleet of 68 vessels. The fees, which are for services related to vessel maintenance, crewing, purchasing and insurance among other things, were increased by approximately 23.5% on a weighted average basis from the previously set technical services fees over three years ago in August, 2005 for the Company's vessels. The new fees are consistent with management's previously stated guidance of an increase in the range of 10 to 30% and remain competitive to current industry rates.

### \$200 Million Preferred Share Issuance

On January 22, 2009, Seaspan announced an agreement to issue and sell Series A Preferred Stock to Dennis R. Washington, Kevin L. Washington, Kyle R. Washington, who is the Company's chairman, and Graham Porter, through their respective affiliates, for \$200 million.

The preferred shares will automatically convert into Seaspan's common shares at an exercise price of \$15.00 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. The exercise price represents a premium of approximately 57% to the closing price of Company's common shares of \$9.54 on January 22, 2009.

If at any time on or after January 31, 2014 the trailing 30 day average price of the common shares is less than \$15.00, Seaspan has the option to convert the preferred shares at an exercise price of \$15.00 and pay the investor 115% of the difference between the exercise price and the trailing 30 day average price of the common shares, payable in cash or common shares at Seaspan's option.

The preferred share dividends are non-cash and will accrue at a rate of 12% per annum until January 31, 2014. This will not reduce the Company's distributable cash available to common shareholders during the next five years. If the preferred shares have not converted into common shares on or after January 31, 2014, the rate will increase to 15%, which will be payable at the investors' option in cash or by continuing to increase the liquidation value of the preferred shares by 15% per annum.

Seaspan closed the first tranche of the \$200 million aggregate investment in the Company's Series A Preferred Stock on January 30, 2009. At the closing, the Company issued and sold an aggregate of 100,000 12% preferred shares for a total purchase price of \$100 million. The second tranche of \$100 million aggregate amount of the preferred shares is expected to close in the fourth quarter of 2009.

The issuance and sale of the Series A Preferred Stock was approved by the Company's conflicts committee, which is composed entirely of independent directors. The conflicts committee retained its own financial advisor to provide an opinion on the transaction.

### Equity Capital Requirements

As of December 31, 2008, the estimated remaining installments of the 33 vessels that we have contracted to purchase but have not yet been delivered were approximately \$2.1 billion. Seaspan has secured long term credit facilities to fund the newbuild vessels and does not have any credit facilities maturing until 2015. To fund the remaining portion of the purchase price of the vessels the Company has contracted to purchase, we intend to raise in the range of approximately \$500 million to \$600 million in common or other equity and or other forms of capital over the next approximate two to two and a half year period beginning in 2010. This is a reduction of approximately \$300 million as well as a nine to twelve month deferral from the \$900 million target of equity capital over the 36 month period ending June 2011 noted in our third quarter release. The current state of the global financial markets and current economic conditions may adversely impact our ability to issue additional equity at prices

which will not be dilutive to our existing shareholders or preclude us from issuing equity at all. We continue to actively pursue alternatives which will allow us to defer or eliminate some or all of our current equity needs.

#### Dividend Declared:

For the quarter ended December 31, 2008, we declared a quarterly dividend of \$0.475, representing a total distribution of \$31.8 million. The dividend was paid on February 16, 2009 to all shareholders of record as of February 2, 2009. Since going public in August 2005, we have declared cumulative dividends of \$6.09 per share. Because we adopted a dividend reinvestment plan, or DRIP, the actual amount of cash dividends paid was \$28.7 million based on shareholder participation in the DRIP. Cumulatively, for the second, third and fourth quarter dividends, an additional 0.7 million shares were issued through the participation in the DRIP. As of today's date and based on a discount of 3%, participating shareholders invested \$8.9 million in the DRIP since we adopted the DRIP in May 2008.

#### Fleet Utilization:

Our fleet utilization was 99.9% and 99.3%, respectively, for the quarter and year ended December 31, 2008 compared to 99.4% and 99.0% for the comparable periods in the prior year.

The following tables summarize vessel utilization and the impact of the unplanned off-hire time incurred on our revenues for the quarter and year ended December 31, 2008:

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year to Date				
	2008	2007	2008	2007	2008	2007	2008	2007	
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#### Vessel Utilization: Ownership

Days	2,639	2,096	2,687	2,405	2,844	2,660	3,107	2,668	11,277	9,829
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Less Off hire Days:										
Scheduled										
5-Year	-	(33)	(10)	-	-	(28)	-	(14)	(10)	(75)
Survey	-	(9)	-	-	-	-	-	-	-	(9)
Incremental										
Due to										
Rudder Horn										
Repair	-	(9)	-	-	-	-	-	-	-	(9)
Other										
unscheduled										
off-hire	(3)	(27)	(1)	(21)	(1)	(22)	(10)	(2)	(2)	(72)
										(14)

#### Operating

Days 2,612 2,053 2,656 2,404 2,822 2,622 3,105 2,652 11,195 9,731

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Vessel

Utilization 99.0% 97.9% 98.8% 99.9% 99.2% 98.6% 99.9% 99.4% 99.3% 99.0%

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First Quarter Second Quarter Third Quarter

2008 2007 2008 2007 2008 2007

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Revenue (in thousands)

Revenue -

Impact of Off-Hire:

100% Utilization \$54,703 \$42,085 \$55,507 \$48,920 \$58,101 \$55,041

Less Off-hire:

Scheduled 5-Year

Survey - (694) (186) - - (664)

Incremental Due  
to Rudder Horn

Repair - (171) - - - -

Other unscheduled

off-hire(3) (488) 8 (389) (44) (497) (210)

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Actual Revenue Earned \$54,215 \$41,228 \$54,932 \$48,876 \$57,604 \$54,167

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Fourth Quarter Year to Date

2008 2007 2008 2007

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Revenue (in thousands)

Revenue -

Impact of Off-Hire:

100% Utilization \$62,691 \$55,307 \$231,002 \$201,353

Less Off-hire:

Scheduled 5-Year

Survey - (289) (186) (1,647)

Incremental Due

to Rudder Horn	-	-	-	(171)
Repair	-	-	-	(171)
Other unscheduled				
off-hire(3)	(37)	(54)	(1,411)	(300)

Actual Revenue Earned \$62,654 \$54,964 \$229,405 \$199,235

## About Seaspan

Seaspan owns containerships and charters them pursuant to long-term fixed-rate charters. Seaspan's contracted fleet of 68 containerships consists of 35 containerships in operation and 33 containerships to be delivered over approximately the next three to three and a half years. Seaspan's operating fleet of 35 vessels has an average age of approximately five years and an average remaining charter period of approximately eight years. All of the 33 vessels to be delivered to Seaspan are already committed to long-term time charters averaging approximately 11 years in duration from delivery. Seaspan's customer base consists of seven of the world's largest, publicly traded liner companies, including China Shipping Container Lines, A.P. Moller-Maersk, Mitsui O.S.K. Lines, Hapag-Lloyd, COSCO Container Lines, K-Line and CSAV.

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 quarter ended December 31, 2008 on March 3, 2009, at 6:00 a.m. PT / 9:00 a.m. ET. Participants should call 1-877-719-9789 (US/Canada) or 1-719-325-4750 (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 1-888-203-1112 or 1-719-457-0820 and enter replay passcode: 3771423. The recording will be available from March 3, 2009 at 9:00 a.m. PT / 12:00 p.m. ET through to 8:59 p.m. PT / 11:59 p.m. ET on March 25, 2009. The conference call will also be broadcast live over the Internet and will include a slide presentation. To access the live webcast and slide presentation, go to [www.seaspancorp.com](http://www.seaspancorp.com) and click on "Investor Relations" then "Events & Presentations" for the link. The webcast and slides will be archived on the site for one year.

SEASPIN CORPORATION  
UNAUDITED CONSOLIDATED BALANCE SHEET  
AS AT DECEMBER 31, 2008  
(IN THOUSANDS OF US DOLLARS)

December 31, 2008      December 31, 2007

**Assets****Current assets:**

Cash and cash equivalents	\$ 136,285	\$ 123,134
Accounts receivable	172	2,527
Prepaid expenses	5,254	4,657
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	141,711	130,318

Vessels	3,126,489	2,424,253
Deferred charges	20,306	17,240
Other assets	8,366	5,090
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	\$ 3,296,872	\$ 2,576,901

**Liabilities and Shareholders' Equity****Current liabilities:**

Accounts payable and accrued liabilities	\$ 15,211	\$ 8,516
Deferred revenue	8,443	7,200
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	23,654	15,716

Long-term debt (operating vessels)	703,835	640,259
Long-term debt (vessels under construction)	1,017,323	699,179
Other long-term liability	390,931	223,804
Fair value of financial instruments	414,769	135,617
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	2,550,512	1,714,575

Share capital	668	575
Additional paid-in capital	1,282,189	1,046,412
Deficit	(443,081)	(122,317)
Accumulated other comprehensive loss	(93,416)	(62,344)
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Total shareholders' equity	746,360	862,326
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	\$ 3,296,872	\$ 2,576,901

**SEASPACE CORPORATION**

UNAUDITED CONSOLIDATED STATEMENT OF OPERATIONS AND DEFICIT  
FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2008  
(IN THOUSANDS OF US DOLLARS, EXCEPT PER SHARE AMOUNTS AND NUMBER OF SHARES)

Quarter      Quarter      Year      Year

ended	ended	ended	ended
December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007

Revenue	\$ 62,654	\$ 54,964	\$ 229,405	\$ 199,235
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**Operating expenses:**

Ship operating	14,976	12,861	54,416	46,174
Depreciation	15,394	13,740	57,448	50,162
General and administrative	2,590	1,752	8,895	6,006
	32,960	28,353	120,759	102,342

Operating earnings	29,694	26,611	108,646	96,893
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**Other expenses  
(earnings):**

Interest expense	8,994	8,392	33,035	34,062
Interest income	(123)	(739)	(694)	(4,074)
Undrawn credit facility fees	1,203	981	5,251	3,057
Amortization of deferred charges	451	436	1,825	1,256
Write-off on debt refinancing	-	-	-	635
Change in fair value of financial instruments	261,082	37,573	268,575	72,365
	271,607	46,643	307,992	107,301

Net loss	(241,913)	(20,032)	(199,346)	(10,408)
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Deficit, beginning of period	(169,608)	(76,608)	(122,317)	(17,658)
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Dividends on common shares	(31,560)	(25,677)	(121,418)	(94,251)
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Deficit, end of period	(443,081)	(122,317)	(443,081)	(122,317)
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Weighted average number of shares (in millions) basic and diluted	66.6	57.5	63.8	53.0
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Loss per share,  
basic and diluted \$ (3.63) \$ (0.35) \$ (3.12) \$ (0.20)

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**SEASPACE CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME**  
**FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2008**  
**(IN THOUSANDS OF US DOLLARS)**

	Quarter ended	Quarter ended	Year ended	Year ended
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Net loss	\$ (241,913)	\$ (20,032)	\$ (199,346)	\$ (10,408)
Other comprehensive loss:				
Change in fair value of financial instruments designated as cash flow hedging instruments	-	(50,786)	(40,156)	(58,132)
Amounts reclassified to earnings (loss) during the period	2,167	-	9,084	-
Other comprehensive gain (loss)	2,167	(50,786)	(31,072)	(58,132)
Comprehensive loss	\$ (239,746)	\$ (70,818)	\$ (230,418)	\$ (68,540)

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**SEASPACE CORPORATION**  
**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS**  
**FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2008**  
**(IN THOUSANDS OF US DOLLARS)**

	Quarter ended	Quarter ended	Year ended	Year ended
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Cash provided by (used in):				
Operating activities:				
Net loss	\$ (241,913)	\$ (20,032)	\$ (199,346)	\$ (10,408)

Items not involving  
cash:

Depreciation	15,394	13,740	57,448	50,162
Share-based compensation	642	448	2,555	1,340
Amortization of deferred charges	451	436	1,825	1,256
Write-off on debt refinancing	-	-	-	635
Amounts reclassified from other comprehensive income	2,155	-	2,155	-
Unrealized change in fair value of financial instruments	250,689	37,573	253,037	72,365
Change in assets and liabilities	7,339	122	7,078	(2,182)
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Cash provided by operating activities	34,757	32,287	124,752	113,168
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Financing activities:

Common shares issued, net of share issue costs	(154)	(111)	227,474	296,762
Draws on credit facilities	252,392	330,663	764,720	1,025,235
Other long-term liability	-	53,106	35,405	53,106
Repayment of credit facility	(40,000)	(95,000)	(383,000)	(249,000)
Financing fees incurred	(1)	(1,253)	(5,841)	(9,409)
Dividends on common shares(i)	(28,653)	(25,678)	(115,577)	(94,251)
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Cash provided by financing activities	183,584	261,727	523,181	1,022,443
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Investing activities:

Expenditures for vessels	(130,858)	73	(261,914)	(447,089)
Deposits on vessels	25,200	(184,387)	(364,869)	(657,380)
Cash payments on interest rate swaps	-	-	(7,124)	-
Intangible assets	(468)	-	(875)	(235)
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Cash used in investing activities	(106,126)	(184,314)	(634,782)	(1,104,704)
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Increase in cash and cash equivalents	112,215	109,700	13,151	30,907
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Cash and cash equivalents, beginning of period	24,070	13,434	123,134	92,227
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Cash and cash equivalents, end of period	\$ 136,285	\$ 123,134	\$ 136,285	\$ 123,134
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(i) During the quarter and year ended December 31, 2008, non-cash dividends of \$2.9 million and \$5.8 million, respectively, were paid through the dividend reinvestment program. Subsequent to December 31, 2008, non-cash dividends of \$3.1 million were paid through the dividend reinvestment program relating to the fourth quarter dividends. Shareholders have invested \$8.9 million in the dividend reinvestment program since its adoption in May 2008.

## SEASPACE CORPORATION

### RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2008

(IN THOUSANDS OF US DOLLARS)

#### Description of Non-GAAP Financial Measures

##### A. Cash Available for Distribution

Cash available for distribution 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(4) and cash interest paid at the hedged rate(5). Cash available for distribution is a non-GAAP quantitative standard used to assist in evaluating a company's ability to make quarterly cash dividends. Cash available for distribution 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 is a non-GAAP measure used to assist in evaluating a company's overall operating performance because cash available for distribution eliminates the effects of non-cash items that do not impact our operating performance or our ability to distribute cash to our shareholders.

Quarter ended	Quarter ended	Year ended	Year ended
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	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
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Net loss	\$ (241,913)	\$ (20,032)	\$ (199,346)	\$ (10,408)
Add:				
Depreciation	15,394	13,740	57,448	50,162
Interest expense(4)	8,994	8,392	33,035	34,062
Amortization of deferred charges	451	436	1,825	1,256
Undrawn credit facility fees	1,203	981	5,251	3,057
Write-off on debt refinancing	-	-	-	635
Share-based compensation	642	448	2,555	1,340
Change in fair value of financial instruments	261,082	37,573	268,575	72,365
Less:				
Dry-dock adjustment	(809)	(698)	(2,945)	(2,566)
Interest income	(123)	(739)	(694)	(4,074)
Net cash flows before cash interest payments	44,921	40,101	165,704	145,829
Less:				
Cash interest paid at the hedged rate(5)	(7,947)	(8,481)	(27,174)	(34,056)
Cash paid for undrawn credit facility fees	(261)	(312)	(3,088)	(1,473)
Add:				
Cash interest received	124	722	711	4,099
Cash available for distribution	\$ 36,837	\$ 32,030	\$ 136,153	\$ 114,399

Seaspan has changed the definition of cash available for distribution for comparative figures to reflect adjustments to the definition in the current year. The following items are now included as adjustments: undrawn credit facility fees, cash interest paid on operating vessels, cash paid for undrawn credit facility fees, reported interest expense(4) and interest expense at the hedged rate(5). Seaspan previously reported \$31,887 and \$114,417, respectively, of cash available for distribution for the quarter and year ended December 31, 2007. Based on the new definition of cash available for distribution used in the current period, the cash available for distribution has been adjusted to \$32,030 and \$114,399 respectively, for the quarter and year ended December 31, 2007.

## SEASPACE CORPORATION

### RECONCILIATION OF NON-GAAP FINANCIAL MEASURES

FOR THE QUARTER AND YEAR ENDED DECEMBER 31, 2008

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

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 non-cash change in fair value of financial instruments, write-off of deferred financing fees on debt refinancing, interest expense(4) and interest expense at the hedged rate(5). This definition has changed to include accounting adjustments for interest expense(4) and interest expense at the hedged rate(5). 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 that do not impact our operating performance or our ability to distribute cash to our shareholders.

Normalized net earnings 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. Normalized earnings per share are calculated using the normalized net earnings and weighted average number of shares.

	Quarter ended	Quarter ended	Year ended	Year ended
	December 31, 2008	December 31, 2007	December 31, 2008	December 31, 2007
Net loss	\$ (241,913)	\$ (20,032)	\$ (199,346)	\$ (10,408)
Adjust:				
Change in fair value of financial instruments	261,082	37,573	268,575	72,365
Write-off on debt refinancing	-	-	635	
Interest expense(4)	8,994	8,392	33,035	34,062
Interest expense at the hedged rate(5)	(7,800)	(8,178)	(26,098)	(34,223)
Normalized net earnings	\$ 20,363	\$ 17,755	\$ 76,166	\$ 62,431

Weighted average  
number of shares  
(in millions)

Basic and Diluted	66.6	57.5	63.8	53.0
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Earnings (loss) per  
share, basic and  
diluted

Reported	\$ (3.63)	\$ (0.35)	\$ (3.12)	\$ (0.20)
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Normalized	\$ 0.31	\$ 0.31	\$ 1.19	\$ 1.18
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(1) Cash available for distribution is a non-GAAP measure that represents net earnings adjusted for depreciation, amortization of deferred charges, non-cash undrawn credit facility fees, write-off on debt refinancing, non-cash share-based compensation, dry-dock adjustment, change in fair value of financial instruments, interest expense, interest income, and cash interest paid at hedged rate. Please read "Reconciliation of Non-GAAP Financial Measures for the Quarter and Year Ended December 31, 2008 - Description of Non-GAAP Financial Measures - A. Cash Available for Distribution" for a description of cash available for distribution and a reconciliation of net earnings to Cash Available for Distribution.

(2) Normalized net earnings and normalized earnings per share are non-GAAP measures that are adjusted for non-cash items such as the non-cash change in fair value of financial instruments, write-off on debt refinancing, interest expense and interest expense at hedged rate. Please read "Reconciliation of Non-GAAP Financial Measures for the Quarter and Year Ended December 31, 2008 - 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.

(3) Other includes charterer deductions that are not related to off-hire.

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

(5) Interest expense at the hedged rate is calculated as the interest incurred on operating debt at the fixed rate on the related interest rate swaps plus the applicable margin on the related credit facilities.

## 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 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. 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.

For further information: For Investor Relations Inquiries: Seaspan Corporation, Mr. Sai W. Chu, Chief Financial Officer, 604-638-2575 / For Media Inquiries: The IGB Group, Mr. Leon Berman, 212-477-8438

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