

Seaspan CORP  
Form 6-K  
November 05, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER

PURSUANT TO RULE 13a-16 OR 15d-16

OF THE SECURITIES EXCHANGE ACT OF 1934

For the three and nine months ended September 30, 2015

Commission File Number 1-32591

SEASPAN CORPORATION

(Exact name of Registrant as specified in its Charter)

Unit 2, 2nd Floor

Bupa Centre

141 Connaught Road West

Hong Kong

China

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.  
Form 20-F  Form 40-F

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Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101  
(b)(1). Yes  No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101  
(b)(7). Yes  No

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Item 1 — Information Contained in this Form 6-K Report

Attached as Exhibit I is Seaspan Corporation's report on Form 6-K, or this Report, for the three and nine months ended September 30, 2015. This Report is hereby incorporated by reference into the Registration Statement of Seaspan Corporation filed with the Securities and Exchange Commission, or the SEC, on May 30, 2008 on Form F-3D (Registration No. 333-151329), the Registration Statement of Seaspan Corporation filed with the SEC on March 31, 2011 on Form S-8 (Registration No. 333-173207), the Registration Statement of Seaspan Corporation filed with the SEC on June 20, 2013 on Form S-8 (Registration No. 333-189493), the Registration Statement of Seaspan Corporation filed with the SEC on August 19, 2013 on Form F-3ASR (Registration No. 333-190718), as amended on October 7, 2013, the Registration Statement of Seaspan Corporation filed with the SEC on April 29, 2014 on Form F-3ASR (Registration No. 333-195571), the Registration Statement of Seaspan Corporation filed with the SEC on November 28, 2014 on Form F-3ASR (Registration No. 333-200639), the Registration Statement of Seaspan Corporation filed with the SEC on November 28, 2014 on Form S-8 (Registration No. 333-200640) and the Registration Statement of Seaspan Corporation filed with the SEC on March 12, 2015 on Form F-3D (Registration No. 333-202698).

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SEASPAN CORPORATION

Date: November 5, 2015 By: /s/ Sai W. Chu  
Sai W. Chu  
Chief Financial Officer  
(Principal Financial and Accounting Officer)

EXHIBIT I

SEASPAN CORPORATION

REPORT ON FORM 6-K FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2015

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Unless we otherwise specify, when used in this report on Form 6-K, or this Report, the terms “Seaspan”, the “Company”, “we”, “our” and “us” refer to Seaspan Corporation and its subsidiaries. References to our “Manager” are to Seaspan Management Services Limited and its wholly-owned subsidiaries (including Seaspan Ship Management Ltd.), which we acquired in January 2012.

References to shipbuilders are as follows:

Shipbuilder	Reference
CSBC Corporation, Taiwan	CSBC
Hyundai Heavy Industries Co., Ltd.	HHI
Jiangsu New Yangzi Shipbuilding Co., Ltd.	New Jiangsu
Jiangsu Yangzi Xinfu Shipbuilding Co., Ltd.	Jiangsu Xinfu
HHIC-PHIL INC.	HHIC



References to customers are as follows:

Customer	Reference
China Shipping Container Lines (Asia) Co., Ltd. <sup>(1)</sup>	CSCL Asia
COSCO Container Lines Co., Ltd. <sup>(2)</sup>	COSCON
Hanjin Shipping Co., Ltd.	Hanjin
Hapag-Lloyd AG	Hapag-Lloyd
Hapag-Lloyd USA, LLC <sup>(3)</sup>	HL USA
Kawasaki Kisen Kaisha Ltd.	K-Line
Maersk Line A/S <sup>(4)</sup>	Maersk
MSC Mediterranean Shipping Company S.A.	MSC
Mitsui O.S.K. Lines, Ltd.	MOL
Orient Overseas Container Line Ltd.	OOCL
Pacific International Lines (Pte) Ltd.	PIL
Yang Ming Marine Transport Corp.	Yang Ming Marine
ZIM Integrated Shipping Services Ltd.	ZIM

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<sup>(1)</sup>A subsidiary of China Shipping Container Lines Co., Ltd., or CSCL.

<sup>(2)</sup>A subsidiary of China COSCO Holdings Company Limited.

<sup>(3)</sup>A subsidiary of Hapag-Lloyd.

<sup>(4)</sup>A subsidiary of A.P. Moeller Maersk A/S.

We use the term “twenty foot equivalent unit”, or TEU, the international standard measure of containers, in describing the capacity of our containerhips, which are also referred to as “our vessels”. We identify the classes of our vessels by the approximate average TEU capacity of the vessels in each class. However, the actual TEU capacity of a vessel may differ from the approximate average TEU capacity of the vessels in such vessel’s class.

The information and the unaudited consolidated financial statements in this Report should be read in conjunction with the consolidated financial statements and related notes and the Management’s Discussion and Analysis of Financial Condition and Results of Operations included in our Annual Report on Form 20-F for the year ended December 31, 2014, filed with the Securities and Exchange Commission, or the SEC, on March 10, 2015, or our 2014 Annual Report. Unless otherwise indicated, all amounts in this Report are presented in U.S. dollars, or USD. We prepare our consolidated financial statements in accordance with United States generally accepted accounting principles, or U.S. GAAP.

## SEASPAN CORPORATION

## PART I — FINANCIAL INFORMATION

## ITEM 1 — INTERIM CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

## SEASPAN CORPORATION

## Interim Consolidated Balance Sheets

(Unaudited)

(Expressed in thousands of United States dollars, except number of shares and par value amounts)

	September 30, 2015	December 31, 2014
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 249,660	\$ 201,755
Short-term investments	3,486	1,212
Accounts receivable (note 2)	34,562	23,742
Loans to affiliate (note 2)	160,122	237,908
Prepaid expenses	41,007	31,139
Gross investment in lease	21,228	21,170
	510,065	516,926
Vessels (note 3)	5,266,590	5,095,723
Deferred charges (note 4)	79,393	64,655
Gross investment in lease	21,891	37,783
Goodwill	75,321	75,321
Other assets	87,548	67,308
Fair value of financial instruments (note 14)	32,419	37,677
	\$ 6,073,227	\$ 5,895,393
<b>Liabilities and Shareholders' Equity</b>		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 75,571	\$ 65,208
Current portion of deferred revenue (note 5)	22,339	27,671
Current portion of long-term debt (note 6)	264,766	298,010
Current portion of other long-term liabilities (note 7)	35,175	18,543
Fair value of financial instruments (note 14)	1,284	7,505
	399,135	416,937
Deferred revenue (note 5)	2,508	7,343
Long-term debt (note 6)	3,082,528	3,084,409
Other long-term liabilities (note 7)	447,177	253,542
Fair value of financial instruments (note 14)	370,512	387,938
Shareholders' equity:		
Share capital (note 8):		
Preferred shares; \$0.01 par value; 150,000,000 shares authorized; 24,130,531 shares		

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issued and outstanding (2014 – 24,170,531)		
Class A common shares; \$0.01 par value; 200,000,000 shares authorized; 99,301,761		
shares issued and outstanding (2014 – 96,662,928)	1,235	1,209
Treasury shares	(356 )	(379 )
Additional paid in capital	2,287,046	2,238,872
Deficit	(484,561 )	(459,161 )
Accumulated other comprehensive loss	(31,997 )	(35,317 )
	1,771,367	1,745,224
	\$ 6,073,227	\$ 5,895,393

Commitments and contingencies (note 12)

Subsequent events (note 15)

See accompanying notes to interim consolidated financial statements.



## SEASPAN CORPORATION

## Interim Consolidated Statements of Operations

(Unaudited)

(Expressed in thousands of United States dollars, except per share amounts)

	Three months ended		Nine Months Ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Revenue	\$212,861	\$185,870	\$600,560	\$527,726
Operating expenses:				
Ship operating	49,429	41,514	143,295	123,853
Cost of services, supervision fees	—	—	1,300	—
Depreciation and amortization	51,528	46,612	150,478	134,947
General and administrative	6,959	8,146	20,141	23,670
Operating leases (note 7)	11,155	2,375	25,889	4,587
	119,071	98,647	341,103	287,057
Operating earnings	93,790	87,223	259,457	240,669
Other expenses (income):				
Interest expense	25,151	24,246	71,817	64,814
Interest income	(1,611 )	(3,472 )	(8,270 )	(7,261 )
Undrawn credit facility fees	758	846	2,465	2,084
Amortization of deferred charges (note 4)	3,799	2,963	10,390	7,428
Refinancing expenses and costs (note 4)	1,616	—	3,920	2,824
Change in fair value of financial instruments (note 14)	44,774	(2,969 )	64,629	66,334
Equity income on investment	(1,683 )	(320 )	(3,017 )	(45 )
Other (income) expenses	496	488	(5,656 )	1,018
	73,300	21,782	136,278	137,196
Net earnings	\$20,490	\$65,441	\$123,179	\$103,473
Earnings per share (note 9):				
Class A common share, basic	\$0.07	\$0.54	\$0.83	\$0.66
Class A common share, diluted	\$0.07	\$0.54	\$0.83	\$0.65

See accompanying notes to interim consolidated financial statements.

## SEASPAN CORPORATION

## Interim Consolidated Statements of Comprehensive Income

(Unaudited)

(Expressed in thousands of United States dollars)

	Three months ended		Nine months ended	
	September 30,		September 30,	
	2015	2014	2015	2014
Net earnings	\$ 20,490	\$ 65,441	\$ 123,179	\$ 103,473
Other comprehensive income:				
Amounts reclassified to net earnings during the period				
relating to cash flow hedging instruments	1,045	1,273	3,320	4,016
Comprehensive income	\$ 21,535	\$ 66,714	\$ 126,499	\$ 107,489

See accompanying notes to interim consolidated financial statements.

SEASPAN CORPORATION

Interim Consolidated Statements of Shareholders' Equity

(Unaudited)

(Expressed in thousands of United States dollars, except number of shares)

Nine months ended September 30, 2015 and year ended December 31, 2014

	Number of common shares Class A	Number of preferred shares Series A	Series C	Series D	Series E	Common shares	Preferred shares	Treasury shares	Additional paid-in capital	Deficit	Accumulated other comprehens loss	Total equity
31,	69,208,888	200,000	13,665,531	5,105,000	—	\$692	\$190	\$(379)	\$2,023,622	\$(411,792)	\$(40,628)	\$1,162,123
gs	—	—	—	—	—	—	—	—	—	131,247	—	131,247
usive	—	—	—	—	—	—	—	—	—	—	5,311	5,311
n of	23,177,175	(200,000)	—	—	—	232	(2 )	—	(230 )	—	—	—
ed	—	—	—	—	5,400,000	—	54	—	134,946	—	—	135,000
shares	206,600	—	—	—	—	2	—	—	4,731	—	—	4,733
n t nce	—	—	—	—	—	—	—	—	(5,073 )	—	—	(5,073)
and	—	—	—	—	—	—	—	—	—	(127,007)	—	(127,007)
on	—	—	—	—	—	—	—	—	—	(50,443 )	—	(50,443)
shares on	—	—	—	—	—	—	—	—	1,166	(1,166 )	—	—

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3,043,731	—	—	—	—	31	—	—	64,666	—	—	6
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344,438	—	—	—	—	3	—	—	7,350	—	—	7
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shares

468,968	—	—	—	—	5	—	—	(5 )	—	—	—
(1,336 )	—	—	—	—	—	—	—	—	—	—	—

31,

96,662,928	—	13,665,531	5,105,000	5,400,000	\$967	\$242	\$(379)	\$2,238,872	\$(459,161)	\$(35,317)	\$1
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See accompanying notes to consolidated financial statements.

SEASPAN CORPORATION

Interim Consolidated Statements of Shareholders' Equity (Continued)

(Unaudited)

(Expressed in thousands of United States dollars, except number of shares)

Nine months ended September 30, 2015 and year ended December 31, 2014

	Number of common shares Class A	Number of preferred shares Series C	Series D	Series E	Common shares	Preferred shares	Treasury shares	Additional paid-in capital	Deficit	Accumulated other comprehensive loss	Total share equity	
Balance, December 31, 2014	96,662,928	—	13,665,531	5,105,000	5,400,000	\$967	\$242	\$(379)	\$2,238,872	\$(459,161)	\$(35,317)	\$1,744,000
Net earnings	—	—	—	—	—	—	—	—	—	123,179	—	123,179
Comprehensive income	—	—	—	—	—	—	—	—	—	—	3,320	3,320
Dividends on Class A common shares	—	—	—	—	—	—	—	—	—	(107,284)	—	(107,284)
Dividends on preferred shares	—	—	—	—	—	—	—	—	—	(40,305)	—	(40,305)
Share repurchase program	—	—	—	—	—	—	—	968	(968)	—	—	—
Share issued with and investment	—	—	—	—	—	—	—	—	—	—	—	—
Share repurchase program	2,067,883	—	—	—	—	21	—	—	37,730	—	—	37,751
Share-based compensation expense (note 3)	150,214	—	—	—	—	1	—	—	2,510	—	—	2,511
Restricted Class A shares	—	—	—	—	—	—	—	—	—	—	—	—

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based ensation red	422,090	—	—	—	—	4	—	—	7,964	—	—	7,968
hased, ing												
ed ses	—	—	(40,000 )	—	—	—	—	—	(998 )	(22 )	—	(1,02
ary shares	(1,354 )	—	—	—	—	—	—	23	—	—	—	23
ce, mber 30,	99,301,761	—	13,625,531	5,105,000	5,400,000	\$993	\$242	\$(356)	\$2,287,046	\$(484,561)	\$(31,997)	\$1,771

See accompanying notes to interim consolidated financial statements.

## SEASPAN CORPORATION

## Interim Consolidated Statements of Cash Flows

(Unaudited)

(Expressed in thousands of United States dollars)

	Three months ended		Nine months ended	
	September 30,	September 30,	September 30,	September 30,
	2015	2014	2015	2014
Cash from (used in):				
Operating activities:				
Net earnings	\$20,490	\$65,441	\$123,179	\$103,473
Items not involving cash:				
Depreciation and amortization	51,528	46,612	150,478	134,947
Share-based compensation (note 10)	947	1,769	2,961	6,878
Amortization of deferred charges (note 4)	3,799	2,963	10,390	7,428
Amounts reclassified from other comprehensive loss				
to interest expense	786	987	2,503	3,302
Unrealized change in fair value of financial				
instruments	17,017	(31,395 )	(18,390 )	(23,723 )
Refinancing expenses and costs (note 4)	1,616	—	3,920	2,356
Equity income on investment	(1,683 )	(320 )	(3,017 )	(45 )
Operating leases	(2,733 )	(490 )	(6,086 )	(490 )
Other income	—	—	(6,600 )	—
Other	1,771	3,829	6,145	7,024
Changes in assets and liabilities:				
Accounts receivable	(6,155 )	(1,583 )	(10,820 )	(8,615 )
Lease receivable	5,336	5,336	15,834	15,834
Prepaid expenses	(2,746 )	(3,919 )	(15,568 )	(966 )
Other assets and deferred charges	(3,661 )	44	(16,174 )	(3,583 )
Accounts payable and accrued liabilities	(4,053 )	(1,280 )	10,726	4,283
Deferred revenue	636	(1,447 )	(10,167 )	(2,858 )
Other long-term liabilities	(22 )	(42 )	(78 )	(899 )
Cash from operating activities	82,873	86,505	239,236	244,346
Financing activities:				
Common shares issued, net of issuance costs	—	(170 )	—	4,243
Senior unsecured notes issued	—	—	—	345,000
Preferred shares issued, net of issuance costs	—	—	—	130,415
Draws on credit facilities (note 6)	142,500	—	338,075	340,000
Repayment of credit facilities	(145,972)	(51,475 )	(450,825)	(831,603)
Draws on other long-term liabilities (note 7)	—	—	150,000	—
Repayment of other long-term liabilities	(5,869 )	(10,375 )	(15,723 )	(31,000 )
Preferred shares repurchased	(1,020 )	—	(1,020 )	—

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Financing fees (note 4)	(2,607 )	(3,584 )	(15,025 )	(12,562 )
Dividends on common shares	(36,105 )	(15,952 )	(69,533 )	(46,084 )
Dividends on preferred shares	(13,435 )	(13,435 )	(40,305 )	(37,008 )
Proceeds from sale-leaseback of vessels (note 7)	144,000	110,000	398,000	110,000
Cash from (used in) financing activities	81,492	15,009	293,644	(28,599 )
Investing activities:				
Expenditures for vessels	(148,297)	(108,492)	(540,626)	(211,740)
Short-term investments	9,549	(5,057 )	(2,274 )	(76,570 )
Loans to affiliate (note 2)	(48,771 )	(51,594 )	(134,232)	(178,567)
Repayments from loans to affiliate (note 2)	9,127	543	192,574	543
Other assets	(510 )	(22,165 )	(417 )	(25,093 )
Cash used in investing activities	(178,902)	(186,765)	(484,975)	(491,427)
Increase (decrease) in cash and cash equivalents	(14,537 )	(85,251 )	47,905	(275,680)
Cash and cash equivalents, beginning of period	264,197	285,951	201,755	476,380
Cash and cash equivalents, end of period	\$249,660	\$200,700	\$249,660	\$200,700

Supplemental cash flow information (note 11)

See accompanying notes to interim consolidated financial statements.



SEASPAN CORPORATION

Notes to Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2015 and 2014

(Unaudited)

(Tabular amounts in thousands of United States dollars, except per share amount and number of shares)

1. Basis of presentation:

The accompanying interim financial information of Seaspan Corporation (“the Company”) has been prepared in accordance with accounting principles generally accepted in the United States of America (“U.S. GAAP”), on a basis consistent with those followed in the December 31, 2014 audited annual consolidated financial statements. The accompanying interim financial information is unaudited and reflects all adjustments, consisting of normal recurring adjustments, which, in the opinion of management, are necessary for a fair presentation of results for the interim periods presented. These unaudited interim consolidated financial statements do not include all the disclosures required under U.S. GAAP for annual financial statements and should be read in conjunction with the December 31, 2014 annual consolidated financial statements filed with the Securities and Exchange Commission in the Company’s 2014 Annual Report on Form 20-F.

Certain prior periods’ information has been reclassified to conform with current financial statement presentation.

Recent Accounting Developments:

In August 2015, the Financial Accounting Standards Board (“FASB”) issued Accounting Standards Update (“ASU”) 2015-15, “Presentation and Subsequent Measurement of Debt Issuance Costs Associated with Line-Of-Credit Arrangements”. The guidance in ASU 2015-03 as described below does not address the presentation or subsequent measurement of debt issuance costs related to line of credit (“LOC”) arrangements. ASU 2015-15 states that the SEC staff would not object to an entity deferring and presenting debt issuance costs related to a LOC arrangement as an asset and subsequently amortizing the deferred debt issuance costs ratably over the term of the LOC arrangement, regardless of whether there are outstanding borrowings. The Company is evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

In July 2015, the FASB delayed the effective date of ASU 2014-09, “Revenue from Contracts with Customers” by one year. Reporting entities may choose to adopt the standard as of the original effective date. The FASB decided, based on its outreach to various stakeholders and the forthcoming amendments to ASU 2014-09, that a deferral is necessary to provide adequate time to effectively implement the new revenue standard. ASU 2014-09 is effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2017.

In April 2015, the FASB issued ASU 2015-03, “Simplifying the Presentation of Debt Issuance Costs”, as part of its simplification initiative. ASU 2015-03 changes the presentation of debt issuance costs in financial statements such that an entity presents such costs in the balance sheet as a direct deduction from the related debt liability rather than as an asset. Amortization of the costs is reported as interest expense. ASU 2015-03 is effective for fiscal years beginning after December 15, 2015, and interim periods within fiscal years beginning after December 15, 2016. The Company is

evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

In February 2015, the FASB issued ASU 2015-02, “Consolidation – Amendments to the Consolidation Analysis”. ASU 2015-02 changes the evaluation of whether limited partnerships, and similar legal entities, are variable interest entities, or VIEs, and eliminates the presumption that a general partner should consolidate a limited partnership that is a voting interest entity. The new guidance also alters the analysis for determining when fees paid to a decision maker or service provider represent a variable interest in a VIE and how interests of related parties affect the primary beneficiary determination. ASU 2015-02 is effective for fiscal years and interim periods within those fiscal years, beginning after December 15, 2015. The new standard allows early adoption, including early adoption in an interim period. The Company is evaluating the new guidance to determine the impact it will have on its consolidated financial statements.

## SEASPAN CORPORATION

## Notes to Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2015 and 2014

(Unaudited)

(Tabular amounts in thousands of United States dollars, except per share amount and number of shares)

## 2. Related party transactions:

(a) At September 30, 2015, the Company had \$160,122,000 (December 31, 2014 – \$237,908,000) due from Greater China Intermodal Investments LLC (“GCI”) recorded as loans to affiliate. This amount includes the following:

• The Company had \$144,874,000 (December 31, 2014 – \$219,841,000) due from GCI for payments made in connection with vessels that GCI will acquire pursuant to a right of first refusal. These loans bear interest at rates ranging from 5% to 6% per annum (December 31, 2014 – 5% to 7%). The Company may request repayment of these loans with 45 days notice.

• On September 23, 2015, GCI issued a promissory note to the Company for \$8,000,000 which bears interest at 7% per annum and matures on November 30, 2015 (December 31, 2014 - \$8,553,000).

• The interest receivable on these amounts of \$7,248,000 (December 31, 2014 – \$9,514,000).

The Company also had \$14,043,000 (December 31, 2014 – \$8,195,000) due from GCI included in accounts receivable and \$9,334,000 (December 31, 2014 – \$6,788,000) due to GCI included in accounts payable and accrued liabilities.

The Company also had \$419,000 (December 31, 2014 – \$1,454,000) due from other related parties included in accounts receivable.

(b) The Company incurred the following income or expenses with related parties:

	Three months ended September 30,		Nine months ended September 30,	
	2015	2014	2015	2014
<b>Fees incurred:</b>				
Arrangement fees	\$ 1,452	\$ 1,760	\$ 6,755	\$ 2,492
Transaction fees	1,761	1,446	7,465	5,370
Reimbursed expenses	—	59	33	177
<b>Income earned:</b>				
Interest income	1,555	3,296	8,089	6,676
Management fees	952	326	2,069	728
Supervision fees	—	—	1,300	—

## 3. Vessels:

Accumulated Net book

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September 30, 2015	Cost	depreciation	value
Vessels	\$6,144,367	\$ 1,031,899	\$5,112,468
Vessels under construction	154,122	—	154,122
Vessels	\$6,298,489	\$ 1,031,899	\$5,266,590

December 31, 2014	Cost	Accumulated depreciation	Net book value
Vessels	\$5,708,685	\$ 894,964	\$4,813,721
Vessels under construction	282,002	—	282,002
Vessels	\$5,990,687	\$ 894,964	\$5,095,723

During the three and nine months ended September 30, 2015, the Company capitalized interest costs of \$1,229,000 and \$4,334,000, respectively, (September 30, 2014 - \$2,943,000 and \$6,630,000) to vessels under construction.

## SEASPAN CORPORATION

## Notes to Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2015 and 2014

(Unaudited)

(Tabular amounts in thousands of United States dollars, except per share amount and number of shares)

## 4. Deferred charges:

	Dry-docking	Financing fees	Total
December 31, 2014	\$ 18,506	\$46,149	\$64,655
Cost incurred	17,534	18,402	35,936
Amortization expensed	(5,863 )	(10,390 )	(16,253 )
Amortization capitalized	—	(1,025 )	(1,025 )
Refinancing expenses and costs	—	(3,920 )	(3,920 )
September 30, 2015	\$ 30,177	\$49,216	\$79,393

Refinancing expenses and costs relate to the termination of certain financing arrangements and the write-off of the related deferred financing fees.

## 5. Deferred revenue:

	September 30, 2015	December 31, 2014
Deferred revenue on time charters	\$ 13,301	\$ 21,889
Deferred interest on lease receivable	2,002	4,143
Other deferred revenue	9,544	8,982
Deferred revenue	24,847	35,014
Current portion	(22,339 )	(27,671 )
Deferred revenue	\$ 2,508	\$ 7,343

## 6. Long-term debt:

	September 30, 2015	December 31, 2014
Long-term debt:		

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Revolving credit facilities	\$ 1,145,124	\$ 1,301,920
Term loan credit facilities	1,857,170	1,735,499
Senior unsecured notes	345,000	345,000
Long-term debt	3,347,294	3,382,419
Current portion	(264,766 )	(298,010 )
Long-term debt	\$ 3,082,528	\$ 3,084,409

On March 24, 2015, the Company entered into a term loan facility for up to \$115,200,000 to finance one 14000 TEU containership. The loan bears interest at LIBOR plus a margin.

On April 10, 2015, the Company entered into a term loan facility for up to \$195,000,000 to finance two 14000 TEU containerships. The facility bears interest at LIBOR plus a margin.

On April 22, 2015, the Company entered into a 364-day unsecured, revolving loan facility with various banks for up to \$200,000,000 to be used to fund vessels under construction and for general corporate purposes. The facility bears interest at LIBOR plus a margin.

On April 24, 2015, the Company entered into a term loan facility for up to \$227,500,000 to finance one 14000 TEU newbuilding containership and two 10000 TEU newbuilding containerships. The facility bears interest at LIBOR plus a margin.

## SEASPAN CORPORATION

## Notes to Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2015 and 2014

(Unaudited)

(Tabular amounts in thousands of United States dollars, except per share amount and number of shares)

#### 6. Long-term debt (continued):

On September 18, 2015, the Company entered into a term loan facility for up to \$75,000,000 to finance one 10000 TEU containership. The facility bears interest at LIBOR plus a margin.

At September 30, 2015, the one month LIBOR was 0.2% (December 31, 2014 – 0.2%) and the margins ranged between 0.5% and 1.3% (December 31, 2014 – 0.5% and 1.3%) for revolving credit facilities. The weighted average rate of interest, including the margin, was 0.8% at September 30, 2015 (December 31, 2014 – 0.8%).

At September 30, 2015, the one month, three month and six month LIBOR was 0.2%, 0.3% and 0.5%, respectively (December 31, 2014 – 0.2%, 0.2% and 0.3%, respectively) and the margins ranged between 0.4% and 4.8% (December 31, 2014 – 0.4% and 4.8%) for term loan credit facilities.

For certain of our term loans with a total principal outstanding of \$107,026,000, interest is calculated based on the Export-Import Bank of Korea (KEXIM) rate plus 0.7% per annum.

The weighted average rate of interest, including the margin, was 2.8% at September 30, 2015 (December 31, 2014 – 2.8%) for term loan facilities.

The security for each of these credit facilities, except for unsecured loans, are consistent with those described in note 10(d) of the Company's December 31, 2014 annual consolidated financial statements.

#### 7. Other long-term liabilities:

	September 30, 2015	December 31, 2014
Long term obligations under capital lease	\$ 348,735	\$ 214,458
Deferred gain on sale-leasebacks	133,617	57,627
Other long-term liabilities	482,352	272,085
Current portion	(35,175 )	(18,543 )
Other long-term liabilities	\$ 447,177	\$ 253,542

(a) On March 11, 2015, the Company entered into financing arrangements with Asian special purpose companies, or SPCs, to re-finance three 4500 TEU containerships for total proceeds of \$150,000,000. Under the arrangements, the SPCs purchased the three vessels for net proceeds of \$50,000,000 per vessel. The Company is leasing the vessels back from the SPCs over a five year term and is required to purchase the vessels for a pre-determined

amount at the end of the term. The vessels remain as assets and the lease obligations are recorded as a liability.

(b) On May 28, 2015 and August 12, 2015, the Company entered into lease financing arrangements with SPCs for two 14000 TEU newbuilding vessels, the YM Winner and YM Wellness, which delivered on June 5, 2015 and August 17, 2015, respectively. The lease financing arrangements provided gross financing proceeds of \$144,000,000 upon delivery of each vessel, or \$288,000,000 in total. Under the lease financing arrangements, the Company sold the vessels to the SPCs and leased the vessels back from the SPCs over an initial term of 9.5 years, with an option to purchase the vessels at the end of the lease term for a pre-determined fair value purchase price. If the purchase option is not exercised, the lease term will be automatically extended for an additional 2.5 years. The Company received gross proceeds of \$288,000,000 and recorded deferred gains of \$64,798,000 on the sale-leasebacks. The deferred gains are being recorded as a reduction of the related operating lease expense over 12 years, representing the initial lease term of 9.5 years plus the 2.5 year extension.



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7. Other long-term liabilities (continued):

On March 31, 2015, the MOL Beacon was financed through a similar financing arrangement. The Company received gross proceeds of \$110,000,000 and recorded a deferred gain of \$18,919,000 on the sale-leaseback. The deferred gain is being recorded as a reduction of the related operating lease expense over 10.5 years, representing the initial lease term of 8.5 years plus the two year extension.

8. Share capital:

Common shares:

On April 1, 2015, the Company renewed the Rule 10b5-1 repurchase plan for up to \$50,000,000 of its Class A common shares which expires in March 2018.

Preferred shares:

At September 30, 2015, the Company had the following preferred shares outstanding:

Series	Shares		Liquidation preference	
	Authorized	Issued	September 30, 2015	December 31, 2014
A	315,000	—	\$—	\$—
B	260,000	—	—	—
C	40,000,000	13,625,531	340,638	341,638
D	20,000,000	5,105,000	127,625	127,625
E	15,000,000	5,400,000	135,000	135,000
R	1,000,000	—	—	—

In June 2015, the Company's board of directors authorized the repurchase of up to \$150,000,000 of its 9.5% Series C preferred shares. In September 2015, the Company's board of directors authorized the repurchase of up to \$25,000,000 of each of its 7.95% Series D preferred shares and 8.25% Series E preferred shares. In September 2015, the Company entered into Rule 10b5-1 repurchase plans for up to \$75,000,000 of its Series C preferred shares and up to \$7,500,000 for each of its Series D and Series E preferred shares. The share repurchase plans for the preferred shares expire in December 2015.

In September 2015, the Company repurchased 40,000 of its 9.5% Series C Preferred Shares at \$25.50 per share for a total of approximately \$1,020,000 in the open market.

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## 9. Earnings per share ("EPS"):

The Company applies the if-converted method to determine the EPS impact for the convertible Series A preferred shares for those periods prior to the conversion of the Series A preferred shares on January 30, 2014. The following is a reconciliation of the numerator and denominator used in the basic and diluted EPS computations.

	Three months ended September 30, 2015			Three months ended September 30, 2014		
	Earnings	Shares	Per share	Earnings	Shares	Per share
	(numerator)	(denominator)	amount	(numerator)	(denominator)	amount
Net earnings	\$20,490			\$65,441		
Less preferred share dividends:						
Series C	(8,422 )			(8,410 )		
Series D	(2,537 )			(2,537 )		
Series E	(2,784 )			(2,784 )		
Series C preferred share						
repurchases	(22 )			—		
Basic EPS:						
Earnings attributable to						
common shareholders	\$6,725	99,769,000	\$ 0.07	\$51,710	95,954,000	\$ 0.54
Effect of dilutive securities:						
Share-based compensation	—	59,000		—	119,000	
Diluted EPS:						
Earnings attributable to						
common shareholders	\$6,725	99,828,000	\$ 0.07	\$51,710	96,073,000	\$ 0.54

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## Notes to Interim Consolidated Financial Statements

For the three and nine months ended September 30, 2015 and 2014

(Unaudited)

(Tabular amounts in thousands of United States dollars, except per share amount and number of shares)

## 9. Earnings per share ("EPS") (continued):

	Nine months ended September 30, 2015			Nine months ended September 30, 2014		
	Earnings	Shares	Per share	Earnings	Shares	Per share
	(numerator)	(denominator)	amount	(numerator)	(denominator)	amount
Net earnings	\$123,179			\$103,473		
Less preferred share dividends:						
Series A	—			(3,395 )		
Series C	(25,285 )			(25,203 )		
Series D	(7,611 )			(7,500 )		
Series E	(8,352 )			(6,991 )		
Series C preferred share						
repurchases	(22 )			—		
Basic EPS:						
Earnings attributable to						
common shareholders	\$81,909	98,998,000	\$ 0.83			