World – Class Shipping, Leading – Edge Expertise

Danaos Corporation Reports Third Quarter and Nine Months Results for the Period Ended September 30, 2016

Athens, Greece, December 15, 2016 – Danaos Corporation ("Danaos") (NYSE: DAC), one of the world's largest independent owners of containerships, today reported unaudited results for the period ended September 30, 2016.

Highlights for the Third Quarter and Nine Months Ended September 30, 2016:

- **Adjusted net income[1] of $22.8 million, or $0.21 per share, for the three months ended September 30, 2016 compared to $43.8 million, or $0.40 per share, for the three months ended September 30, 2015, a decrease of 47.9%. Adjusted net income[1] of $117.7 million, or $1.07 per share, for the nine months ended September 30, 2016 compared to $112.3 million, or $1.02 per share, for the nine months ended September 30, 2015, an increase of 4.8%.**
- **Operating revenues of $111.8 million for the three months ended September 30, 2016 compared to $144.6 million for the three months ended September 30, 2015, a decrease of 22.7%. Operating revenues of $386.2 million for the nine months ended September 30, 2016 compared to $424.6 million for the nine months ended September 30, 2015, a decrease of 9.0%.**
- **Adjusted EBITDA[1] of $75.5 million for the three months ended September 30, 2016 compared to $106.8 million for the three months ended September 30, 2015, a decrease of 29.3%. Adjusted EBITDA[1] of $274.7 million for the nine months ended September 30, 2016 compared to $312.6 million for the nine months ended September 30, 2015, a decrease of 12.1%.**
- **Total contracted operating revenues were $2.2 billion as of September 30, 2016, with charters extending through 2028 and remaining average contracted charter duration of 6.5 years, weighted by aggregate contracted charter hire.**
- **Charter coverage of 95% for the next 12 months on current operating revenues and 79% in terms of contracted operating days.**
- **On September 1, 2016, Hanjin Shipping, a charterer of eight of our vessels, filed for receivership with the Seoul Central District Court, which had a negative impact on our current operating results, contracted operating revenue and our debt.**
- **In July 2016, we reached a charter restructuring agreement with Hyundai Merchant Marine ("HMM").**

Three and Nine Months Ended September 30, 2016
Financial Summary
(Expressed in thousands of United States dollars, except per share amounts)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Operating revenues	$111,752	$144,542	$386,225	$424,616
Net income/(loss)	$(8,397)	$42,068	$80,372	$110,482
Adjusted net income[1]	$22,781	$43,783	$117,723	$112,336
Earnings/(loss) per share	$(0.08)	$0.38	$0.73	$1.01
Adjusted earnings per share[1]	$0.21	$0.40	$1.07	$1.02
Weighted average number of shares (in thousands)	109,800	109,785	109,800	109,785
Adjusted EBITDA[1]	$75,504	$106,772	$274,713	$312,626

[1]Adjusted net income, adjusted earnings per share and adjusted EBITDA are non-GAAP measures. Refer to the reconciliation of net income to adjusted net income and net income to adjusted EBITDA.

Danaos' CEO Dr. John Coustas commented:

We report our results for the third quarter of 2016 in the aftermath of the bankruptcy of Hanjin Shipping, one of Danaos' large customers. As a result of the bankruptcy, we did not recognize any operating revenues for the vessels that had been chartered to Hanjin during the quarter. This reduced our operating revenues by $24.8 million and was the main contributor to the $21 million reduction in our adjusted net income to $22.8 million compared to an adjusted net income of $43.8 million in the third quarter of 2015.

Setting aside the significant effect of the Hanjin bankruptcy on our operating revenues and our bottom line, we have otherwise managed to improve our adjusted net income by $3.8 million, mainly due to a $10.2 million improvement in our net finance costs resulting from the continued de-leveraging of our balance sheet, interest rate swap expirations and a $1.3 million reduction in total operating expenses, partially offset by a $8 million reduction in operating revenues attributed to lower fleet utilization, the sale of the *Federal* during the first quarter and lower re-chartering rates for certain of our vessels in a softer charter market.

As a result of the Hanjin bankruptcy we also recorded a write-off of $15.8 million, representing the outstanding charter hire owed to us by Hanjin as of June 30, 2016. Additionally, principally as a result of the effects of the cancellation of the Hanjin charters, the Company was in breach of certain financial covenants as at September 30, 2016 for which we have obtained waivers until April 1, 2017. Because the waivers are for a period of less than 12 months, all of the debt has been classified as current on the September 30, 2016 financial statements. Notwithstanding the negative consequences of the Hanjin bankruptcy, the Company is currently in a position to fully service all of its operational and contractual financial obligations.

All the Hanjin vessels have been discharged and re-delivered to us. We have already re-chartered 5 x 3,400 TEU vessels at market rates while we are still in negotiations to charter the remaining 3 x 10,100 TEU vessels, which we expect to be deployed after the end of the first quarter of 2017.

During the third quarter we sold all the shares that the Company had received as compensation pursuant to the HMM restructuring for a consideration of $38.1 million. This constitutes a 98% recovery of the $39 million charter hire concession for which we were compensated with HMM shares. Despite the effective recovery at par on a cash basis, we recorded a non-cash accounting loss of $12.9 million on the sale of these shares, reflecting the difference between the book value and the sale price of the shares, which has been included within our adjusted net income calculation.

Danaos continues to have low near term exposure to the weak spot market compared to current operating revenues with 95% of charter cover in terms of third quarter operating revenues and 79% in terms of contracted operating days for the next 12 months. Additionally, our continued focus on cost containment has reduced our daily operating costs to $5,462 per day for the third quarter, a decline of nearly 4% versus the same period in the prior year. This clearly positions us as one of the most efficient operators in the industry, which is particularly beneficial in today's environment.

Amidst this challenging economic environment we will remain singularly focused on preserving value, de-levering our balance sheet, managing our fleet efficiently and capitalizing on the resilience of our business model.

Three months ended September 30, 2016 compared to the three months ended September 30, 2015

During the three months ended September 30, 2016, Danaos had an average of 55 containerships compared to 56 containerships for the three months ended September 30, 2015. Our fleet utilization decreased to 96.7% in the three months ended September 30, 2016 compared to 100.0% in the three months ended September 30, 2015.

Our adjusted net income amounted to $22.8 million, or $0.21 per share, for the three months ended September 30, 2016 compared to $43.8 million, or $0.40 per share, for the three months ended September 30, 2015. We have adjusted our net income in the three months ended September 30, 2016 mainly for bad debt expense of $15.8 million related to Hanjin Shipping, loss on sale of HMM securities of $12.9 million, unrealized gains on derivatives of $1.6 million and a non-cash amortization charge of

$4.0 million for fees related to our comprehensive financing plan (comprised of non-cash, amortizing and accrued finance fees). Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The decrease of $21.0 million in adjusted net income for the three months ended September 30, 2016 compared to the three months ended September 30, 2015 is attributable to a $32.8 million decrease in operating revenues, which were partially offset by $10.2 million decrease in net finance costs mainly due to lower debt balances and interest rate swap expirations, a $1.3 million decrease in total operating expenses and a $0.3 million decrease in loss on equity investments.

On a non-adjusted basis, we incurred a loss of $8.4 million, or $0.08 loss per share, for the three months ended September 30, 2016 compared to net income of $42.1 million, or $0.38 earnings per share, for the three months ended September 30, 2015.

Operating Revenues
Operating revenues decreased by 22.7%, or $32.8 million, to $111.8 million in the three months ended September 30, 2016 from $144.6 million in the three months ended September 30, 2015.

Operating revenues for the three months ended September 30, 2016 reflect:

- $24.8 million decrease in revenues in the three months ended September 30, 2016 compared to the three months ended September 30, 2015 due to loss of revenue from cancelled charters with Hanjin Shipping for eight of our vessels, for which we ceased recognizing revenue effective as of July 1, 2016. See “Recent news” below.
- $1.1 million decrease in revenues in the three months ended September 30, 2016 compared to the three months ended September 30, 2015 due to the sale of the *Federal* on January 8, 2016.
- $4.5 million decrease in revenues in the three months ended September 30, 2016 compared to the three months ended September 30, 2015 due to the re-chartering of certain of our vessels at lower rates.
- $2.4 million decrease in revenues due to lower fleet utilization in the three months ended September 30, 2016 compared to the three months ended September 30, 2015.

Vessel Operating Expenses
Vessel operating expenses decreased by 5.7%, or $1.6 million, to $26.6 million in the three months ended September 30, 2016 from $28.2 million in the three months ended September 30, 2015. The decrease is attributable to a 3.7% decrease in the average daily operating cost per vessel while the average number of vessels in our fleet during the three months ended September 30, 2016 decreased by 1.8% compared to the three months ended September 30, 2015.

The average daily operating cost per vessel decreased to $5,462 per day for the three months ended September 30, 2016 from $5,669 per day for the three months ended September 30, 2015. Management believes that our daily operating cost ranks as one of the most competitive in the industry.

Depreciation & Amortization
Depreciation & Amortization includes Depreciation and Amortization of Deferred Dry-docking and Special Survey Costs.

Depreciation
Depreciation expense decreased by 2.1%, or $0.7 million, to $32.5 million in the three months ended September 30, 2016 from $33.2 million in the three months ended September 30, 2015, mainly due to decreased depreciation expense for twelve vessels for which we recorded an impairment charge on December 31, 2015 and due to the decreased average number of vessels in our fleet in the three months ended September 30, 2016 following the sale of the *Federal* on January 8, 2016.

Amortization of Deferred Dry-docking and Special Survey Costs
Amortization of deferred dry-docking and special survey costs increased by $0.6 million, to $1.5 million in the three months ended September 30, 2016 from $0.9 million in the three months ended September 30,

2015. The increase is mainly due to the increased payments for dry-docking and special survey costs related to certain vessels over the last nine months.

General and Administrative Expenses
General and administrative expenses remained stable, amounting to $5.5 million both in the three months ended September 30, 2016 and in the three months ended September 30, 2015.

Other Operating Expenses
Other Operating Expenses include Voyage Expenses and Bad Debt Expense.

Voyage Expenses
Voyage expenses increased by $0.4 million, to $3.3 million in the three months ended September 30, 2016 from $2.9 million in the three months ended September 30, 2015.

Bad Debt Expense
Bad debt expense of $15.8 million in the three months ended September 30, 2016 compared to nil in the three months ended September 30, 2015 relates to receivables from Hanjin Shipping, which were written-off.

Interest Expense and Interest Income
Interest expense decreased by 0.5%, or $0.1 million, to $21.0 million in the three months ended September 30, 2016 from $21.1 million in the three months ended September 30, 2015 including the amortization of deferred finance costs reclassified from other finance expenses to interest expense of $3.2 million and $3.5 million, respectively. The decrease in interest expense was mainly due to the decrease in our average debt by $243.0 million, to $2,632.0 million in the three months ended September 30, 2016, from $2,875.0 million in the three months ended September 30, 2015 and a $0.3 million decrease in the amortization of deferred finance costs, which were partially offset by an increase in average cost of debt due to the increase in US$ Libor.

The Company is deleveraging its balance sheet. As of September 30, 2016, the debt outstanding gross of deferred finance costs was $2,615.4 million compared to $2,860.1 million as of September 30, 2015. As a result principally of the cancellation of eight charters with Hanjin Shipping, we expect the rate at which we reduce our leverage to decline.

Interest income increased by $0.5 million to $1.4 million in the three months ended September 30, 2016 compared to $0.9 million in the three months ended September 30, 2015. The increase is mainly attributed to the interest income recognized on HMM notes receivable.

Other finance expenses
Other finance expenses decreased by $0.1 million, to $1.1 million in the three months ended September 30, 2016 from $1.2 million in the three months ended September 30, 2015, following the reclassification of the amortization of deferred finance costs from other finance expenses to interest expense of $3.2 million and $3.5 million, respectively.

Equity loss on investments
Equity loss on investments decreased by $0.3 million, to $0.7 million in the three months ended September 30, 2016 compared to a loss of $1.0 million in the three months ended September 30, 2015 and relates to the investment in Gemini Shipholdings Corporation (“Gemini”), acquired in August 2015, in which the Company has a 49% shareholding interest. This loss is attributed to operating losses of two out of the four vessels that have been acquired by Gemini.

Unrealized gain on derivatives
Unrealized gains on interest rate swaps amounted to $1.6 million in the three months ended September 30, 2016 compared to unrealized gains of $2.6 million in the three months ended September 30, 2015. The unrealized gains were attributable to mark to market valuation of our swaps.

Realized loss on derivatives
Realized loss on interest rate swaps decreased by $10.0 million, to $2.2 million in the three months ended September 30, 2016 from $12.2 million in the three months ended September 30, 2015. This decrease is attributable to a $375.0 million decrease in the average notional amount of swaps during the three months

ended September 30, 2016 compared to the three months ended September 30, 2015 as a result of swap expirations.

Other income/(expenses),net
Other income/(expenses), net decreased by $12.9 million, to $12.8 million net expenses in the three months ended September 30, 2016 from $0.1 million net income in the three months ended September 30, 2015 due to a $12.9 million recognized loss on sale of HMM equity securities for cash proceeds of $38.1 million, which were acquired by Danaos in July 2016 as part of the charter restructuring agreement with HMM.

Adjusted EBITDA
Adjusted EBITDA decreased by 29.3%, or $31.3 million, to $75.5 million in the three months ended September 30, 2016 from $106.8 million in the three months ended September 30, 2015. As outlined earlier, this decrease is mainly attributed to a $32.8 million decrease in operating revenues, which were partially offset by a $0.3 million decrease in loss on equity investments and a $1.2 million decrease in voyage and vessel operating expenses. Adjusted EBITDA for the three months ended September 30, 2016 is adjusted mainly for bad debt expenses of $15.8 million, loss on sale of HMM securities of $12.9 million, unrealized gain on derivatives of $1.6 million and realized losses on derivatives of $1.2 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

<u>Nine months ended September 30, 2016 compared to the nine months ended September 30, 2015</u>

During the nine months ended September 30, 2016, Danaos had an average of 55 containerships compared to 56 containerships for the nine months ended September 30, 2015. Our fleet utilization decreased to 96.0% in the nine months ended September 30, 2016 compared to 99.2% in the nine months ended September 30, 2015.

Our adjusted net income amounted to $117.7 million, or $1.07 per share, for the nine months ended September 30, 2016 compared to $112.3 million, or $1.02 per share, for the nine months ended September 30, 2015. We have adjusted our net income in the nine months ended September 30, 2016 mainly for bad debt expense of $15.8 million related to Hanjin Shipping, loss on sale of HMM securities of $12.9 million, unrealized gains on derivatives of $3.7 million and a non-cash amortization charge of $12.3 million for fees related to our comprehensive financing plan (comprised of non-cash, amortizing and accrued finance fees). Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of $5.4 million in adjusted net income for the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 is mainly attributable to a reduction of $42.4 million in net finance costs mainly due to lower debt balances and interest rate swap expirations, a $1.6 million decrease in total operating expenses, which were partially offset by a decrease of $38.4 million in operating revenues and a $0.6 million increase in loss on equity investments.

On a non-adjusted basis, our net income amounted to $80.4 million, or $0.73 per share, for the nine months ended September 30, 2016 compared to net income of $110.5 million, or $1.01 per share, for the nine months ended September 30, 2015.

Operating Revenues
Operating revenues decreased by 9.0%, or $38.4 million, to $386.2 million in the nine months ended September 30, 2016 from $424.6 million in the nine months ended September 30, 2015.

Operating revenues for the nine months ended September 30, 2016 reflect:

- $24.8 million decrease in revenues in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 due to loss of revenue from cancelled charters with Hanjin Shipping for eight of our vessels, for which we ceased recognizing revenue effective as of July 1, 2016. See “Recent news” below.
- $2.3 million decrease in revenues in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 due to the sale of the *Federal* on January 8, 2016.

- $7.1 million decrease in revenues in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 due to the re-chartering of certain of our vessels at lower rates.
- $4.2 million decrease in revenues due to lower fleet utilization in the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

Vessel Operating Expenses
Vessel operating expenses decreased by 1.8%, or $1.5 million, to $83.6 million in the nine months ended September 30, 2016, from $85.1 million in the nine months ended September 30, 2015. The decrease is due to a decrease in average number of vessels in our fleet by 1.8% and due to a 0.4% decrease in the average daily operating cost per vessel during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015.

The average daily operating cost per vessel decreased to $5,749 per day for the nine months ended September 30, 2016 from $5,770 per day for the nine months ended September 30, 2015. Management believes that our daily operating cost ranks as one of the most competitive in the industry.

Depreciation & Amortization
Depreciation & Amortization includes Depreciation and Amortization of Deferred Dry-docking and Special Survey Costs.

Depreciation
Depreciation expense decreased by 2.0%, or $2.0 million, to $96.6 million in the nine months ended September 30, 2016 from $98.6 million in the nine months ended September 30, 2015, mainly due to decreased depreciation expense for twelve vessels for which we recorded an impairment charge on December 31, 2015 and due to the decreased average number of vessels in our fleet in the nine months ended September 30, 2016 following the sale of the *Federal* on January 8, 2016.

Amortization of Deferred Dry-docking and Special Survey Costs
Amortization of deferred dry-docking and special survey costs increased by $1.1 million, to $4.0 million in the nine months ended September 30, 2016 from $2.9 million in the nine months ended September 30, 2015. The increase is mainly due to the increased payments for dry-docking and special survey costs related to certain vessels over the last nine months.

General and Administrative Expenses
General and administrative expenses remained stable, amounting to $16.1 million both in the nine months ended September 30, 2016 and in the nine months ended September 30, 2015.

Other Operating Expenses
Other Operating Expenses include Voyage Expenses and Bad Debt Expense

Voyage Expenses
Voyage expenses increased by $0.8 million, to $10.0 million in the nine months ended September 30, 2016 from $9.2 million in the nine months ended September 30, 2015. The increase is mainly due to increased bunkering expenses.

Bad Debt Expense
Bad debt expense of $15.8 million in the nine months ended September 30, 2016 compared to nil in the nine months ended September 30, 2015 relates to receivables from Hanjin Shipping, which were written-off.

Interest Expense and Interest Income
Interest expense decreased by 3.7%, or $2.4 million, to $61.8 million in the nine months ended September 30, 2016 from $64.2 million in the nine months ended September 30, 2015 including the amortization of deferred finance costs reclassified from other finance expenses to interest expense of $9.7 million and $10.7 million, respectively. The change in interest expense was mainly due to the decrease in our average debt by $240.5 million, to $2,685.5 million in the nine months ended September 30, 2016, from $2,926.0 million in the nine months ended September 30, 2015 and due to a $1.0 million decrease in the

amortization of deferred finance costs, which were partially offset by an increase in average cost of debt due to the increase in US$ Libor.

The Company is deleveraging its balance sheet. As of September 30, 2016, the debt outstanding gross of deferred finance costs was $2,615.4 million compared to $2,860.1 million as of September 30, 2015. As a result principally of the cancellation of eight charters with Hanjin Shipping, we expect the rate at which we reduce our leverage to decline.

Interest income increased by $0.7 million to $3.2 million in the nine months ended September 30, 2016 compared to $2.5 million in the nine months ended September 30, 2015. The increase is mainly attributed to the interest income recognized on HMM notes receivable.

Other finance expenses
Other finance expenses decreased by $0.2 million, to $3.3 million in the nine months ended September 30, 2016 from $3.5 million in the nine months ended September 30, 2015, following the reclassification of the amortization of deferred finance costs from other finance expenses to interest expense of $9.7 million and $10.7 million, respectively.

Equity loss on investments
Equity loss on investments of $1.6 million in the nine months ended September 30, 2016 compared to a loss of $1.0 million in the nine months ended September 30, 2015 relate to the investment in Gemini Shipholdings Corporation ("Gemini"), acquired in August 2015, in which the Company has a 49% shareholding interest. This loss is attributed to operating losses of two out of the four vessels that have been acquired by Gemini.

Unrealized gain on derivatives
Unrealized gains on interest rate swaps amounted to $3.7 million in the nine months ended September 30, 2016 compared to unrealized gains of $11.6 million in the nine months ended September 30, 2015. The unrealized gains were attributable to mark to market valuation of our swaps, as well as reclassification of unrealized losses from Accumulated Other Comprehensive Loss to our earnings due to the discontinuation of hedge accounting since July 1, 2012.

Realized loss on derivatives
Realized loss on interest rate swaps decreased by $40.3 million, to $7.5 million in the nine months ended September 30, 2016 from $47.8 million in the nine months ended September 30, 2015. This decrease is attributable to a $675.8 million decrease in the average notional amount of swaps during the nine months ended September 30, 2016 compared to the nine months ended September 30, 2015 as a result of swap expirations.

Other income/(expenses),net
Other income/(expenses), net decreased by $12.5 million, to $12.4 million net expenses in the nine months ended September 30, 2016 from $0.1 million net income in the nine months ended September 30, 2015 mainly due to a $12.9 million recognized loss on sale of HMM equity securities for cash proceeds of $38.1 million, which were acquired by Danaos in July 2016 as part of the charter restructuring agreement with HMM.

Adjusted EBITDA
Adjusted EBITDA decreased by 12.1%, or $37.9 million, to $274.7 million in the nine months ended September 30, 2016 from $312.6 million in the nine months ended September 30, 2015. As outlined earlier, this decrease is mainly attributed to a $38.4 million decrease in operating revenues and a $0.6 million increased loss on equity investments, which were partially offset by a $0.7 million decrease in voyage and vessel operating expenses. Adjusted EBITDA for the nine months ended September 30, 2016 is adjusted mainly for bad debt expenses of $15.8 million, loss on sale of HMM securities of $12.9 million, unrealized gain on derivatives of $3.7 million and realized losses on derivatives of $4.5 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Recent news

Hanjin Shipping

On September 1, 2016, Hanjin Shipping, a charterer of eight of our vessels under long term, fixed rate charter party agreements, referred to the Bankruptcy Court of Seoul in South Korea, which issued an order to commence the rehabilitation proceedings of Hanjin Shipping. Hanjin Shipping has cancelled all eight of its charter party agreements with us, which represented approximately $560 million of our $2.8 billion of contracted revenue as of June 30, 2016, and returned each of the vessels to us. We have rechartered five 3,400 TEU vessels on short-term charters at market rates and are seeking chartering opportunities for the other three vessels in the prevailing weak containership charter market. As a result of these events, we ceased recognizing revenue from Hanjin Shipping effective from July 1, 2016 onwards and recognized a bad debt expense amounting to $15.8 million relating to unpaid charter hire recorded as accounts receivable as of June 30, 2016 in our condensed consolidated statements of income for the nine month period ended September 30, 2016. We have an unsecured claim for unpaid charter hire, charges, expenses and loss of profit against Hanjin Shipping totaling $597.9 million submitted to the Bankruptcy Court of Seoul.

As a result of a decrease in our operating income and charter-attached market value of certain of our vessels caused mainly by the cancellation of our eight charters with Hanjin Shipping, we were in breach of the minimum security cover, consolidated net leverage and consolidated net worth financial covenants contained in our Bank Agreement and our other credit facilities as of September 30, 2016. We have obtained waivers of the breaches of these financial covenants covering the period until April 1, 2017. As these waivers were obtained for a period of less than the next 12 months, and in accordance with the guidance related to the classification of obligations that are callable by the lenders, we have classified our long-term debt, net of deferred finance costs as current. Notwithstanding the negative consequences of the Hanjin bankruptcy, the Company is currently in a position to fully service all of its operational and contractual financial obligations.

HMM

In July 2016, we entered into a charter restructuring agreement with HMM as part of the agreements it reached with its creditors and owners of its chartered-in fleet in connection with the restructuring of its obligations. The charter restructuring agreement provides for a 20% reduction, for the period until December 31, 2019 (or earlier charter expiration in the case of eight vessels), in the charter hire rates payable for thirteen of our vessels currently employed with HMM. In exchange, under the charter restructuring agreement we received (i) $32.8 million principal amount of senior, unsecured loan notes, amortizing subject to available cash flows, which accrue interest at 3% per annum payable on maturity in July 2024, (ii) $6.2 million principal amount of senior, unsecured, non-amortizing loan notes, which accrue interest at 3% per annum payable on maturity in December 2022 and (iii) 4,637,558 HMM shares issued on July 23, 2016, which were sold for cash proceeds of $38.1 million on September 1, 2016.

Conference Call and Webcast

On Friday, December 16, 2016 at 9:00 A.M. ET, the Company's management will host a conference call to discuss the results.

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1 844 802 2437 (US Toll Free Dial In), 0800 279 9489 (UK Toll Free Dial In) or +44 (0) 2075 441 375 (Standard International Dial In). Please indicate to the operator that you wish to join the Danaos Corporation earnings call.

A telephonic replay of the conference call will be available until December 23, 2016 by dialing 1 877 344 7529 (US Toll Free Dial In) or +44 (0) 2036 088 021 (Standard International Dial In) and using 10098045# as the access code.

Audio Webcast

There will also be a live and then archived webcast of the conference call through the Danaos website (www.danaos.com). Participants of the live webcast should register on the website approximately 10 minutes prior to the start of the webcast.

About Danaos Corporation

Danaos Corporation is one of the largest independent owners of modern, large-size containerships. Our current fleet of 59 containerships aggregating 353,586 TEUs, including four vessels owned by Gemini Shipholdings Corporation, a joint venture, ranks Danaos among the largest containership charter owners in the world based on total TEU capacity. Our fleet is predominantly chartered to many of the world's largest liner companies on fixed-rate, long-term charters. Our long track record of success is predicated on our efficient and rigorous operational standards and environmental controls. Danaos Corporation's shares trade on the New York Stock Exchange under the symbol "DAC".

Forward-Looking Statements

Matters discussed in this release may constitute forward-looking statements within the meaning of the safeharbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. Forward-looking statements reflect our current views with respect to future events and financial performance and may include statements concerning plans, objectives, goals, strategies, future events or performance, and underlying assumptions and other statements, which are other than statements of historical facts. The forward-looking statements in this release are based upon various assumptions, many of which are based, in turn, upon further assumptions, including without limitation, management's examination of historical operating trends, data contained in our records and other data available from third parties. Although Danaos Corporation believes that these assumptions were reasonable when made, because these assumptions are inherently subject to significant uncertainties and contingencies which are difficult or impossible to predict and are beyond our control, Danaos Corporation cannot assure you that it will achieve or accomplish these expectations, beliefs or projections. Important factors that, in our view, could cause actual results to differ materially from those discussed in the forward-looking statements include the strength of world economies and currencies, general market conditions, including changes in charter hire rates and vessel values, charter counterparty performance, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled drydocking, changes in Danaos Corporation’s operating expenses, including bunker prices, dry-docking and insurance costs, ability to obtain financing and comply with covenants in our financing arrangements, actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties are further described in reports filed by Danaos Corporation with the U.S. Securities and Exchange Commission.

Visit our website at www.danaos.com

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Appendix

Fleet Utilization

Danaos had 169 unscheduled off-hire days in the three months ended September 30, 2016. The following table summarizes vessel utilization and the impact of the off-hire days on the Company's revenue.

Vessel Utilization (No. of Days)	**First Quarter 2016**	**Second Quarter 2016**	**Third Quarter 2016**	**Total**
Ownership Days	5,013	5,005	5,060	15,078
Less Off-hire Days:				
Scheduled Off-hire Days	(31)	(45)	-	(76)
Other Off-hire Days	(242)	(110)	(169)	(521)
Operating Days	**4,740**	**4,850**	**4,891**	**14,481**
Vessel Utilization	**94.6%**	**96.9%**	**96.7%**	**96.0%**
Operating Revenues (in '000s of US Dollars)	**$137,474**	**$136,999**	**$111,752**	**$386,225**
Average Gross Daily Charter Rate	**$29,003**	**$28,248**	**$22,848**	**$26,672**

Vessel Utilization (No. of Days)	**First Quarter 2015**	**Second Quarter 2015**	**Third Quarter 2015**	**Total**
Ownership Days	5,040	5,096	5,152	15,288
Less Off-hire Days:				
Scheduled Off-hire Days	(16)	(16)	-	(32)
Other Off-hire Days	(64)	(17)	(2)	(83)
Operating Days	**4,960**	**5,063**	**5,150**	**15,173**
Vessel Utilization	**98.4%**	**99.4%**	**100.0%**	**99.2%**
Operating Revenues (in '000s of US Dollars)	**$138,605**	**$141,469**	**$144,542**	**$424,616**
Average Gross Daily Charter Rate	**$27,945**	**$27,942**	**$28,066**	**$27,985**

Fleet List

The following table describes in detail our fleet deployment profile as of December 15, 2016:

Vessel Name	**Vessel Size (TEU)**	**Year Built**	**Expiration of Charter[1]**
Containerships			
Hyundai Ambition	13,100	2012	June 2024
Hyundai Speed	13,100	2012	June 2024
Hyundai Smart	13,100	2012	May 2024
Hyundai Tenacity	13,100	2012	March 2024
Hyundai Together	13,100	2012	February 2024
Express Rome (ex Hanjin Italy)	10,100	2011	-
Express Berlin (ex Hanjin Germany)	10,100	2011	-
Express Athens (ex Hanjin Greece)	10,100	2011	-
CSCL Le Havre	9,580	2006	September 2018
CSCL Pusan	9,580	2006	July 2018
CMA CGM Melisande	8,530	2012	November 2023

CMA CGM Attila	8,530	2011	April 2023
CMA CGM Tancredi	8,530	2011	May 2023
CMA CGM Bianca	8,530	2011	July 2023
CMA CGM Samson	8,530	2011	September 2023
CSCL America	8,468	2004	July 2017
Europe (ex CSCL Europe)	8,468	2004	June 2017
CMA CGM Moliere (2)	6,500	2009	August 2021
CMA CGM Musset (2)	6,500	2010	February 2022
CMA CGM Nerval (2)	6,500	2010	April 2022
CMA CGM Rabelais (2)	6,500	2010	June 2022
CMA CGM Racine (2)	6,500	2010	July 2022
YM Mandate	6,500	2010	January 2028
YM Maturity	6,500	2010	April 2028
Performance	6,402	2002	January 2017
Priority	6,402	2002	January 2017
SNL Colombo	4,300	2004	March 2019
YM Singapore	4,300	2004	October 2019
YM Seattle	4,253	2007	July 2019
YM Vancouver	4,253	2007	September 2019
Derby D	4,253	2004	January 2017
Deva	4,253	2004	January 2017
ZIM Rio Grande	4,253	2008	May 2020
ZIM Sao Paolo	4,253	2008	August 2020
OOCL Istanbul	4,253	2008	September 2020
ZIM Monaco	4,253	2009	November 2020
OOCL Novorossiysk	4,253	2009	February 2021
ZIM Luanda	4,253	2009	May 2021
Dimitris C	3,430	2001	January 2017
Express Black Sea (ex Hanjin Constantza)	3,400	2011	January 2017
Express Spain (ex Hanjin Algeciras)	3,400	2011	February 2017
Express Argentina (ex Hanjin Buenos Aires)	3,400	2010	May 2017
Express Brazil (ex Hanjin Santos)	3,400	2010	June 2017
Express France (ex Hanjin Versailles)	3,400	2010	June 2017
MSC Zebra	2,602	2001	October 2017
Amalia C	2,452	1998	January 2017
Danae C	2,524	2001	May 2017
Hyundai Advance	2,200	1997	June 2017
Hyundai Future	2,200	1997	August 2017
Hyundai Sprinter	2,200	1997	August 2017
Hyundai Stride	2,200	1997	July 2017
Hyundai Progress	2,200	1998	December 2017
Hyundai Bridge	2,200	1998	January 2018
Hyundai Highway	2,200	1998	January 2018
Hyundai Vladivostok	2,200	1997	May 2017
NYK Lodestar(3)	6,422	2001	September 2017
NYK Leo(3)	6,422	2002	February 2019
Suez Canal(3)	5,610	2002	January 2017
Genoa(3)	5,544	2002	March 2017

(1) Earliest date charters could expire. Some charters include options to extend their terms.

(2) The charters with respect to the *CMA CGM Moliere*, the *CMA CGM Musset*, the *CMA* CGM *Nerval*, the *CMA CGM Rabelais* and the *CMA CGM Racine* include an option for the charterer, CMA-CGM, to purchase the vessels eight years after the commencement of the respective charters, which will fall in September 2017, March 2018, May 2018, July 2018 and August 2018, respectively, each for $78.0 million.

(3) Vessels acquired by Gemini Shipholdings Corporation, in which Danaos holds a 49% equity interest.

DANAOS CORPORATION
Condensed Statements of Income - Unaudited
(Expressed in thousands of United States dollars, except per share amounts)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
OPERATING REVENUES	**$111,752**	**$144,542**	**$386,225**	**$424,616**
OPERATING EXPENSES				
Vessel operating expenses	(26,633)	(28,165)	(83,528)	(85,058)
Depreciation & amortization	(34,005)	(34,085)	(100,557)	(101,482)
General & administrative	(5,475)	(5,486)	(16,137)	(16,137)
Loss on sale of vessels	-	-	(36)	-
Other operating expenses	(19,146)	(2,952)	(25,836)	(9,170)
Income From Operations	**26,493**	**73,854**	**160,131**	**212,769**
OTHER INCOME/(EXPENSES)				
Interest income	1,356	859	3,196	2,549
Interest expense	(21,022)	(21,065)	(61,796)	(64,181)
Other finance expenses	(1,109)	(1,185)	(3,347)	(3,520)
Equity loss on investments	(663)	(992)	(1,597)	(992)
Other income/(expenses), net	(12,824)	108	(12,424)	143
Realized loss on derivatives	(2,209)	(12,159)	(7,510)	(47,837)
Unrealized gain on derivatives	1,581	2,648	3,719	11,551
Total Other Expenses, net	**(34,890)**	**(31,786)**	**(79,759)**	**(102,287)**
Net Income/(loss)	**$(8,397)**	**42,068**	**80,372**	**110,482**
EARNINGS/(LOSS) PER SHARE				
Basic & diluted earnings/(loss) per share	$(0.08)	$0.38	$0.73	$1.01
Basic & diluted weighted average number of common shares (in thousands of shares)	109,800	109,785	109,800	109,785

Non-GAAP Measures*
Reconciliation of Net Income/(Loss) to Adjusted Net Income – Unaudited

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Net income/(loss)	**$(8,397)**	**42,068**	**80,372**	**110,482**
Bad debt expense	15,834	-	15,834	-
Loss on sale of HMM securities	12,906	-	12,906	-
Unrealized gain on derivatives	(1,581)	(2,648)	(3,719)	(11,551)
Amortization of financing fees & finance fees accrued	4,019	4,363	12,294	13,405
Loss on sale of vessels	-	-	36	-
Adjusted Net Income	**$22,781**	**$43,783**	**$117,723**	**$112,336**
Adjusted Earnings Per Share	**$0.21**	**$0.40**	**$1.07**	**$1.02**
Weighted average number of shares (in thousands of shares)	109,800	109,785	109,800	109,785

* The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. See the Table above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three and nine months ended September 30, 2016 and 2015. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.

DANAOS CORPORATION
Condensed Balance Sheets - Unaudited
(Expressed in thousands of United States dollars)

	As of September 30, 2016	As of 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$128,244	$72,253
Restricted cash	695	2,818
Accounts receivable, net	4,052	10,652
Fair value of financial instruments	2	138
Other current assets	50,475	41,709
	183,468	127,570
NON-CURRENT ASSETS		
Fixed assets, net	3,354,691	3,446,323
Deferred charges, net	9,567	4,751
Investments in affiliates	19,688	11,289
Other non-current assets	100,474	72,188
	3,484,420	3,534,551
TOTAL ASSETS	**$3,667,888**	**$3,662,121**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	$2,590,107	$269,979
Accounts payable, accrued liabilities & other current liabilities	73,632	37,628
Fair value of financial instruments	905	4,538
	2,664,644	312,145
LONG-TERM LIABILITIES		
Long-term debt, net	-	2,470,417
Other long-term liabilities	77,758	37,645
	77,758	2,508,062
STOCKHOLDERS' EQUITY		
Common stock	1,098	1,098
Additional paid-in capital	546,822	546,822
Accumulated other comprehensive loss	(99,881)	(103,081)
Retained earnings	477,447	397,075
	925,486	841,914
Total liabilities and stockholders' equity	**$3,667,888**	**$3,662,121**

DANAOS CORPORATION
Condensed Statements of Cash Flows - Unaudited
(Expressed in thousands of United States dollars)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Operating Activities:				
Net income/(loss)	$(8,397)	42,068	80,372	110,482
Adjustments to reconcile net income/(loss) to net cash provided by operating activities:				
Depreciation	32,464	33,217	96,586	98,558
Amortization of deferred drydocking & special survey costs, finance cost and other finance fees accrued	5,560	5,231	16,265	16,329
Payments for drydocking/special survey	(2,393)	(90)	(8,787)	(1,307)
Amortization of deferred realized losses on cash flow interest rate swaps	1,013	1,012	3,016	3,004
Bad debt expense	15,834	-	15,834	-
Loss on sale of securities	12,906	-	12,906	-
Equity loss on investments	663	992	1,597	992
Unrealized gain on derivatives	(1,581)	(2,648)	(3,719)	(11,551)
Loss on sale of vessels	-	-	36	-
Accounts receivable	1,473	(2,669)	(9,234)	52
Other assets, current and non-current	33,344	1,157	19,030	(5,739)
Accounts payable and accrued liabilities	5,397	(162)	6,409	(6,901)
Other liabilities, current and long-term	(5,704)	(561)	(5,940)	(1,752)
Net Cash provided by Operating Activities	**90,579**	**77,547**	**224,371**	**202,167**
Investing Activities:				
Vessel additions and vessel acquisitions	(1,518)	(196)	(3,508)	(734)
Investments in affiliates	(4,851)	(7,350)	(9,996)	(7,350)
Net proceeds from sale of vessels	-	-	5,178	-
Net Cash used in Investing Activities	**(6,369)**	**(7,546)**	**(8,326)**	**(8,084)**
Financing Activities:				
Debt repayment	(62,211)	(50,763)	(162,177)	(157,748)
Deferred finance costs	-	-	-	(692)
Increase in restricted cash	5,185	2,824	2,123	2,824
Net Cash used in Financing Activities	**(57,026)**	**(47,939)**	**(160,054)**	**(155,616)**
Net Increase in cash and cash equivalents	27,184	22,062	55,991	38,467
Cash and cash equivalents, beginning of period	101,060	74,135	72,253	57,730
Cash and cash equivalents, end of period	**$128,244**	**$96,197**	**$128,244**	**$96,197**

DANAOS CORPORATION
Reconciliation of Net Income to Adjusted EBITDA
(Expressed in thousands of United States dollars)

	Three months ended September 30, 2016	Three months ended September 30, 2015	Nine months ended September 30, 2016	Nine months ended September 30, 2015
Net income/(loss)	$(8,397)	42,068	80,372	110,482
Depreciation	32,464	33,217	96,586	98,558
Amortization of deferred drydocking & special survey costs	1,541	868	3,971	2,924
Amortization of deferred finance costs and write-offs and other finance fees accrued	4,019	4,363	12,294	13,405
Amortization of deferred realized losses on interest rate swaps	1,013	1,012	3,016	3,004
Bad debt expense	15,834	-	15,834	-
Loss on sale of securities	12,906	-	12,906	-
Interest income	(1,356)	(859)	(3,196)	(2,549)
Interest expense	17,865	17,604	52,119	53,520
Loss on sale of vessels	-	-	36	-
Realized loss on derivatives	1,196	11,147	4,494	44,833
Unrealized gain on derivatives	(1,581)	(2,648)	(3,719)	(11,551)
Adjusted EBITDA[1]	**$75,504**	**$106,772**	**$274,713**	**$312,626**

1) Adjusted EBITDA represents net income before interest income and expense, depreciation, amortization of deferred drydocking & special survey costs and deferred finance costs, amortization of deferred realized losses on interest rate swaps, unrealized gain on derivatives, realized loss on derivatives gain/(loss) on sale of vessels, bad debt expense and loss on sale of securities. However, Adjusted EBITDA is not a recognized measurement under U.S. generally accepted accounting principles, or "GAAP." We believe that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that Adjusted EBITDA is useful in evaluating our operating performance compared to that of other companies in our industry because the calculation of Adjusted EBITDA generally eliminates the effects of financings, income taxes and the accounting effects of capital expenditures and acquisitions, items which may vary for different companies for reasons unrelated to overall operating performance. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Note: Items to consider for comparability include gains and charges. Gains positively impacting net income are reflected as deductions to net income. Charges negatively impacting net income are reflected as increases to net income.

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of these financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. See the Tables above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three and nine months ended September 30, 2016 and 2015. Non-GAAP financial measures should be viewed in addition to, and not as an alternative for, the Company's reported results prepared in accordance with GAAP.