

The second quarter was particularly important for Danaos because it led to the last step of a long process to receiving commitments from our existing commercial lenders, which secured additional financing and achieved for Danaos deferral in amortization on our existing indebtedness.

Further, during August we successfully raised \$200 million through a private placement of an additional 54 million shares of our common stock issued at \$3.70 per share, which represented a 5.9% discount to the 30-day volume weighted average share price of \$3.93 per share and a 6.6% discount to the 60-day volume weighted average share price of \$3.96 per share at the time of the transaction. As we have already publicly announced, the purchasers of the common stock include Danaos' largest stockholder, and members of my immediate family which together invested over \$100 million. Additional investors include a private company affiliated with George Economou, the chief executive officer of DryShips, members of the executive management of Danaos, as well as other investors.

With the bank commitments and the additional equity in hand, as well as the vendor financing for certain of our newbuilding vessels and the export agency financing relative to some of our vessels on order in China, we will have secured funding for all of our vessel orders both on a pre-delivery and a post-delivery basis.

This process has led to lifting the uncertainties regarding our capital expenditure funding and has set the ground for significantly growing our company in a steadily improving industry environment. Under the circumstances, during the next two years we are looking at a very strong growth of our fleet when taking into consideration our order-book. We will grow by 33% in number of large containerships and an impressive 68% in carrying capacity all of which is already chartered. This growth in the next 24 months will further secure our position as a market leader and transform Danaos' cash flows by considerably increasing our cash generating capacity.

Three months ended June 30, 2010 compared to the three months ended June 30, 2009

During the quarter ended June 30, 2010, Danaos had an average of 43.4 containerships compared to 40.1 containerships for the same period in 2009. During the second quarter of 2010, we took delivery of three vessels, the CMA CGM Nerval on May 17, 2010, the YM Mandate on May 19, 2010 and the Hanjin Buenos Aires on May 27, 2010. Our fleet utilization was 98.4% in the second quarter of 2010.

Our adjusted net income was \$7.6 million, or \$0.14 per share for the three months ended June 30, 2010 compared to \$15.4 million, or \$0.28 per share, for the three months ended June 30, 2009, adjusted for non-cash changes in fair value of derivatives of a \$22.3 million loss recorded in 2010 and \$0.5 million gain recorded in 2009. Adjusted net income for the second quarter of 2010 decreased by 50.6%, or \$7.8 million, compared to the three months ended June 30, 2009. This decrease is mainly attributable to increased realized losses on our interest rate swap contracts recorded in our Statement of Income during the three months ended June 30, 2010 compared to the same period of 2009, which was partially offset by increased income from operations. On a non-adjusted basis our net loss was \$14.7 million, or a loss of \$0.27 per share, for the second quarter of 2010, compared to net income of \$15.9 million, or \$0.29 per share, for the second quarter of 2009. Refer to Adjusted Net Income reconciliation table in the last page of this earning release.

Operating Revenue

Operating revenue increased 7.3%, or \$5.8 million, to \$84.9 million in the three months ended June 30, 2010, from \$79.1 million in the three months ended June 30, 2009. The increase was primarily attributable to the addition of five vessels to our fleet, as follows:

| Vessel Name | Vessel Size (TEU) | Date Delivered |
|---------------------|----------------------|--------------------|
| CMA CGM Moliere | 6,500 | September 28, 2009 |
| CMA CGM Musset | 6,500 | March 12, 2010 |
| CMA CGM Nerval | 6,500 | May 17, 2010 |
| YM Mandate | 6,500 | May 19, 2010 |
| Hanjin Buenos Aires | 3,400 | May 27, 2010 |

These additions to our fleet contributed revenues of \$9.6 million during the three months ended June 30, 2010. Moreover, one 4,253 TEU containership, the Zim Luanda, which was added to our fleet on June 26, 2009, contributed incremental revenues of \$2.0 million during the three months ended June 30, 2010 compared to the same period in 2009. These revenues were offset in part by the sale of one 1,704 TEU containership, the MSC Eagle, on January 22, 2010, which contributed revenues of \$1.0 million for the three months ended June 30, 2009 compared to nil revenues in the three months ended June 30, 2010.

We also had a further decrease in revenues of \$4.8 million during the three months ended June 30, 2010, mainly attributable to reduced charter hire in relation to vessels laid up by our charterers representing operating expenses not being incurred during the lay-up period.

Vessel Operating Expenses

Vessel operating expenses decreased 21.0%, or \$5.0 million, to \$18.8 million in the three months ended June 30, 2010, from \$23.8 million in the three months ended June 30, 2009. The reduction is mainly attributed to reduced costs of certain vessels which were on lay-up for 477 days in the aggregate during the second quarter of 2010. Although the average number of vessels in our fleet increased during the three months ended June 30, 2010 compared to the same period of 2009, the average daily operating cost per vessel was reduced to \$4,808 for the three months ended June 30, 2010, from \$6,533 for the three months ended June 30, 2009. Excluding those vessels on lay-up, the average daily operating cost per vessel in our fleet was \$5,477 for the three months ended June 30, 2010.

Depreciation & Amortization

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

Depreciation

Depreciation expense increased 18.8%, or \$2.8 million, to \$17.7 million in the three months ended June 30, 2010, from \$14.9 million in the three months ended June 30, 2009. The increase in depreciation expense was due to the increased average number of vessels in our fleet during the three months ended June 30, 2010 compared to the same period of 2009.

Amortization of Deferred Dry-docking and Special Survey Costs

Amortization of deferred dry-docking and special survey costs decreased 22.7%, or \$0.5 million, to \$1.7 million in the three months ended June 30, 2010, from \$2.2 million in the three months ended June 30, 2009. The decrease reflects reduced drydocking costs incurred and amortized during the three months ended June 30, 2010 compared to the same period of 2009.

General and Administrative Expenses

General and administrative expenses increased 62.9%, or \$2.2 million, to \$5.7 million in the three months ended June 30, 2010, from \$3.5 million in the same period of 2009. The increase was mainly the result of increased legal and advisory fees of \$1.6 million and increased fees of \$0.6 million to our Manager in the three months ended June 30, 2010 compared to the same period of 2009, due to the increase in the average number of our vessels in our fleet and an increase in the per day fee payable to our Manager since January 1, 2010.

Other Operating Expenses

Other Operating Expenses includes Voyage Expenses

Voyage Expenses

Voyage expenses decreased 5.6%, or \$0.1 million, to \$1.7 million in the three months ended June 30, 2010, from \$1.8 million in the three months ended June 30, 2009.

Interest Expense and Interest Income

Interest expense increased by 4.3%, or \$0.4 million, to \$9.8 million in the three months ended June 30, 2010, from \$9.4 million in the three months ended June 30, 2009. The change in interest expense was due to the increase in our average debt by \$84.4 million, to \$2,297.1 million in the quarter ended June 30, 2010, from \$2,212.7 million in the quarter ended June 30, 2009, as well as increased margins over LIBOR following our agreements in connection with covenant waivers obtained during 2009, which was partially offset by the decrease of LIBOR payable under our credit facilities in the three months

ended June 30, 2010 compared to the three months ended June 30, 2009. The financing of our extensive newbuilding program resulted in interest capitalization, rather than such interest being recognized as an expense, of \$6.7 million for the three months ended June 30, 2010 compared to \$9.4 million of capitalized interest for the three months ended June 30, 2009.

Interest income decreased by \$0.5 million, to \$0.2 million in the three months ended June 30, 2010, from \$0.7 million in the three months ended June 30, 2009. The decrease in interest income is attributable to lower average cash balances, as well as reduced interest rates to which our cash balances were subject during the three months ended June 30, 2010 compared to the three months ended June 30, 2009.

Other income/(expenses), net

Other income/(expenses), net, improved by \$0.7 million, to a gain of \$0.1 million in the three months ended June 30, 2010, from an expense of \$0.6 million in the three months ended June 30, 2009. The improvement is mainly attributable to foreign currency revaluation losses recorded during the three months ended June 30, 2009.

Other finance costs, net

Other finance cost, net, decreased by \$0.3 million, to \$0.6 million in the three months ended June 30, 2010, from \$0.9 million in the three months ended June 30, 2009.

Loss on fair value of derivatives

Loss on fair value of derivatives, increased by \$37.0 million, to a loss of \$43.9 million in the three months ended June 30, 2010, from a loss of \$6.9 million in the same period of 2009. The increase is mainly attributable to non-cash changes in fair value of interest rate swaps losses of \$22.3 million recorded in our Statement of Income in three months ended June 30, 2010, due to hedge accounting ineffectiveness, compared to a gain of \$0.5 million in the three months ended June 30, 2009. Furthermore, realized losses on interest rate swap hedges of \$21.6 million recorded in our Statement of Income during the three months ended June 30, 2010, which are mainly attributed to reduced LIBOR payable on our credit facilities against LIBOR fixed through our interest rate swaps, compared to \$7.4 million losses in the three months ended June 30, 2009. In addition, realized losses on cash flow hedges of \$10.1 million and \$8.5 million in the three months ended June 30, 2010 and 2009, respectively, were deferred in "Accumulated Other Comprehensive Loss", rather than such realized losses being recognized as an expense, and will be reclassified into earnings over the depreciable life of these vessels under construction, which are financed by loans for which their interest rate has been hedged by our interest rate swap contracts.

Adjusted EBITDA

Adjusted EBITDA decreased by \$4.5 million, or 10.9%, to \$36.6 million in the three months ended June 30, 2010, from \$41.1 million in the three months ended June 30, 2009, adjusted for non-cash changes in fair value of derivatives of \$22.3 million loss in the three months ended June 30, 2010 compared to \$0.5 million gain in the three months ended June 30, 2009. Tables reconciling Adjusted EBITDA to Net (Loss)/Income can be found at the end of this earnings release.

Six months ended June 30, 2010 compared to the six months ended June 30, 2009

During the six months ended June 30, 2010, Danaos had an average of 42.4 containerships as compared to 39.5 containerships for the same period of 2009. During the first half of 2010, we took delivery of four vessels, the CMA CGM Musset on March 12, 2010, the CMA CGM Nerval on May 17, 2010, the YM Mandate on May 19, 2010 and the Hanjin Buenos Aires on May 27, 2010 and we sold MSC Eagle on January 22, 2010, a vessel over 30 years old.

Our adjusted net income was \$19.9 million, or \$0.36 per share for the six months ended June 30, 2010 compared to \$34.8 million, or \$0.64 per share for the six months ended June 30, 2009, adjusted for non-cash changes in fair value of derivatives of a \$44.7 million loss recorded in the six months ended June 30, 2010 compared to \$1.1 million gain recorded in the six months ended June 30, 2009, as well as impairment losses of \$71.5 million in relation to the cancellation of three 6,500 TEU newbuilding containerships and a gain on sale of vessels of \$1.9 million recorded in the six months ended June 30, 2010. Adjusted net income for the six months ended June 30, 2010 decreased by 42.8%, or \$14.9 million compared to the six months ended June 30, 2009. This decrease is mainly attributable to

increased realized losses on our interest rate swap contracts recorded in our Statement of Income during the six months ended June 30, 2010 compared to the same period of 2009, which partially offset by increased income from operations. On a non-adjusted basis our net loss was \$94.4 million, or a loss of \$1.73 per share for the six months ended June 30, 2010, compared to net income of \$35.9 million, or \$0.66 per share for the six months ended June 30, 2009. Refer to Adjusted Net Income reconciliation table in the last page of this earning release.

Operating Revenue

Operating revenue increased 6.6%, or \$10.2 million, to \$164.6 million in the six months ended June 30, 2010 from \$154.4 million in the six months ended June 30, 2009. The increase was primarily attributed to the addition to our fleet of five vessels, as follows:

| Vessel Name | Vessel Size (TEU) | Date Delivered |
|---------------------|----------------------|--------------------|
| CMA CGM Moliere | 6,500 | September 28, 2009 |
| CMA CGM Musset | 6,500 | March 12, 2010 |
| CMA CGM Nerval | 6,500 | May 17, 2010 |
| YM Mandate | 6,500 | May 19, 2010 |
| Hanjin Buenos Aires | 3,400 | May 27, 2010 |

These additions to our fleet contributed revenues of \$13.4 million during the six months ended June 30, 2010. Moreover, two 4,253 TEU containerships, the Zim Dalian and the Zim Luanda, which were added to our fleet on March 31, 2009 and June 26, 2009 contributed incremental revenues of \$6.1 million during the six months ended June 30, 2010 compared to the same period in 2009. These revenues were offset in part by the sale of one 1,704 TEU containership, the MSC Eagle, on January 22, 2010, that contributed revenues of \$1.9 million for the six months ended June 30, 2009 compared to revenues of \$0.1 million in the six months ended June 30, 2010.

We also had a further decrease in revenues of \$7.5 million during the six months ended June 30, 2010, mainly attributable to rechartering of vessels at reduced charter hire, as well as reduced charter hire in relation to vessels laid up by our charterer representing operating expenses not being incurred during the lay-up period.

Vessel Operating Expenses

Vessel operating expenses decreased 20.9% or \$9.6 million, to \$36.3 million in the six months ended June 30, 2010, from \$45.9 million in the six months ended June 30, 2009. The reduction is mainly attributed to reduced costs of certain vessels which were on lay-up for 1,091 days in the aggregate during the first half of 2010. Although the average number of vessels in our fleet increased during the six months ended June 30, 2010 compared to the same period of 2009, the average daily operating cost per vessel was reduced to \$4,756 for the six months ended June 30, 2010, from \$6,412 for the six months ended June 30, 2009. Excluding those vessels on lay-up, the average daily operating cost per vessel in our fleet was \$5,549 for the six months ended June 30, 2010.

Depreciation & Amortization

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

Depreciation

Depreciation expense increased 16.2%, or \$4.7 million, to \$33.8 million in the six months ended June 30, 2010, from \$29.1 million in the six months ended June 30, 2009. The increase in depreciation expense was due to the increased average number of vessels in our fleet during the six months ended June 30, 2010, compared to the same period of 2009.

Amortization of Deferred Dry-docking and Special Survey Costs

Amortization of deferred dry-docking and special survey costs decreased 14.6%, or \$0.6 million, to \$3.5 million in the six months ended June 30, 2010, from \$4.1 million in the six months ended June 30, 2009. The decrease reflects reduced drydocking costs incurred and amortized during the six months ended June 30, 2010 compared to the same period of 2009.

Impairment Loss

On March 31, 2010, we expected to enter into an agreement with Hanjin Heavy Industries & Construction Co. Ltd. to cancel three 6,500 TEU newbuilding containerships, the HN N-216, the HN N-217 and the HN N-218, initially expected to be delivered in the first half of 2012, and recorded impairment loss of \$71.5 million consisted of cash advances of \$64.35 million paid to the shipyard and \$7.16 million of interest capitalized and other pre-delivery capital expenditures paid in relation to the construction of the respective newbuildings. On May 25, 2010, we signed the cancellation agreement. No impairment loss was recorded in 2009.

General and Administrative Expenses

General and administrative expenses increased 68.2%, or \$4.5 million, to \$11.1 million in the six months ended June 30, 2010, from \$6.6 million in the same period of 2009. The increase was the result of increased legal and advisory fees of \$3.4 million and increased fees of \$1.1 million to our Manager in the six months ended June 30, 2010 compared to the same period of 2009, due to the increase in the average number of our vessels in our fleet and an increase in the per day fee payable to our Manager since January 1, 2010.

Sale of vessels

On January 22, 2010, we sold and delivered the MSC Eagle. The sale consideration was \$4.6 million. We realized a net gain on this sale of \$1.9 million. The MSC Eagle was over 30-years old and was generating revenue under its time charter, which expired in January 2010.

Other Operating Expenses

Other Operating Expenses includes Voyage Expenses.

Voyage Expenses

Voyage expenses decreased 15.4% or \$0.6 million, to \$3.3 million in the six months ended June 30, 2010, from \$3.9 million for the six months ended June 30, 2009. The decrease was mainly a result of bunker costs recorded in the six months ended June 30, 2009, attributed to the repositioning of two of our vessels in the first half of 2009. Our vessels are not otherwise subject to fuel costs, which are paid by our charterers.

Interest Expense and Interest Income

Interest expense increased 5.1%, or \$0.9 million, to \$18.5 million in the six months ended June 30, 2010, from \$17.6 million in the six months ended June 30, 2009. The change in interest expense was due to the increase in our average debt by \$162.1 million to \$2,319.6 million in the six months ended June 30, 2010, from \$2,157.5 million in the six months ended June 30, 2009, as well as increased margins over LIBOR following our agreements in connection with covenant waivers obtained during 2009, which was partially offset by the decrease of LIBOR payable under our credit facilities in the six months ended June 30, 2010 compared to the six months ended June 30, 2009. The financing of our extensive new-building program resulted in interest capitalization, rather than such interest being recognized as an expense, of \$13.9 million for the six months ended June 30, 2010 compared to \$16.6 million of capitalized interest for the six months ended June 30, 2009.

Interest income decreased by \$1.2 million, to \$0.5 million in the six months ended June 30, 2010, from \$1.7 million in the six months ended June 30, 2009. The decrease in interest income is attributable to lower average cash balances, as well as reduced interest rates to which our cash balances were subject during the six months ended June 30, 2010 compared to the six months ended June 30, 2009.

Other income/(expenses), net

Other income/(expenses), net, improved by \$1.2 million, to a gain of \$0.1 million in the six months ended June 30, 2010, from an expense of \$1.1 million in the same period of 2009. The improvement in other income/(expenses), net, is mainly attributable to foreign currency revaluation losses recorded during the six months ended June 30, 2009.

Loss on fair value of derivatives

Loss on fair value of derivatives, increased by \$71.6 million, to a loss of \$82.4 million in the six months ended June 30, 2010, from a loss of \$10.8 million in the same period of 2009. The increase is mainly attributable to non-cash changes in fair value of interest rate swaps losses of \$40.5 million recorded in our Statement of Income in the six months ended June 30, 2010, due to hedge accounting ineffectiveness and changes in forecasted debt, compared to a gain of \$1.1 million in the six months ended June 30, 2009, as well as a loss of \$4.2 million in relation to deferred realized losses of cash

flow hedges for the HN N-216, the HN N-217 and the HN N-218 following their cancellation reclassified from "Accumulated other comprehensive loss" in the condensed consolidated balance sheet to condensed consolidated statement of income in the six months ended June 30, 2010. Furthermore, realized losses on interest rate swap hedges of \$37.6 million recorded in our Statement of Income during the six months ended June 30, 2010, which are mainly attributed to reduced LIBOR payable on our credit facilities against LIBOR fixed through our interest rate swaps, compared to \$11.9 million losses in the six months ended June 30, 2009. In addition, realized losses on cash flow hedges of \$21.8 million and \$14.8 million in the six months ended June 30, 2010 and 2009, respectively, were deferred in "Accumulated Other Comprehensive Loss", rather than such realized losses being recognized as an expense, and will be reclassified into earnings over the depreciable life of these vessels under construction, which are financed by loans for which their interest rate has been hedged by our interest rate swap contracts.

Adjusted EBITDA

Adjusted EBITDA decreased by \$8.7 million, or 10.4%, to \$75.2 million in the six months ended June 30, 2010, from \$83.9 million in the six months ended June 30, 2009, adjusted for a gain on sale of vessel of \$1.9 million recorded in the six months ended June 30, 2010, impairment losses of \$71.5 million recorded in the six months ended June 30, 2010 and non-cash changes in fair value of derivatives of \$44.7 million loss in the six months ended June 30, 2010 compared to \$1.1 million gain in the six months ended June 30, 2009. Table reconciling Adjusted EBITDA to Net (Loss)/Income can be found at the end of this earnings release.

Recent News

On July 2, 2010, the Company took delivery of the newbuilding 6,500 TEU vessel, the CMA CGM Rabelais. The vessel has been deployed on a 12-year time charter with one of the world's major liner companies.

On July 6, 2010, the Company took delivery of the newbuilding 3,400 TEU vessel, the Hanjin Santos. The vessel has been deployed on a 10-year time charter with one of the world's major liner companies.

On August 6, 2010, the Company entered into a commitment letter with its lenders for the restructuring of its existing debt obligations, and approximately \$426 million of new debt financing, on substantially the terms described in the Company's Annual Report on Form 20-F filed with the Securities and Exchange Commission on June 18, 2010. The agreed terms, which are subject to final documentation and other conditions, contemplate that, under the Company's existing bank debt facilities, the amortization and maturities will be rescheduled, the interest rate margin will be reduced, and the financial covenants, events of default, and guarantee and security packages will be revised.

In connection with this arrangement, the Company agreed to issue to its lenders warrants to purchase an aggregate of 15 million shares of its common stock for an exercise price of \$7.00 per share. The warrants will expire on January 31, 2019. The Company has also reached agreements in principle for \$190.0 million of vendor financing from Hyundai Samho and a \$203.4 million credit facility with Citi and the Export-Import Bank of China (or CEXIM). Entering into final documentation for each of these arrangements is among the conditions to the arrangement with the Company's lenders described above.

On August 6, 2010, the Company also entered into agreements with several investors, including its largest stockholder, to sell to them 54,054,055 shares of its Common Stock for an aggregate purchase price of \$200.0 million in cash. The shares were issued at \$3.70 per share on August 12, 2010. Following completion of the equity transaction on August 12, 2010, Mr. Economou was appointed to the Board of Directors of the Company as an independent director.

On August 16, 2010, the Company took delivery of the newbuilding 6,500 TEU vessel, the CMA CGM Racine. The vessel has been deployed on a 12-year time charter with one of the world's major liner companies.

On August 18, 2010, the Company took delivery of the newbuilding 6,500 TEU vessel, the YM Maturity. The vessel has been deployed on a 18-year time charter with one of the world's major liner companies.

Our comprehensive financing plan, which includes the above described arrangements with our existing lenders for which we have entered into a commitment letter, as well as the Vendor financing and Citi-CEXIM credit facility we have agreed in principle, provides a funding solution for all of our currently unfinanced newbuildings and waive existing credit facility breaches and amend covenant levels. During this transition period, prior to entering into definitive documentation for these arrangements, we have elected not to secure waivers from our banks, which would amend or waive breaches of our financial covenants in our credit facilities covering a prospective period of at least 12 months, and thus we are classifying all of our long-term debt as current according to the US GAAP accounting policies.

Conference Call and Webcast

On Thursday, September 2, 2010 at 10:00 A.M. EDT, 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: 1 866 819 7111 (US Toll Free Dial In), 0800 953 0329 (UK Toll Free Dial In) or +44 (0)1452 542 301 (Standard International Dial In). Please quote "Danaos" to the operator.

A telephonic replay of the conference call will be available until September 9, 2010 by dialing 1 866 247 4222 (US Toll Free Dial In), 0800 953 1533 (UK Toll Free Dial In) or +44 (0)1452 550 000 (Standard International Dial In). Access Code: 1186615#

About Danaos Corporation

Danaos Corporation is an international owner of containerships, chartering its vessels to many of the world's largest liner companies. Our current fleet of 49 containerships aggregating 216,529 TEUs ranks Danaos among the largest containership charter owners in the world based on total TEU capacity. Danaos is one of the largest US listed containership companies based on fleet size. Furthermore, the company has a contracted fleet of 16 additional containerships aggregating 146,150 TEU with scheduled deliveries up to the second quarter of 2012. The company'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, shipyard 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 64 off-hire days in total in the second quarter of 2010. The following table summarizes vessel utilization and the impact of the off-hire days on the company's revenue relating to the last four quarters.

| Vessel Utilization (No. of Days) | Third Quarter 2009 | Fourth Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | Total |
|---|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|---------------|
| Ownership Days | 3,775 | 3,864 | 3,732 | 3,945 | 15,316 |
| Less Off-hire Days: | | | | | |
| Scheduled Off-hire Days | (29) | (1) | (12) | — | (42) |
| Other Off-hire Days | (8) | (7) | (1) | (64) | (80) |
| Operating Days | 3,738 | 3,856 | 3,719 | 3,881 | 15,194 |
| Vessel Utilization | 99.0% | 99.8% | 99.7% | 98.4% | 99.2% |

| Revenue - Impact of Off-hire (in '000s of US Dollars) | Third Quarter 2009 | Fourth Quarter 2009 | First Quarter 2010 | Second Quarter 2010 | Total |
|--|-----------------------------------|------------------------------------|-----------------------------------|------------------------------------|------------------|
| 100% Fleet Utilization | \$80,694 | \$85,532 | \$80,002 | \$86,009 | \$332,237 |
| Less Off-hire Days: | | | | | |
| Scheduled Off-hire Days | (721) | (42) | (328) | — | (1,091) |
| Other Off-hire Days | (181) | (151) | (15) | (1,063) | (1,410) |
| Actual Revenue Earned | \$79,792 | \$85,339 | \$79,659 | \$84,946 | \$329,736 |

Fleet List

The following table describes in detail our fleet deployment profile as of August 31, 2010.

| <u>Vessel Name</u> | <u>Vessel Size (TEU)</u> | <u>Year Built</u> | <u>Expiration of Charter⁽¹⁾</u> |
|-----------------------------------|--------------------------|-------------------|--|
| Containerships | | | |
| CSCL Le Havre | 9,580 | 2006 | September 2018 |
| CSCL Pusan | 9,580 | 2006 | July 2018 |
| CSCL America ⁽²⁾ | 8,468 | 2004 | September 2016 |
| CSCL Europe | 8,468 | 2004 | June 2016 |
| CMA CGM Moliere ⁽³⁾ | 6,500 | 2009 | August 2021 |
| CMA CGM Musset ⁽³⁾ | 6,500 | 2010 | February 2022 |
| CMA CGM Nerval ⁽³⁾ | 6,500 | 2010 | April 2022 |
| CMA CGM Rabelais ⁽³⁾ | 6,500 | 2010 | June 2022 |
| YM Mandate | 6,500 | 2010 | January 2028 |
| CMA CGM Racine ⁽³⁾ | 6,500 | 2010 | July 2022 |
| YM Maturity | 6,500 | 2010 | April 2028 |
| Marathonas ⁽⁴⁾ | 4,814 | 1991 | September 2011 |
| Maersk Messologi | 4,814 | 1991 | September 2011 |
| Maersk Mytilini | 4,814 | 1991 | September 2011 |
| Hyundai Commodore ⁽⁵⁾ | 4,651 | 1992 | March 2011 |
| Hyundai Duke | 4,651 | 1992 | February 2011 |
| Hyundai Federal ⁽⁶⁾ | 4,651 | 1994 | September 2012 |
| YM 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 |
| Bunga Raya Tiga ⁽⁷⁾ | 4,253 | 2004 | March 2011 |
| Bunga Raya Tujuh ⁽⁸⁾ | 4,253 | 2004 | February 2011 |
| ZIM Rio Grande | 4,253 | 2008 | May 2020 |
| ZIM Sao Paolo | 4,253 | 2008 | August 2020 |
| ZIM Kingston | 4,253 | 2008 | September 2020 |
| ZIM Monaco | 4,253 | 2009 | November 2020 |
| ZIM Dalian | 4,253 | 2009 | February 2021 |
| ZIM Luanda | 4,253 | 2009 | May 2021 |
| Al Rayyan | 3,908 | 1989 | January 2011 |
| YM Yantian | 3,908 | 1989 | July 2011 |
| Hanjin Buenos Aires | 3,400 | 2010 | March 2020 |
| Hanjin Santos | 3,400 | 2010 | May 2020 |
| SCI Pride ⁽⁹⁾ | 3,129 | 1988 | May 2011 |
| CMA CGM Lotus | 3,098 | 1988 | June 2011 |
| CMA CGM Vanille | 3,045 | 1986 | September 2010 |
| Henry ⁽¹⁰⁾ | 3,039 | 1986 | July 2010 |
| Jiangsu Dragon ⁽¹¹⁾ | 2,917 | 1991 | June 2011 |
| California Dragon ⁽¹²⁾ | 2,917 | 1991 | June 2011 |
| Shenzhen Dragon ⁽¹³⁾ | 2,917 | 1991 | June 2011 |
| 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 |
| Hanjin Montreal ⁽¹⁴⁾ | 2,130 | 1984 | November 2010 |

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

- (2) On August 21, 2009, the *MSC Baltic* was renamed to *CSCL America* at the request of the charterer of this vessel.
- (3) Vessel subject to charterer's option to purchase vessel after first eight years of time charter term for \$78.0 million.
- (4) On January 21, 2010, the *MSC Marathon* was renamed to *Marathonas* at the request of the charterer of this vessel.
- (5) On April 2, 2009, the *MOL Affinity* was renamed to *Hyundai Commodore* at the request of the charterer of this vessel.
- (6) On May 12, 2009, the *APL Confidence* was renamed to *Hyundai Federal* at the request of the charterer of this vessel.
- (7) On April 29, 2009, the *Derby* was renamed to *Bunga Raya Tiga* at the request of the charterer of this vessel.
- (8) On October 12, 2009, the *Maersk Deva* was renamed to *Bunga Raya Tujuh* at the request of the charterer of this vessel.
- (9) On August 18, 2010, the *YM Milano* was renamed to *SCI Pride* at the request of the charterer of this vessel.
- (10) On May 13, 2010, the *CMA CGM Passiflore* was renamed to *Henry* at the request of the charterer of this vessel.
- (11) On July 7, 2010, the *CMA CGM Elbe* was renamed to *Jiangsu Dragon* at the request of the charterer of this vessel.
- (12) On July 20, 2010, the *CMA CGM Kalamata* was renamed to *California Dragon* at the request of the charterer of this vessel.
- (13) On June 26, 2010, the *CMA CGM Komodo* was renamed to *Shenzhen Dragon* at the request of the charterer of this vessel.
- (14) On May 14, 2009, the *Montreal Senator* was renamed to *Hanjin Montreal* at the request of the charterer of this vessel.

New Deliveries

The following table describes the expected additions to our fleet as a result of our new building containership program.

| <u>Vessel Name</u> | <u>Vessel Size (TEU)</u> | <u>Expected Delivery^(*)</u> | <u>Charter Term</u> |
|--------------------|------------------------------|--|---------------------|
| HN N-221 | 3,400 | 3 rd Quarter 2010 | 10 years |
| HN N-222 | 3,400 | 4 th Quarter 2010 | 10 years |
| HN N-223 | 3,400 | 4 th Quarter 2010 | 10 years |
| HN Z00001 | 8,530 | 1 st Quarter 2011 | 12 years |
| Hull No S-461 | 10,100 | 1 st Quarter 2011 | 12 years |
| Hull No S-462 | 10,100 | 1 st Quarter 2011 | 12 years |
| HN Z00002 | 8,530 | 2 nd Quarter 2011 | 12 years |
| HN Z00003 | 8,530 | 2 nd Quarter 2011 | 12 years |
| HN Z00004 | 8,530 | 2 nd Quarter 2011 | 12 years |
| Hull No S-463 | 10,100 | 2 nd Quarter 2011 | 12 years |
| HN H 1022A | 8,530 | 3 rd Quarter 2011 | 12 years |
| Hull No S-456 | 12,600 | 1 st Quarter 2012 | 12 years |
| Hull No S-457 | 12,600 | 1 st Quarter 2012 | 12 years |
| Hull No S-458 | 12,600 | 2 nd Quarter 2012 | 12 years |
| Hull No S-459 | 12,600 | 2 nd Quarter 2012 | 12 years |
| Hull No S-460 | 12,600 | 2 nd Quarter 2012 | 12 years |

(*) Delivery date represents most recent update regarding respective event, which in certain cases may change significantly as a result of further negotiations with shipyards.

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

| | Three months ended June 30, <u>2010</u> | Three months ended June 30, <u>2009</u> | Six months ended June 30, <u>2010</u> | Six months ended June 30, <u>2009</u> |
|---|--|--|--|--|
| OPERATING REVENUES | \$84,946 | \$79,128 | \$164,605 | \$154,380 |
| OPERATING EXPENSES | | | | |
| Vessel operating expenses | (18,759) | (23,814) | (36,305) | (45,877) |
| Depreciation & amortization | (19,455) | (17,090) | (37,256) | (33,226) |
| General & administrative | (5,727) | (3,468) | (11,099) | (6,588) |
| Gain on sale of vessels | — | — | 1,916 | — |
| Impairment loss | — | — | (71,509) | — |
| Other operating expenses | (1,721) | (1,847) | (3,307) | (3,851) |
| Income From Operations | 39,284 | 32,909 | 7,045 | 64,838 |
| OTHER EARNINGS (EXPENSES) | | | | |
| Interest income | 222 | 719 | 471 | 1,705 |
| Interest expense | (9,773) | (9,402) | (18,549) | (17,564) |
| Other finance cost, net | (603) | (881) | (1,093) | (1,217) |
| Other income/(expenses), net | 87 | (640) | 74 | (1,059) |
| Loss on fair value of derivatives | (43,882) | (6,851) | (82,378) | (10,804) |
| Total Other Income (Expenses), net | (53,949) | (17,055) | (101,475) | (28,939) |
| Net (Loss)/Income | \$(14,665) | \$15,854 | \$(94,430) | \$35,899 |
| EARNINGS PER SHARE | | | | |
| Basic and diluted net (loss)/ income per share | \$(0.27) | \$0.29 | \$(1.73) | \$0.66 |
| Basic and diluted weighted average number of common shares (in thousands of shares) | 54,556 | 54,551 | 54,552 | 54,549 |

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

| | As of June 30, | As of December 31, |
|---|---------------------------|-------------------------------|
| | 2010 | 2009 |
| | (Unaudited) | (Unaudited) |
| ASSETS | | |
| CURRENT ASSETS | | |
| Cash and cash equivalents | \$82,614 | \$122,050 |
| Restricted cash, current portion | 24,094 | 154,078 |
| Accounts receivable, net | 4,322 | 3,732 |
| Other current assets | 20,003 | 20,644 |
| | 131,033 | 300,504 |
| NON-CURRENT ASSETS | | |
| Fixed assets, net | 1,898,468 | 1,573,759 |
| Advances for vessels under construction | 1,062,140 | 1,194,088 |
| Restricted cash, net of current portion | — | 44,393 |
| Deferred charges, net | 16,641 | 20,583 |
| Fair value of financial instruments | 5,034 | 3,762 |
| Other non-current assets | 10,339 | 5,622 |
| | 2,992,622 | 2,842,207 |
| TOTAL ASSETS | 3,123,655 | 3,142,711 |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| CURRENT LIABILITIES | | |
| Long-term debt, current portion | 2,360,375 | 2,331,678 |
| Accounts payable, accrued liabilities & other current liabilities | 109,491 | 86,264 |
| Fair value of financial instruments, current portion | 110,840 | 100,065 |
| | 2,580,706 | 2,518,007 |
| LONG-TERM LIABILITIES | | |
| Fair value of financial instruments, net of current portion | 348,239 | 213,493 |
| Other long-term liabilities | 4,892 | 5,620 |
| | 353,131 | 219,113 |
| STOCKHOLDERS' EQUITY | | |
| Common stock | 546 | 546 |
| Additional paid-in capital | 288,565 | 288,613 |
| Treasury stock | (6) | (39) |
| Accumulated other comprehensive loss | (445,421) | (324,093) |
| Retained earnings | 346,134 | 440,564 |
| | 189,818 | 405,591 |
| TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY | \$3,123,655 | \$3,142,711 |

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

| | Three months ended June 30, | Three months ended June 30, | Six months ended June 30, | Six months ended June 30, |
|--|-----------------------------------|-----------------------------------|---------------------------------|---------------------------------|
| | 2010 | 2009 | 2010 | 2009 |
| Operating Activities: | | | | |
| Net (loss)/ income | \$(14,665) | \$15,854 | \$(94,430) | \$35,899 |
| <i>Adjustments to reconcile net income to net cash provided by operating activities:</i> | | | | |
| Depreciation | 17,744 | 14,911 | 33,805 | 29,132 |
| Impairment loss | — | — | 71,509 | — |
| Amortization of deferred charges | 2,051 | 2,377 | 4,111 | 4,399 |
| Written off amount of deferred charges | — | — | — | 412 |
| Stock based compensation | 8 | 16 | 35 | 32 |
| Payments for drydocking/special survey | — | (1,033) | (258) | (5,753) |
| Change in fair value of financial instruments | 12,208 | (8,995) | 22,921 | (15,848) |
| Gain on sale of vessels | — | — | (1,916) | — |
| Accounts receivable | 224 | (668) | (590) | (335) |
| Other assets, current and non-current | (1,911) | 8,512 | (4,076) | 4,440 |
| Accounts payable and accrued liabilities | 5,481 | 720 | 4,236 | 7,576 |
| Other liabilities, current and non-current | (1,850) | (1,420) | (285) | (328) |
| Net Cash provided by Operating Activities | 19,290 | 30,274 | 35,062 | 59,626 |
| Investing Activities: | | | | |
| Vessel acquisitions including advances | — | (106) | — | (237) |
| Vessels under construction | (203,655) | (73,888) | (279,286) | (206,770) |
| Proceeds from sale of vessels | — | — | 1,764 | — |
| Net Cash used in Investing Activities | (203,655) | (73,994) | (277,522) | (207,007) |
| Financing Activities: | | | | |
| Debt draw downs | 167,529 | 113,693 | 225,389 | 181,243 |
| Debt repayment | (176,800) | (6,893) | (196,692) | (16,110) |
| Treasury stock | — | — | (50) | — |
| Deferred costs | — | (2,322) | — | (3,671) |
| Decrease/(Increase) in restricted cash | 171,565 | (10,051) | 174,377 | 21,920 |
| Net Cash provided by Financing Activities | 162,294 | 94,427 | 203,024 | 183,382 |
| Net Increase in cash and cash equivalents | (22,071) | 50,707 | (39,436) | 36,001 |
| Cash and cash equivalents, beginning of period | 104,685 | 106,014 | 122,050 | 120,720 |
| Cash and cash equivalents, end of period | \$82,614 | \$156,721 | \$82,614 | \$156,721 |

**Reconciliation of Net (Loss)/Income to Adjusted EBITDA
(Expressed in thousands of United States dollars)**

| | Three months ended June 30, <u>2010</u> | Three months ended June 30, <u>2009</u> | Six months ended June 30, <u>2010</u> | Six months ended June 30, <u>2009</u> |
|--|---|---|---|---|
| | (Unaudited) | | | |
| Net (loss)/income | \$(14,665) | \$15,854 | \$(94,430) | \$35,899 |
| Depreciation | 17,744 | 14,911 | 33,805 | 29,132 |
| Amortization of deferred drydocking & special survey costs | 1,711 | 2,179 | 3,451 | 4,094 |
| Interest income | (222) | (719) | (471) | (1,705) |
| Interest expense | 9,773 | 9,402 | 18,549 | 17,564 |
| Impairment loss | — | — | 71,509 | — |
| Gain on sale of vessels | — | — | (1,916) | — |
| Non-cash changes in fair value of derivatives | 22,282 | (503) | 44,732 | (1,084) |
| Adjusted EBITDA⁽²⁾ | <u>\$36,623</u> | <u>\$41,124</u> | <u>\$75,229</u> | <u>\$83,900</u> |

- (2) Adjusted EBITDA represents net (loss)/income before interest income and expense, depreciation, amortization, impairment losses, gain/(loss) on sale of vessels and non-cash changes in fair value of derivatives. 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 ability to service additional debt and make capital expenditures. In addition, we believe that Adjusted EBITDA is useful in evaluating our operating performance and liquidity position 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 and liquidity.

**Reconciliation of Net (Loss)/Income to Adjusted Net Income
(Expressed in thousands of United States dollars, except per share amounts)**

| | Three months ended June 30, <u>2010</u> | Three months ended June 30, <u>2009</u> | Six months ended June 30, <u>2010</u> | Six months ended June 30, <u>2009</u> |
|------------------------------------|---|---|---|---|
| | (Unaudited) | | | |
| Net (Loss)/Income | <u>\$(14,665)</u> | <u>\$15,854</u> | <u>\$(94,430)</u> | <u>\$35,899</u> |
| Loss in fair value of derivatives | 43,882 | 6,851 | 82,378 | 10,804 |
| Realized losses on derivatives | (21,600) | (7,354) | (37,646) | (11,888) |
| Impairment losses | — | — | 71,509 | — |
| Gain on sale of vessels | — | — | (1,916) | — |
| Adjusted Net Income | <u>\$7,617</u> | <u>\$15,351</u> | <u>\$19,895</u> | <u>\$34,815</u> |
| Adjusted Earnings Per Share | <u>\$0.14</u> | <u>\$0.28</u> | <u>\$0.36</u> | <u>\$0.64</u> |
| Weighted average number of shares | 54,556 | 54,551 | 54,552 | 54,549 |

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 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 Tables above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three and six months ended June 30, 2010 and 2009. 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.