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DANAOS CORPORATION

Danaos Corporation Reports Fourth Quarter and Full Year Results for the Year Ended December 31, 2011.

Athens, Greece, February 21, 2012 – Danaos Corporation ("Danaos") (NYSE: DAC), a leading international owner of containerships, today reported unaudited results for the quarter and full year ended December 31, 2011.

Highlights for the Fourth Quarter and Full Year Ended December 31, 2011:

- **Operating revenues of $128.3 million for the three months ended December 31, 2011 compared to $100.5 million for the three months ended December 31, 2010, an increase of 27.7%. Operating revenues of $468.1 million for the year ended December 31, 2011 compared to $359.7 million for the year ended December 31, 2010, an increase of 30.1%.**
- **Adjusted EBITDA[1] of $88.8 million for the three months ended December 31, 2011 compared to $65.0 million for the three months ended December 31, 2010, an increase of 36.6%. Adjusted EBITDA[1] of $318.6 million for the year ended December 31, 2011 compared to $243.8 million for the year ended December 31, 2010, an increase of 30.7%.**
- **Adjusted net income[1] of $16.1 million, or $0.15 per share for the three months ended December 31, 2011 compared to $11.1 million, or $0.10 per share for the three months ended December 31, 2010. Adjusted net income[1] of $61.2 million, or $0.56 per share for the year ended December 31, 2011 compared to $58.0 million, or $0.77 per share for the year ended December 31, 2010.**
- **During the fourth quarter of 2011, we took delivery of two newly built containerships with an aggregate carrying capacity of 17,060 TEU, which have been both deployed on 12-year time charters.**
- **The remaining average charter duration of our fleet was 9.9 years as of December 31, 2011 (weighted by aggregate contracted charter hire).**
- **Total contracted operating revenues were $5.5 billion as of December 31, 2011, through 2028.**
- **Charter coverage of 88% for 2012 in terms of contracted operating days and 94% in terms of operating revenues.**

Three and Twelve Months Ended December 31, 2011
Financial Summary
(Expressed in thousands of United States dollars, except per share amounts):

	Three months ended December 31, 2011	Three months ended December 31, 2010	Twelve months ended December 31, 2011	Twelve months ended December 31, 2010
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating revenues	$128,344	$100,484	$468,101	$359,677
Net income/(loss)	$9,058	$(8,889)	$13,437	$(102,341)
Adjusted net income[1]	$16,129	$11,093	$61,164	$58,007
Earnings/(losses) per share	$0.08	$(0.08)	$0.12	$(1.36)
Adjusted earnings per share[1]	$0.15	$0.10	$0.56	$0.77
Weighted average number of shares (in thousands)	109,142	108,611	109,045	75,436
Adjusted EBITDA[1]	$88,810	$64,997	$318,607	$243,848

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

Danaos' CEO Dr. John Coustas commented:

This year was one of the most eventful ones in recent history. The year started with a strong container market but towards the end of the 2nd quarter we started to experience weakness in all segments and liner companies started to lose pricing power. This was due to the combined effect of a fight for market share from industry leaders, the slowdown in Europe Fareast trade due to the European debt crisis and the inflow of the substantial new capacity in this trade, the combined effect of which resulted in a new sharp deterioration of the box freight rates.

We are now entering 2012 with the liner companies in severe cash drain, which will hopefully be reversed by the rate hike announced for March. The charter market is also in breakeven mode with more than half a million TEU idle, which will delay any improvement in charter rates in the months ahead.

The only fortunate outcome is a complete standstill of new orders and even cancellation of some existing ones.

On the company front, in early 2011 we completed our restructuring, which gave us a solid capital structure to withstand market downturns.

We continued to execute our newbuilding program and during this last quarter we took delivery of two containerships of 8,530 TEU entering on 12 year time charters. The remaining newbuilding program is on track as we have already taken delivery of a 13,100 TEU containership in February 2012 and five more vessels of 60,930 TEU in aggregate will be delivered through the end of the 2nd quarter of 2012.

Our financial performance was strong as adjusted EBITDA was $88.8 million in the 4th quarter of 2011 compared to $65.0 million in the 4th quarter of 2010 and adjusted EBITDA for 2011 was $318.6 million compared to $243.8 for 2010.

Adjusted net income likewise was $16.1 million, or $0.15 per share and $61.2 million, or $0.56 per share for the quarter and the 12 months ending December 31st 2011, respectively.

Our charter coverage for 2012 currently stands at 94% in terms of operating revenues. We have at present three older vessels on cold lay up to minimize cash outflows. We are monitoring the development of the market in order to decide on their reactivation.

We are presently concentrating on the delivery of the remaining vessels to enhance cash flow generation and to commence the debt reduction process post 2012.

Three months ended December 31, 2011 compared to the three months ended December 31, 2010

During the quarter ended December 31, 2011, Danaos had an average of 57.9 containerships compared to 49.9 containerships for the same period in 2010. During the fourth quarter of 2011, we took delivery of two vessels, the CMA CGM Bianca, on October 26, 2011 and the CMA CGM Samson, on December 15, 2011. Our fleet utilization was reduced to 96.9% in the three months ended December 31, 2011 compared to 98.5% in the same period of 2010, mainly due to the 130 days for which two of our vessels were off-charter and laid-up by us in the fourth quarter of 2011.

Our adjusted net income was $16.1 million, or $0.15 per share, for the three months ended December 31, 2011 compared to $11.1 million, or $0.10 per share, for the three months ended December 31, 2010. We have adjusted our net income in the fourth quarter 2011 for a non-cash gain in fair value of derivatives of $7.1 million, realized losses on swaps of $8.7 million attributable to our over-hedging position (as described below), as well as a non-cash expense of $3.5 million for fees related to our comprehensive financing plan (related to non-cash, amortizing and accrued finance fees) and a non-cash stock based compensation expense of $2.0 million related to equity awards made to the Officers of the Company. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of 45.0%, or $5.0 million, in the adjusted net income for the three months ended December 31, 2011 compared to the three months ended December 31, 2010, was mainly attributable

to the increased Income from Operations, which was partially off-set by an increase in realized losses on our interest rate swap contracts (after the adjustment of the over-hedging portion), as well as increased interest expense (mainly due to the higher average indebtedness) during the three months ended December 31, 2011 compared to the same period in 2010.

On a non-adjusted basis our net income was $9.1 million, or $0.08 per share, for the fourth quarter of 2011, compared to net loss of $8.9 million, or $0.08 per share, for the fourth quarter of 2010.

As a result of our comprehensive financing plan, we are in an over-hedged position under our cash flow interest rate swaps, which is due to deferred progress payments to shipyards, cancellation of three newbuildings in 2010, the replacement of variable interest rate debt with fixed interest rate Vendor Financing and equity proceeds from our private placement in 2010, all of which reduced initially forecasted variable interest rate debt and resulted in notional cash flow interest rate swaps being above our variable interest rate debt eligible for hedging. The over-hedged position described above will be gradually reduced and ultimately eliminated during the second half of 2012, following the delivery of all of our remaining newbuildings and the full drawdown of our committed debt.

Operating Revenue
Operating revenue increased 27.7%, or $27.8 million, to $128.3 million in the three months ended December 31, 2011, from $100.5 million in the three months ended December 31, 2010. The increase was primarily attributable to the addition of nine vessels to our fleet, as follows:

Vessel Name	Vessel Size (TEU)	Date Delivered
Hanjin Algeciras	3,400	January 26, 2011
Hanjin Germany	10,100	March 10, 2011
Hanjin Italy	10,100	April 6, 2011
Hanjin Constantza	3,400	April 15, 2011
Hanjin Greece	10,100	May 4, 2011
CMA CGM Attila	8,530	July 8, 2011
CMA CGM Tancredi	8,530	August 22, 2011
CMA CGM Bianca	8,530	October 26, 2011
CMA CGM Samson	8,530	December 15, 2011

These additions to our fleet contributed revenues of $30.3 million during the three months ended December 31, 2011 (728 operating days in total).

Furthermore, operating revenues for the three months ended December 31, 2011, reflect:

- $0.2 million in incremental revenues in the three months ended December 31, 2011 compared to the same period of 2010, related to one 3,400 TEU containership (the Hanjin Versailles, which was added to our fleet on October 11, 2010).
- $2.7 million decrease in revenues in the three months ended December 31, 2011 compared to the same period of 2010, which was mainly attributable to re-chartering of certain vessels at reduced charter rates in the fourth quarter of 2011, as well as increased off-hire days by 100 days, to 167 days (including two of our vessels that were off-charter and laid up) in the three months ended December 31, 2011, from 67 days in the three months ended December 31, 2010.

Vessel Operating Expenses
Vessel operating expenses increased 16.5%, or $4.5 million, to $31.7 million in the three months ended December 31, 2011, from $27.2 million in the three months ended December 31, 2010. The increase is mainly attributable to the increased average number of vessels in our fleet during the three months ended December 31, 2011 compared to the same period of 2010. The average daily operating cost per vessel essentially remained stable, at $6,318 for the three months ended December 31, 2011 compared to $6,310 for the three months ended December 31, 2010 (excluding vessels on lay-up).

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

Depreciation
Depreciation expense increased 32.7%, or $7.3 million, to $29.6 million in the three months ended December 31, 2011, from $22.3 million in the three months ended December 31, 2010. The increase in depreciation expense was due to the increased average number of vessels in our fleet (with higher cost base) during the three months ended December 31, 2011 compared to the same period of 2010.

Amortization of Deferred Dry-docking and Special Survey Costs
Amortization of deferred dry-docking and special survey costs were $1.2 million in each of the three months ended December 31, 2011 and 2010, respectively.

General and Administrative Expenses
General and administrative expenses increased 1.4%, or $0.1 million, to $7.0 million in the three months ended December 31, 2011, from $6.9 million in the same period of 2010. The increase was the result of increased fees of $0.5 million to our Manager, due to the increase in the average number of vessels in our fleet, as well as increased non-cash stock-based compensation expense of $0.5 million in the fourth quarter of 2011 compared to the same period of 2010, which were partially offset by a $0.9 million reduction in legal and advisory fees recorded in the three months ended December 31, 2011 compared to the same period of 2010.

Other Operating Expenses
Other Operating Expenses includes Voyage Expenses

Voyage Expenses
Voyage expenses decreased by $0.2 million, to $2.9 million in the three months ended December 31, 2011, from $3.1 million in the three months ended December 31, 2010.

Interest Expense and Interest Income
Interest expense increased by 45.5%, or $5.0 million, to $16.0 million in the three months ended December 31, 2011, from $11.0 million in the three months ended December 31, 2010. The change in interest expense was due to the increase in our average debt by $423.9 million, to $2,982.4 million in the quarter ended December 31, 2011, from $2,558.5 million in the quarter ended December 31, 2010, which was partially offset by the decrease in the margin over LIBOR payable on interest under our credit facilities in the three months ended December 31, 2011 compared to the three months ended December 31, 2010, in accordance with our comprehensive financing plan, which sets the margin at 1.85% (in relation to our credit facilities under our Bank Agreement). Furthermore, the financing of our newbuilding program resulted in interest being capitalized, rather than such interest being recognized as an expense, of $3.2 million for the three months ended December 31, 2011 compared to $4.2 million of capitalized interest for the three months ended December 31, 2010.

Interest income was $0.3 million in each of the three months ended December 31, 2011 and 2010, respectively.

Other finance costs, net
Other finance costs, net, increased by $2.5 million, to $3.7 million in the three months ended December 31, 2011, from $1.2 million in the three months ended December 31, 2010. During the fourth quarter of 2011, we recorded an expense of $0.4 million of accrued finance fees related to our comprehensive financing plan, as well as a $2.8 million increase in amortization of finance fees (which were deferred and are amortized over the life of the respective credit facilities) compared to the same period in 2010. During the fourth quarter of 2010, we also recorded a one-time expense of $0.7 million related to bank fees incurred in connection with our comprehensive financing plan.

Other income/(expenses), net
Other income/(expenses), net, was nil in the three months ended December 31, 2011, compared to an expense of $17.7 million in the three months ended December 31, 2010. This was mainly the result of legal and advisory fees of $18.0 million attributable to fees related to preparing and structuring the comprehensive financing plan, which were recorded during the three months ended December 31, 2010.

Unrealized (loss)/gain on derivatives
Unrealized gain on interest rate swap hedges decreased by $1.2 million, to $7.1 million in the three months ended December 31, 2011, from $8.3 million in the three months ended December 31, 2010,

which is attributable to hedge accounting ineffectiveness and mark to market valuation of two of our swaps not qualifying for hedge accounting.

Realized (loss)/gain on derivatives
Realized loss on interest rate swap hedges, increased by $7.6 million, to $34.9 million in the three months ended December 31, 2011, from $27.3 million in the three months ended December 31, 2010, which is attributable to the higher average notional amount of swaps during the three months ended December 31, 2011 compared to the same period of 2010, as well as the reduction in the realized losses being deferred for the respective periods (as discussed below) following the gradual delivery of our vessels under construction, which is partially offset by the higher floating LIBOR rates during the three months ended December 31, 2011 compared to the same period of 2010.

In addition, realized losses on cash flow hedges of $6.4 million and $8.7 million in the three months ended December 31, 2011 and 2010, respectively, were deferred in "Accumulated Other Comprehensive Loss", rather than such realized losses being recognized as expenses, and will be reclassified into earnings over the depreciable lives of these vessels under construction, which are financed by loans with interest rates that have been hedged by our interest rate swap contracts. The table below provides an analysis of the items discussed above, and which were recorded in the three months ended December 31, 2011 and 2010:

	Three months ended December 31, 2011	Three months ended December 31, 2010
	(in millions)	
Total realized losses of swaps	(41.3)	(36.0)
Realized losses of swaps deferred in OCL	6.4	8.7
Realized losses of swaps expensed in P&L	**(34.9)**	**(27.3)**
Realized losses attributable to overhedging	8.7	9.2
Adjusted realized losses attributable to hedged debt	**(26.2)**	**(18.1)**

Adjusted EBITDA
Adjusted EBITDA increased 36.6%, or $23.8 million, to $88.8 million in the three months ended December 31, 2011, from $65.0 million in the three months ended December 31, 2010. Adjusted EBITDA for the fourth quarter of 2011, is adjusted for a non-cash gain in fair value of derivatives of $7.7 million, realized losses on derivatives of $34.9 million, as well as an expense of $3.5 million for fees related to our comprehensive financing plan (related to non-cash, amortizing and accrued finance fees) and non-cash stock-based compensation of $2.1 million. Tables reconciling Adjusted EBITDA to Net Income/(Loss) can be found at the end of this earnings release.

Twelve months ended December 31, 2011 compared to the twelve months ended December 31, 2010

During the twelve months ended December 31, 2011, Danaos had an average of 54.9 containerships compared to 45.7 containerships for 2010. Our fleet utilization declined to 97.6% in the twelve months ended December 31, 2011 compared to 98.3% in 2010, mainly due to the 144 days for which two of our vessels were off-charter and laid up in the third and fourth quarter of 2011.

Our adjusted net income was $61.2 million, or $0.56 per share, for the twelve months ended December 31, 2011 compared to $58.0 million, or $0.77 per share, for the twelve months ended December 31, 2010. We have adjusted our net income for the twelve months ended December 31, 2011 for a non-cash gain in fair value of derivatives of $9.0 million, a non-cash loss in fair value of warrants of $2.3 million, realized losses on swaps of $38.9 million attributable to our over-hedging position, an expense of $2.3 million for fees related to our comprehensive financing plan (related to legal and advisory fees), a non-cash expense of $11.3 million for amortizing and accrued finance fees and a non-cash stock-based compensation expense of $2.0 million related to equity awards made to the officers of the Company. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of 5.5%, or $3.2 million, in adjusted net income for the twelve months ended December 31, 2011 compared to the twelve months ended December 31, 2010 was mainly attributable to increased Income from Operations, which was partially offset by increased realized losses on our interest rate swap contracts (after the adjustment of the over-hedging portion) recorded in our Statement of Income during the twelve months ended December 31, 2011 compared to 2010, as well as increased interest expense due to higher average indebtedness in 2011 compared to 2010 (which was partially offset by a reduced margin over LIBOR applicable to borrowings following our Bank Agreement that resets the margin to 1.85% for all our credit facilities under our Bank Agreement).

On a non-adjusted basis, our net income was $13.4 million, or $0.12 per share, for the twelve months ended December 31, 2011, compared to net loss of $102.3 million, or $1.36 per share, for the twelve months ended December 31, 2010.

Operating Revenue
Operating revenue increased 30.1%, or $108.4 million, to $468.1 million in the twelve months ended December 31, 2011, from $359.7 million in the twelve months ended December 31, 2010. The increase was primarily attributable to the addition to our fleet of nine vessels, as follows:

Vessel Name	Vessel Size (TEU)	Date Delivered
Hanjin Algeciras	3,400	January 26, 2011
Hanjin Germany	10,100	March 10, 2011
Hanjin Italy	10,100	April 6, 2011
Hanjin Constantza	3,400	April 15, 2011
Hanjin Greece	10,100	May 4, 2011
CMA CGM Attila	8,530	July 8, 2011
CMA CGM Tancredi	8,530	August 22, 2011
CMA CGM Bianca	8,530	October 26, 2011
CMA CGM Samson	8,530	December 15, 2011

These additions to our fleet contributed revenues of $74.0 million during the twelve months ended December 31, 2011 (1,803 operating days in total). Furthermore, operating revenues for the twelve months ended December 31, 2011, reflect:

- $44.7 million incremental revenues in the twelve months ended December 31, 2011 compared to 2010, related to the delivery of six 6,500 TEU containerships (the CMA CGM Musset, the CMA CGM Nerval, the CMA CGM Rabelais, the CMA CGM Racine, the YM Mandate and the YM Maturity, which were added to our fleet on March 12, 2010, May 17, 2010, July 2, 2010, August 16, 2010, May 19, 2010 and August 18, 2010, respectively) and three 3,400 TEU containerships (the Hanjin Buenos Aires, the Hanjin Santos and the Hanjin Versailles, which were added to our fleet on May 27, 2010, July 6, 2010 and October 11, 2010, respectively).
- $0.1 million reduction in revenues in the twelve months ended December 31, 2011 compared to the twelve months ended December 31, 2010. This was due to the sale of one 1,704 TEU containership, the MSC Eagle, on January 22, 2010, that contributed nil revenues in the twelve months ended December 31, 2011 compared to $0.1 million of revenues in the twelve months ended December 31, 2010.
- $2.2 million reduction in revenues due to an increase in off-hire revenue days by 51 days, to 333 days in the twelve months ended December 31, 2011, from 282 days in the twelve months ended December 31, 2010.
- $2.3 million reduction in revenues due to 144 off-charter revenue days for two of our vessels, which were laid-up in the third and fourth quarter of 2011.
- $5.7 million reduction in revenues in the twelve months ended December 31, 2011 compared to 2010. This was mainly attributable to re-chartering of certain vessels at reduced charter rates in 2010 carried over in 2011.

Vessel Operating Expenses
Vessel operating expenses increased 34.9%, or $30.8 million, to $119.1 million in the twelve months ended December 31, 2011, from $88.3 million in the twelve months ended December 31, 2010. The increase is mainly attributable to the increased average number of vessels in our fleet during the twelve months ended December 31, 2011 compared to 2010, as well as incremental costs of certain

vessels, which were on lay-up for 249 days in aggregate during the twelve months ended December 31, 2011 compared to 1,311 days in 2010. The average daily operating cost per vessel increased to $6,246 for the twelve months ended December 31, 2011, from $5,884 for the twelve months ended December 31, 2010 (excluding those vessels on lay-up), which is mainly attributable to the increased daily repair & maintenance and lubricant costs (following the increase of crude oil prices) during the twelve months ended December 31, 2011 compared to 2010, as well as upward cost pressure on Euro denominated costs resulting from the weaker US Dollar in the twelve months ended December 31, 2011 compared to 2010.

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

Depreciation
Depreciation expense increased 37.9%, or $29.2 million, to $106.2 million in the twelve months ended December 31, 2011, from $77.0 million in the twelve months ended December 31, 2010. The increase in depreciation expense was due to the increased average number of vessels in our fleet (with higher cost base) during the twelve months ended December 31, 2011, compared to 2010.

Amortization of Deferred Dry-docking and Special Survey Costs
Amortization of deferred dry-docking and special survey costs decreased 21.6%, or $1.6 million, to $5.8 million in the twelve months ended December 31, 2011, from $7.4 million in the twelve months ended December 31, 2010. During the twelve months ended December 31, 2010, we had written-off the remaining unamortized balances of deferred dry-docking and special survey costs of $1.4 million related to three of our vessels, due to dry-docking rescheduling.

General and Administrative Expenses
General and administrative expenses decreased 9.9%, or $2.3 million, to $21.0 million in the twelve months ended December 31, 2011, from $23.3 million in 2010. The decrease was the result of a $4.9 million reduction in legal and advisory fees recorded in the twelve months ended December 31, 2011 compared to 2010, which was partially offset by increased fees of $2.1 million to our Manager in the twelve months ended December 31, 2011 compared to 2010, due to the increase in the average number of vessels in our fleet, as well as increased non-cash stock-based compensation of $0.5 million recorded in the twelve months ended December 31, 2011 compared to 2010.

Other Operating Expenses
Other Operating Expenses includes Voyage Expenses.

Voyage Expenses
Voyage expenses increased 36.7%, or $2.9 million, to $10.8 million in the twelve months ended December 31, 2011, from $7.9 million for the twelve months ended December 31, 2010. The increase was the result of increased port expenses, commissions and other voyage expenses due to the increased number of vessels in our fleet in the twelve months ended December 31, 2011 compared to 2010. Furthermore, during the twelve months ended December 31, 2011, we incurred an expense of $0.8 million related to fuel costs due to the repositioning of one of our vessels. Our vessels are not otherwise subject to fuel costs, which are paid by our charterers.

Interest Expense and Interest Income
Interest expense increased 33.7%, or $13.9 million, to $55.1 million in the twelve months ended December 31, 2011, from $41.2 million in the twelve months ended December 31, 2010. The change in interest expense was due to the increase in our average debt by $406.6 million, to $2,813.0 million in the twelve months ended December 31, 2011, from $2,406.4 million in the twelve months ended December 31, 2010, which was partially offset by the decrease in the margin over LIBOR payable on interest under our credit facilities in the twelve months ended December 31, 2011 compared to the twelve months ended December 31, 2010, in accordance with our comprehensive financing plan, which sets the margin at 1.85% (in relation to our credit facilities under our Bank Agreement). Furthermore, the financing of our extensive newbuilding program resulted in interest being capitalized, rather than such interest being recognized as an expense, of $16.1 million for the twelve months ended December 31, 2011 compared to $23.9 million of capitalized interest for the twelve months ended December 31, 2010.

Interest income increased by $0.3 million, to $1.3 million in the twelve months ended December 31, 2011, from $1.0 million in the twelve months ended December 31, 2010, which was mainly attributable to higher average cash balances for the twelve months ended December 31, 2011 compared to 2010.

Other finance costs, net
Other finance costs, net, increased by $8.5 million, to $14.6 million in the twelve months ended December 31, 2011, from $6.1 million in the twelve months ended December 31, 2010. The increase is attributable to increased amortization of finance fees of $8.4 million (which were deferred and are amortized over the life of the respective credit facilities) and $1.6 million of finance fees accrued for the twelve months ended December 31, 2011, as well as a non-cash loss in fair value of warrants of $2.3 million recorded in the twelve months ended December 31, 2011. Furthermore, during the twelve months ended December 31, 2010, we recorded an expense of $3.8 million of one-time fees related to our comprehensive financing plan.

Other income/(expenses), net
Other income/(expenses), net, was an expense of $2.0 million in the twelve months ended December 31, 2011, compared to an expense of $5.1 million in the twelve months ended December 31, 2010. During the twelve months ended December 31, 2011, we recorded an expense of $2.3 million for fees directly related to our comprehensive financing plan. Furthermore, during the twelve months ended December 31, 2010, we recorded an expense of $18.0 million for fees directly related to our comprehensive financing plan, which were partially offset by a gain of $12.6 million in relation to an agreement entered into with the charterer of the three newbuildings cancelled on May 25, 2010 in consideration for the termination of the respective charter parties.

Unrealized (loss)/gain on derivatives
Unrealized gain/(loss) on interest rate swap hedges, decreased by $57.9 million, to a gain of $9.0 million in the twelve months ended December 31, 2011, from a loss of $48.9 million in the twelve months ended December 31, 2010, which is attributable to hedge accounting ineffectiveness and mark to market valuation of two of our swaps not qualifying for hedge accounting.

Realized (loss)/gain on derivatives
Realized loss on interest rate swap hedges, increased by $42.0 million, to $130.3 million in the twelve months ended December 31, 2011, from $88.3 million in the twelve months ended December 31, 2010, which is mainly attributable to the higher average notional amount of swaps and the persisting low floating LIBOR rates, as well as the reduction in the realized losses being deferred for the respective periods (as discussed below) following the gradual delivery of our vessels under construction.

In addition, realized losses on cash flow hedges of $31.3 million and $38.5 million in the twelve months ended December 31, 2011 and 2010, respectively, were deferred in "Accumulated Other Comprehensive Loss", rather than such realized losses being recognized as expenses, and will be reclassified into earnings over the depreciable lives of these vessels under construction, which are financed by loans with interest rates that have been hedged by our interest rate swap contracts. The table below provides an analysis of the items discussed above, and which were recorded in the twelve months ended December 31, 2011 and 2010:

	Twelve months ended December 31, 2011	Twelve months ended December 31, 2010
	(in millions)	
Total realized losses of swaps	(161.6)	(126.8)
Realized losses of swaps deferred in OCL	31.3	38.5
Realized losses of swaps expensed in P&L	**(130.3)**	**(88.3)**
Realized losses attributable to overhedging	38.9	28.8
Adjusted realized losses attributable to hedged debt	**(91.4)**	**(59.5)**

Adjusted EBITDA
Adjusted EBITDA increased by $74.8 million, or 30.7%, to $318.6 million in the twelve months ended December 31, 2011, from $243.8 million in the twelve months ended December 31, 2010. Adjusted EBITDA in 2011 excludes a non-cash gain in fair value of derivatives of $10.5 million, realized losses on derivatives of $130.3 million, a non-cash stock-based compensation of $2.2 million, an expense of $15.9 million for fees related to our comprehensive financing plan ($11.3 million of non-cash, amortizing and accrued finance fees, a non-cash loss in fair value of warrants of $2.3 million and $2.3 million of legal and advisory fees) recorded in the twelve months ended December 31, 2011. Tables reconciling Adjusted EBITDA to Net (Loss) / Income can be found at the end of this earnings release.

Recent News
On February 16, 2012, the Company took delivery of the newbuilding 13,100 TEU vessel, the Hyundai Together. The vessel has been deployed on a 12-year time charter with one of the world's major liner companies.

Conference Call and Webcast
On Wednesday, February 22, at 9:00 A.M. EST, 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 February 29, 2012 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#

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

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 60 containerships aggregating 304,249 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 5 additional containerships aggregating 60,930 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 167 off-hire days in the fourth quarter of 2011 (including 130 days related to Marathonas and Independence, which have been off-charter and laid up). 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)	First Quarter 2011	Second Quarter 2011	Third Quarter 2011	Fourth Quarter 2011	Total
Ownership Days	4,587	4,953	5,185	5,328	**20,053**
Less Off-hire Days:					
Scheduled Off-hire Days	(119)	(86)	—	(4)	**(209)**
Other Off-hire Days	(31)	(42)	(32)	(163)	**(268)**
Operating Days	**4,437**	**4,825**	**5,153**	**5,161**	**19,576**
Vessel Utilization	**96.7%**	**97.4%**	**99.4%**	**96.9%**	**97.6%**
Operating Revenues (in '000s of US Dollars)	**$98,989**	**$114,764**	**$126,004**	**$128,344**	**$468,101**
Average Daily Charter Rate	**$22,310**	**$23,785**	**$24,453**	**$24,868**	**$23,912**

Fleet List

The following table describes in detail our fleet deployment profile as of February 21, 2012.

Vessel Name	Vessel Size (TEU)	Year Built	Expiration of Charter[1]
Containerships			
Hyundai Together	13,100	2012	February 2024
Hanjin Italy	10,100	2011	April 2023
Hanjin Germany	10,100	2011	March 2023
Hanjin Greece	10,100	2011	May 2023
CSCL Le Havre	9,580	2006	September 2018
CSCL Pusan	9,580	2006	July 2018
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	September 2016
CSCL Europe	8,468	2004	June 2016
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
YM Mandate	6,500	2010	January 2028
CMA CGM Racine[2]	6,500	2010	July 2022
YM Maturity	6,500	2010	April 2028
Marathonas	4,814	1991	Laid-up
Messologi [3]	4,814	1991	September 2012
Mytilini[4]	4,814	1991	October 2012
APL Commodore[5]	4,651	1992	March 2013
Hyundai Duke[6]	4,651	1992	February 2013
Hyundai Federal[7]	4,651	1994	September 2012
YM Colombo	4,300	2004	March 2019
YM Singapore	4,300	2004	October 2019
Taiwan Express[8]	4,253	2007	July 2019
YM Vancouver	4,253	2007	September 2019
Derby D[9]	4,253	2004	February 2014
Deva	4,253	2004	December 2013
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
Honour[10]	3,908	1989	Laid-up
Hope[11]	3,908	1989	June 2012
Hanjin Constantza	3,400	2011	February 2021
Hanjin Algeciras	3,400	2011	November 2020
Hanjin Buenos Aires	3,400	2010	March 2020
Hanjin Santos	3,400	2010	May 2020
Hanjin Versailles	3,400	2010	August 2020
SCI Pride	3,129	1988	July 2012
Lotus	3,098	1988	July 2012
Independence	3,045	1986	Laid-up
Henry	3,039	1986	July 2012
Elbe [12]	2,917	1991	April 2012
Kalamata[13]	2,917	1991	August 2012
Komodo[14]	2,917	1991	April 2013

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	2,130	1984	March 2012

(1) Earliest date charters could expire. Some charters include options to extend their terms.
(2) Vessel subject to charterer's option to purchase vessel after first eight years of time charter term for $78.0 million.
(3) On April 15, 2011, the *Maersk Messologi* was renamed to *Messologi* at the request of the charterer of this vessel.
(4) On October 17, 2011, the *Maersk Mytilini* was renamed to *Mytilini* at the request of the charterer of this vessel.
(5) On September 21, 2011, the *Hyundai Commodore* was renamed to *APL Commodore* at the request of the charterer of this vessel.
(6) On January 29, 2012, the *APL Duke* was renamed to *Hyundai Duke* at the request of the charterer of this vessel.
(7) On January 31, 2012, the *APL Federal* was renamed to *Hyundai Federal* at the request of the charterer of this vessel.
(8) On June 4, 2011, the *YM Seattle* was renamed to *Taiwan Express* at the request of the charterer of this vessel.
(9) On May 28, 2011, the *Bunga Raya Tiga* was renamed to *Derby D* at the request of the charterer of this vessel.
(10) On January 31, 2011, the *Al Rayan* was renamed to *Honour* at the request of the charterer of this vessel.
(11) On July 1, 2011, the *YM Yantian* was renamed to *Hope* at the request of the charterer of this vessel.
(12) On May 28, 2011, the *Jiangsu Dragon* was renamed to *Elbe* at the request of the charterer of this vessel.
(13) On August 6, 2011, the *California Dragon* was renamed to *Kalamata* at the request of the charterer of this vessel.
(14) On May 24, 2011, the *Shenzhen Dragon* was renamed to *Komodo* 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.

Vessel Name	Vessel Size (TEU)	Expected Delivery(*)	Charter Term
HN H 1022A	8,530	1st Quarter 2012	12 years
Hull No S-457	13,100	1st Quarter 2012	12 years
Hull No S-458	13,100	2nd Quarter 2012	12 years
Hull No S-459	13,100	2nd Quarter 2012	12 years
Hull No S-460	13,100	2nd Quarter 2012	12 years

(*) Delivery date represents most recent update regarding respective event.

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

	Three months ended December 31, 2011	Three months ended December 31, 2010	Twelve months ended December 31, 2011	Twelve months ended December 31, 2010
OPERATING REVENUES	**$128,344**	**$100,484**	**$468,101**	**$359,677**
OPERATING EXPENSES				
Vessel operating expenses	(31,679)	(27,222)	(119,127)	(88,272)
Depreciation & amortization	(30,750)	(23,485)	(111,978)	(84,471)
General & administrative	(6,982)	(6,862)	(21,028)	(23,255)
Gain on sale of vessels	—	—	—	1,916
Impairment loss	—	—	—	(71,509)
Other operating expenses	(2,850)	(3,099)	(10,765)	(7,928)
Income From Operations	**56,083**	**39,816**	**205,203**	**86,158**
OTHER EARNINGS (EXPENSES)				
Interest income	335	272	1,304	964
Interest expense	(15,958)	(10,996)	(55,124)	(41,158)
Other finance cost, net	(3,665)	(1,234)	(14,581)	(6,055)
Other income/(expenses), net	(5)	(17,722)	(1,986)	(5,069)
Realized (loss)/gain on derivatives	(34,879)	(27,277)	(130,341)	(88,302)
Unrealized gain/(loss) on derivatives	7,147	8,252	8,962	(48,879)
Total Other Income (Expenses), net	**(47,025)**	**(48,705)**	**(191,766)**	**(188,499)**
Net Income/(Loss)	**$9,058**	**$(8,889)**	**$13,437**	**$(102,341)**
EARNINGS/(LOSS) PER SHARE				
Basic & diluted net income/(loss) per share	$0.08	$(0.08)	$0.12	$(1.36)
Basic & diluted weighted average number of common shares (in thousands of shares)	109,142	108,611	109,045	75,436

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

	Three months ended December 31, 2011	Three months ended December 31, 2010	Twelve months ended December 31, 2011	Twelve months ended December 31, 2010
Net income/(loss)	$9,058	$(8,889)	$13,437	$(102,341)
Unrealized (gain)/loss on derivatives	(7,147)	(8,252)	(8,962)	48,879
Realized losses on over-hedging portion of	8,663	9,207	38,858	28,811
Comprehensive Financing Plan related fees	—	18,689	2,266	24,326
Amortization of financing fees & finance fees accrued	3,535	338	11,292	1,339
Non-cash change in fair value of warrants	—	—	2,253	—
Stock-based compensation of Danaos Corporation Officers	2,020	—	2,020	—
Impairment loss	—	—	—	71,509
Gain on contract termination	—	—	—	(12,600)
Gain on sale of vessels	—	—	—	(1,916)
Adjusted Net Income	**$16,129**	**$11,093**	**$61,164**	**$58,007**
Adjusted Earnings Per Share	**$0.15**	**$0.10**	**$0.56**	**$0.77**
Weighted average number of shares	109,142	108,611	109,045	75,436

* 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 twelve months ended December 31, 2011 and 2010. 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
(Expressed in thousands of United States dollars)

	As of December 31, 2011 (Unaudited)	As of December 31, 2010 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$51,362	$229,835
Restricted cash, current portion	2,909	2,907
Accounts receivable, net	4,176	4,112
Other current assets	34,844	29,976
	93,291	266,830
NON-CURRENT ASSETS		
Fixed assets, net	3,241,951	2,273,483
Advances for vessels under construction	524,286	904,421
Deferred charges, net	99,711	24,692
Fair value of financial instruments	3,964	4,465
Other non-current assets	24,901	15,239
	3,894,813	3,222,300
TOTAL ASSETS	**3,988,104**	**3,489,130**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	41,959	21,619
Vendor Financing, current portion	10,857	—
Accounts payable, accrued liabilities & other current liabilities	58,254	95,131
Fair value of financial instruments, current portion	120,623	129,747
	231,693	246,497
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	2,960,288	2,543,907
Vendor financing, net of current portion	54,288	—
Fair value of financial instruments, net of current portion	291,829	302,161
Other long-term liabilities	7,471	4,153
	3,313,876	2,850,221
STOCKHOLDERS' EQUITY		
Common stock	1,096	1,086
Additional paid-in capital	545,884	489,672
Treasury stock	—	(3)
Accumulated other comprehensive loss	(456,105)	(436,566)
Retained earnings	351,660	338,223
	442,535	392,412
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$3,988,104**	**$3,489,130**

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

	Three months ended December 31, 2011	Three months ended December 31, 2010	Twelve months ended December 31, 2011	Twelve months ended December 31, 2010
Operating Activities:				
Net income/(loss)	$9,058	$(8,889)	$13,437	$(102,341)
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	29,598	22,251	106,178	77,045
Impairment loss	—	—	—	71,509
Amortization of deferred drydocking & special survey costs, finance cost and other finance fees accrued	4,687	1,572	17,092	8,765
Written-off amount of deferred charges	—	—	—	1,084
Stock-based compensation	2,112	1,625	2,182	1,685
Payments for drydocking/special survey	(210)	(571)	(7,218)	(3,123)
Non-cash change in fair value of warrants	—	—	2,253	—
Amortization of deferred realized losses on cash flow interest rate swaps	529	207	1,575	473
Unrealized loss/(gain) on derivatives	(7,676)	(8,459)	(10,537)	48,406
Realized losses on derivatives deferred in Other Comprehensive Loss	(6,413)	(8,672)	(31,320)	(38,505)
Gain on sale of vessels	—	—	—	(1,916)
Accounts receivable	1,621	107	(64)	(380)
Other assets, current and non-current	(441)	(8,991)	(14,530)	(18,949)
Accounts payable and accrued liabilities	751	23,505	(15,457)	32,449
Other liabilities, current and non-current	(5,262)	266	(4,099)	2,588
Net Cash provided by Operating Activities	**28,354**	**13,951**	**59,492**	**78,790**
Investing Activities:				
Vessels under construction and vessels additions	(190,473)	(119,706)	(644,593)	(589,511)
Proceeds from sale of vessels	—	—	—	1,764
Net Cash used in Investing Activities	**(190,473)**	**(119,706)**	**(644,593)**	**(587,747)**
Financing Activities:				
Debt draw downs	154,689	41,580	482,286	437,399
Debt repayment	(2,592)	(3,842)	(45,369)	(208,751)
Proceeds from equity issuance	—	—	—	200,000
Treasury stock purchased	—	—	—	(50)
Deferred costs	(70)	(1,596)	(30,287)	(7,420)
Decrease in restricted cash	(2,813)	10,808	(2)	195,564
Net Cash provided by Financing Activities	**149,214**	**46,950**	**406,628**	**616,742**
Net Decrease in cash and cash equivalents	(12,905)	(58,805)	(178,473)	107,785
Cash and cash equivalents, beginning of period	64,267	288,640	229,835	122,050
Cash and cash equivalents, end of period	**$51,362**	**$229,835**	**$51,362**	**$229,835**

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

	Three months ended December 31, 2011	Three months ended December 31, 2010	Twelve months ended December 31, 2011	Twelve months ended December 31, 2010
Net income/(loss)	$9,058	$(8,889)	$13,437	$(102,341)
Depreciation	29,598	22,251	106,178	77,045
Amortization of deferred drydocking & special survey costs	1,152	1,234	5,800	7,426
Amortization of deferred finance costs and other finance fees accrued	3,535	338	11,292	1,339
Amortization of deferred realized losses on cash flow interest rate swaps	529	207	1,575	473
Interest income	(335)	(272)	(1,304)	(964)
Interest expense	15,958	10,996	55,124	41,158
Non-cash changes in fair value of derivatives	(7,676)	(8,459)	(10,537)	48,406
Realized loss on derivatives	34,879	27,277	130,341	88,302
Gain on sale of vessels	—	—	—	(1,916)
Impairment loss	—	—	—	71,509
Stock based compensation	2,112	1,625	2,182	1,685
Comprehensive Financing Plan related fees	—	18,689	2,266	24,326
Gain on contract termination	—	—	—	(12,600)
Non-cash changes in fair value of warrants	—	—	2,253	—
Adjusted EBITDA[(1)]	**$88,810**	**$64,997**	**$318,607**	**$243,848**

1) Adjusted EBITDA represents net income/(loss) before interest income and expense, depreciation, amortization of deferred drydocking & special survey costs and deferred finance costs, impairment loss, gain/(loss) on sale of vessels, non-cash changes in fair value of derivatives and warrants, realized gain/(loss) on derivatives, stock based compensation and other items in relation to the Company's comprehensive financing plan. 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. 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 twelve months ended December 31, 2011 and 2010. 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.