World – Class Shipping, Leading – Edge Expertise

DANAOS CORPORATION

Danaos Corporation Reports First Quarter Results for the Period Ended March 31, 2012.

Athens, Greece, May 9, 2012 – Danaos Corporation ("Danaos") (NYSE: DAC), a leading international owner of containerships, today reported unaudited results for the quarter ended March 31, 2012.

Highlights for the First Quarter Ended March 31, 2012:

- **Operating revenues of $134.2 million for the three months ended March 31, 2012 compared to $99.0 million for the three months ended March 31, 2011, an increase of 35.6%.**
- **Adjusted EBITDA[1] of $96.4 million for the three months ended March 31, 2012 compared to $65.2 million for the three months ended March 31, 2011, an increase of 47.9%.**
- **Adjusted net income[1] of $17.6 million, or $0.16 per share, for the three months ended March 31, 2012 compared to $11.4 million, or $0.10 per share, for the three months ended March 31, 2011.**
- **During the first quarter of 2012, we took delivery of three newly built containerships with an aggregate carrying capacity of 34,730 TEU, which have been all deployed on 12-year time charters.**
- **The remaining average charter duration of our fleet was 10.0 years as of March 31, 2012 (weighted by aggregate contracted charter hire).**
- **Total contracted operating revenues were $5.4 billion as of March 31, 2012, through 2028.**
- **Charter coverage of 88% for the remainder of 2012 in terms of contracted operating days and 95% in terms of operating revenues.**

Three Months Ended March 31, 2012
Financial Summary
(Expressed in thousands of United States dollars, except per share amounts):

	Three months ended March 31, 2012	Three months ended March 31, 2011
	(unaudited)	(unaudited)
Operating revenues	$134,237	$98,989
Net income	$9,342	$5,443
Adjusted net income[1]	$17,587	$11,354
Earnings per share	$0.09	$0.05
Adjusted earnings per share[1]	$0.16	$0.10
Weighted average number of shares (in thousands)	109,605	108,611
Adjusted EBITDA[1]	$96,438	$65,178

Danaos' CEO Dr. John Coustas commented:

During this first quarter, we evidenced the seeds of the container market recovery. The Liner companies were aligned in box rate hikes which, until now, have been pretty successful. The charter market became more active with rates on some post-panamax vessels almost doubling and we

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

evidence a trickle down effect on the large panamaxes. This development will put most liner companies back in the black for 2012 and will greatly reduce the counterparty risk that was troubling the market.

On the supply front, we continue to experience restraint in new orders with the notable exception of the much awaited Evergreen contract for 10 large post-panamaxes.

On the Company front, we continue with the delivery of our fleet. As of today, we have taken delivery of all but two 13,100 TEU vessels, which are scheduled to be delivered until the end of June 2012.

Our financial performance continues to improve. We recorded for the quarter an adjusted EBITDA of $96.4 million and adjusted net income of $17.6 million and 16 cents per share compared to $11.4 million and 10 cents per share for the 1st quarter of 2011.

Our charter coverage for the remainder of 2012 stands at 95% in terms of operating revenues. We still have three vessels in cold layup and we are evaluating their employment possibilities.

We are getting very close to the successful completion of one of the most ambitious new building programs within the next quarter to maximize the cash generating capacity of our company.

Three months ended March 31, 2012 compared to the three months ended March 31, 2011

During the quarter ended March 31, 2012, Danaos had an average of 60.1 containerships compared to 51.0 containerships for the same period in 2011. During the first quarter of 2012, we took delivery of three vessels, the Hyundai Together, on February 16, 2012, the CMA CGM Melisande, on February 28, 2012 and the Hyundai Tenacity, on March 8, 2012. Our fleet utilization was reduced to 94.5% in the three months ended March 31, 2012 compared to 96.7% in the same period of 2011, mainly due to the 246 days for which three of our vessels were off-charter and laid-up by us in the first quarter of 2012.

Our adjusted net income was $17.6 million, or $0.16 per share, for the three months ended March 31, 2012 compared to $11.4 million, or $0.10 per share, for the three months ended March 31, 2011. We have adjusted our net income in the first quarter of 2012 for unrealized gain on derivatives of $2.3 million, realized losses on swaps of $6.9 million attributable to our over-hedging position (as described below), as well as a non-cash expense of $3.7 million for fees related to our comprehensive financing plan (related to non-cash, amortizing and accrued finance fees). Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of 54.4%, or $6.2 million, in adjusted net income for the three months ended March 31, 2012 compared to the three months ended March 31, 2011, was 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 March 31, 2012 compared to the same period in 2011.

On a non-adjusted basis our net income was $9.3 million, or $0.09 per share, for the first quarter of 2012, compared to net income of $5.4 million, or $0.05 per share, for the first quarter of 2011.

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 2011, 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 35.6%, or $35.2 million, to $134.2 million in the three months ended March 31, 2012, from $99.0 million in the three months ended March 31, 2011. The increase was primarily attributable to the addition of ten vessels to our fleet, as follows:

Vessel Name	Vessel Size (TEU)	Date Delivered
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
Hyundai Together	13,100	February 16, 2012
CMA CGM Melisande	8,530	February 28, 2012
Hyundai Tenacity	13,100	March 8, 2012

These additions to our fleet contributed revenues of $32.6 million during the three months ended March 31, 2012 (739 operating days in total).

Furthermore, operating revenues for the three months ended March 31, 2012, reflect:

- $4.0 million of incremental revenues in the three months ended March 31, 2012 compared to the same period of 2011, related to one 3,400 TEU containership (the Hanjin Algeciras, which was added to our fleet on January 26, 2011) and one 10,100 TEU containership (the Hanjin Germany, which was added to our fleet on March 10, 2011).
- $1.4 million decrease in revenues in the three months ended March 31, 2012 compared to the same period of 2011. This was mainly attributable to increased off-hire days by 153 days, to 303 days (mainly due to the three vessels that were off-charter and laid up) in the three months ended March 31, 2012, from 150 days in the three months ended March 31, 2011, which was partially offset by the increased revenue of our fleet in the first quarter of 2012 compared to the same period of 2011, due to the one additional operating day in February 2012 compared to February 2011.

Vessel Operating Expenses
Vessel operating expenses increased 13.2%, or $3.5 million, to $30.1 million in the three months ended March 31, 2012, from $26.6 million in the three months ended March 31, 2011. The increase is mainly attributable to the increased average number of vessels in our fleet during the three months ended March 31, 2012 compared to the same period of 2011. The average daily operating cost per vessel decreased to $5,945 for the three months ended March 31, 2012, from $6,162 for the three months ended March 31, 2011 (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 41.5%, or $9.3 million, to $31.7 million in the three months ended March 31, 2012, from $22.4 million in the three months ended March 31, 2011. 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 March 31, 2012 compared to the same period of 2011.

Amortization of Deferred Dry-docking and Special Survey Costs
Amortization of deferred dry-docking and special survey costs decreased 20.0%, or $0.3 million, to $1.2 million in the three months ended March 31, 2012, from $1.5 million in the three months ended March 31, 2011.

General and Administrative Expenses
General and administrative expenses increased 4.3%, or $0.2 million, to $4.8 million in the three months ended March 31, 2012, from $4.6 million in the same period of 2011. The increase was the result of increased fees of $0.6 million to our Manager, due to the increase in the average number of vessels in our fleet, which were partially offset by a $0.4 million reduction mainly in legal and advisory fees recorded in the three months ended March 31, 2012 compared to the same period of 2011.

Other Operating Expenses
Other Operating Expenses includes Voyage Expenses

Voyage Expenses
Voyage expenses increased by $0.7 million, to $2.9 million in the three months ended March 31, 2012, from $2.2 million in the three months ended March 31, 2011. The increase was the result of increased commissions to our Manager, due to the increase in the average number of vessels in our fleet and the increase in the commission on gross charter hires to our Manager, to 1.0% from 0.75%, effective January 1, 2012.

Interest Expense and Interest Income
Interest expense increased by 55.9%, or $6.6 million, to $18.4 million in the three months ended March 31, 2012, from $11.8 million in the three months ended March 31, 2011. The change in interest expense was due to the increase in our average debt by $525.8 million, to $3,125.1 million in the quarter ended March 31, 2012, from $2,599.3 million in the quarter ended March 31, 2011, as well as the increased average LIBOR payable on interest under our credit facilities in the three months ended March 31, 2012 compared to the three months ended March 31, 2011. Furthermore, the financing of our newbuilding program resulted in interest being capitalized, rather than such interest being recognized as an expense, of $2.6 million for the three months ended March 31, 2012 compared to $5.9 million of capitalized interest for the three months ended March 31, 2011.

Interest income was $0.4 million in each of the three months ended March 31, 2012 and 2011, respectively.

Other finance costs, net
Other finance costs, net, decreased by $0.5 million, to $3.9 million in the three months ended March 31, 2012, from $4.4 million in the three months ended March 31, 2011. This decrease was primarily because in the first quarter of 2011, we had recorded an expense of $2.3 million due to non-cash changes in fair value of warrants. This was offset in part by increased amortization of $1.9 million in relation to finance fees (which were deferred and are amortized over the life of the respective credit facilities) in the first quarter of 2012 compared to the same period in 2011.

Other income/(expenses), net
Other income/(expenses), net, was an income of $0.2 million in the three months ended March 31, 2012, compared to an expense of $1.9 million in the three months ended March 31, 2011. This was mainly the result of legal and advisory fees of $2.1 million attributable to fees related to preparing and structuring the comprehensive financing plan, which were recorded during the three months ended March 31, 2011.

Unrealized (loss)/gain on derivatives
Unrealized gain on interest rate swap hedges decreased by $7.5 million, to $2.3 million in the three months ended March 31, 2012, from $9.8 million in the three months ended March 31, 2011, 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 $6.7 million, to $34.8 million in the three months ended March 31, 2012, from $28.1 million in the three months ended March 31, 2011, which is attributable to the higher average notional amount of swaps during the three months ended March 31, 2012 compared to the same period of 2011, 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 March 31, 2012 compared to the same period of 2011.

In addition, realized losses on cash flow hedges of $4.8 million and $9.9 million in the three months ended March 31, 2012 and 2011, 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 March 31, 2012 and 2011:

	Three months ended March 31, 2012	Three months ended March 31, 2011
	(in millions)	
Total realized losses of swaps	$(39.6)	$(38.0)
Realized losses of swaps deferred in OCL	4.8	9.9
Realized losses of swaps expensed in P&L	**(34.8)**	**(28.1)**
Realized losses attributable to overhedging	6.9	9.8
Adjusted realized losses attributable to hedged debt	**$(27.9)**	**$(18.3)**

Adjusted EBITDA
Adjusted EBITDA increased 47.9%, or $31.2 million, to $96.4 million in the three months ended March 31, 2012, from $65.2 million in the three months ended March 31, 2011. Adjusted EBITDA for the first quarter of 2012, is adjusted for an unrealized gain on derivatives of $3.0 million and realized losses on derivatives of $34.8 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Recent News
On April 27, 2012, we sold and delivered the Montreal. The net sale consideration was $6.6 million. The Montreal was 28 years old and was generating revenue under its time charter, which expired on March 31, 2012.

On May 3, 2012, we took delivery of the newbuilding 13,100 TEU vessel, the Hyundai Smart. 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 Thursday, May 10, 2012, at 9:00 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 May 17, 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 62 containerships aggregating 336,849 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 2 additional containerships aggregating 26,200 TEU with scheduled deliveries in June 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

For further information please contact:

Company Contact:

Evangelos Chatzis
Chief Financial Officer
Danaos Corporation
Athens, Greece
Tel.: +30 210 419 6480
E-Mail: **cfo@danaos.com**

Iraklis Prokopakis
Senior Vice President and Chief Operating Officer
Danaos Corporation
Athens, Greece
Tel.: +30 210 419 6400
E-Mail: **coo@danaos.com**

Investor Relations and Financial Media
Nicolas Bornozis
President
Capital Link, Inc.
New York
Tel. 212-661-7566
E-Mail: **danaos@capitallink.com**

Appendix

Fleet Utilization

Danaos had 303 off-hire days in the first quarter of 2012 (including 246 days related to Marathonas, Independence and Honour, 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)	Second Quarter 2011	Third Quarter 2011	Fourth Quarter 2011	First Quarter 2012	Total
Ownership Days	4,953	5,185	5,328	5,471	**20,937**
Less Off-hire Days:					
Scheduled Off-hire Days	(86)	—	(4)	(49)	**(139)**
Other Off-hire Days	(42)	(32)	(163)	(254)	**(491)**
Operating Days	**4,825**	**5,153**	**5,161**	**5,168**	**20,307**
Vessel Utilization	**97.4%**	**99.4%**	**96.9%**	**94.5%**	**97.0%**
Operating Revenues (in '000s of US Dollars)	**$114,764**	**$126,004**	**$128,344**	**$134,237**	**$503,349**
Average Daily Charter Rate	**$23,785**	**$24,453**	**$24,868**	**$25,975**	**$24,787**

Fleet List

The following table describes in detail our fleet deployment profile as of May 9, 2012.

Vessel Name	Vessel Size (TEU)	Year Built	Expiration of Charter[1]
Containerships			
Hyundai Smart	13,100	2012	May 2024
Hyundai Tenacity	13,100	2012	March 2024
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 Melisande	8,530	2012	November 2023
CMA CGM Attila	8,530	2011	April 2023
CMA CGM Tancredi	8,530	2011	May 2023
CMA CGM Bianca	8,530	2011	July 2023
CMA CGM Samson	8,530	2011	September 2023
CSCL America	8,468	2004	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	4,814	1991	September 2012
Mytilini	4,814	1991	October 2012
Hyundai Commodore[3]	4,651	1992	March 2013
Hyundai Duke[4]	4,651	1992	February 2013
Hyundai Federal[5]	4,651	1994	September 2012
SNL Colombo[6]	4,300	2004	March 2019
YM Singapore	4,300	2004	October 2019
YM Seattle[7]	4,253	2007	July 2019
YM Vancouver	4,253	2007	September 2019
Derby D	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	3,908	1989	Laid-up
Hope	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	2,917	1991	May 2012
Kalamata	2,917	1991	August 2012
Komodo	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

(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 20, 2012, the *APL Commodore* was renamed to *Hyundai Commodore* at the request of the charterer of this vessel.
(4) On January 29, 2012, the *APL Duke* was renamed to *Hyundai Duke* at the request of the charterer of this vessel.
(5) On January 31, 2012, the *APL Federal* was renamed to *Hyundai Federal* at the request of the charterer of this vessel.
(6) On March 18, 2012, the *YM Colombo* was renamed to *SNL Colombo* at the request of the charterer of this vessel.
(7) On April 9, 2012, the *Taiwan Express* was renamed to *YM Seattle* 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
Hull No S-459	13,100	June 2012	12 years
Hull No S-460	13,100	June 2012	12 years

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
OPERATING REVENUES	**$134,237**	**$98,989**
OPERATING EXPENSES		
Vessel operating expenses	(30,095)	(26,602)
Depreciation & amortization	(32,883)	(23,966)
General & administrative	(4,837)	(4,629)
Other operating expenses	(2,890)	(2,218)
Income From Operations	**63,532**	**41,574**
OTHER EARNINGS (EXPENSES)		
Interest income	353	353
Interest expense	(18,390)	(11,848)
Other finance cost, net	(3,857)	(4,427)
Other income/(expenses), net	196	(1,920)
Realized (loss)/gain on derivatives	(34,794)	(28,109)
Unrealized gain/(loss) on derivatives	2,302	9,820
Total Other Income (Expenses), net	**(54,190)**	**(36,131)**
Net Income	**$9,342**	**$5,443**
EARNINGS PER SHARE		
Basic & diluted net income per share	$0.09	$0.05
Basic & diluted weighted average number of common shares (in thousands of shares)	109,605	108,611

Non-GAAP Measures*
Reconciliation of Net Income to Adjusted Net Income – Unaudited

	Three months ended March 31, 2012	Three months ended March 31, 2011
Net income	$9,342	$5,443
Unrealized gain on derivatives	(2,302)	(9,820)
Realized losses on over-hedging portion of derivatives	6,886	9,769
Comprehensive Financing Plan related fees	—	2,089
Amortization of financing fees & finance fees accrued	3,661	1,620
Non-cash change in fair value of warrants	—	2,253
Adjusted Net Income	**$17,587**	**$11,354**
Adjusted Earnings Per Share	**$0.16**	**$0.10**
Weighted average number of shares	109,605	108,611

* 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 months ended March 31, 2012 and 2011. 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 March 31, 2012 (Unaudited)	As of December 31, 2011 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$41,732	$51,362
Restricted cash	97	2,909
Accounts receivable, net	6,020	4,176
Other current assets	24,755	34,844
	72,604	93,291
NON-CURRENT ASSETS		
Fixed assets, net	3,688,152	3,241,951
Advances for vessels under construction	275,697	524,286
Deferred charges, net	97,447	99,711
Vessel held for sale	4,805	—
Fair value of financial instruments	3,765	3,964
Other non-current assets	27,436	24,901
	4,097,302	3,894,813
TOTAL ASSETS	**4,169,906**	**3,988,104**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	41,958	41,959
Vendor Financing, current portion	21,618	10,857
Accounts payable, accrued liabilities & other current liabilities	81,541	58,254
Fair value of financial instruments, current portion	118,388	120,623
	263,505	231,693
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	3,065,967	2,960,288
Vendor financing, net of current portion	93,514	54,288
Fair value of financial instruments, net of current portion	275,796	291,829
Other long-term liabilities	7,818	7,471
	3,443,095	3,313,876
STOCKHOLDERS' EQUITY		
Common stock	1,096	1,096
Additional paid-in capital	545,907	545,884
Accumulated other comprehensive loss	(444,699)	(456,105)
Retained earnings	361,002	351,660
	463,306	442,535
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$4,169,906**	**$3,988,104**

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
Operating Activities:		
Net income	$9,342	$5,443
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	31,681	22,436
Amortization of deferred drydocking & special survey costs, finance cost and other finance fees accrued	4,863	3,150
Stock-based compensation	23	23
Payments for drydocking/special survey	(2,035)	(4,902)
Non-cash change in fair value of warrants	—	2,253
Amortization of deferred realized losses on cash flow interest rate swaps	649	227
Unrealized gain on derivatives	(2,951)	(10,047)
Realized losses on derivatives deferred in Other Comprehensive Loss	(4,839)	(9,910)
Changes in operating assets/liabilities:		
Accounts receivable	(1,844)	612
Other assets, current and non-current	7,554	(4,129)
Accounts payable and accrued liabilities	5,498	(19,278)
Other liabilities, current and non-current	17,878	(1,407)
Net Cash provided by/(used in) Operating Activities	**65,819**	**(15,529)**
Investing Activities:		
Vessels under construction and vessels additions	(183,874)	(121,322)
Net Cash used in Investing Activities	**(183,874)**	**(121,322)**
Financing Activities:		
Debt draw downs	117,320	98,238
Debt repayment	(11,607)	(31,967)
Deferred costs	(100)	(30,217)
Decrease in restricted cash	2,812	2,812
Net Cash provided by Financing Activities	**108,425**	**38,866**
Net Decrease in cash and cash equivalents	(9,630)	(97,985)
Cash and cash equivalents, beginning of period	51,362	229,835
Cash and cash equivalents, end of period	**$41,732**	**$131,850**

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

	Three months ended March 31, 2012	Three months ended March 31, 2011
Net income	$9,342	$5,443
Depreciation	31,681	22,436
Amortization of deferred drydocking & special survey costs	1,202	1,530
Amortization of deferred finance costs and other finance fees accrued	3,661	1,620
Amortization of deferred realized losses on cash flow interest rate swaps	649	227
Interest income	(353)	(353)
Interest expense	18,390	11,848
Unrealized gain on derivatives	(2,951)	(10,047)
Realized loss on derivatives	34,794	28,109
Stock based compensation	23	23
Comprehensive Financing Plan related fees	—	2,089
Non-cash changes in fair value of warrants	—	2,253
Adjusted EBITDA[(1)]	**$96,438**	**$65,178**

1) Adjusted EBITDA represents net income before interest income and expense, depreciation, amortization of deferred drydocking & special survey costs and deferred finance costs, 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 months ended March 31, 2012 and 2011. 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.