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DANAOS CORPORATION

Danaos Corporation Reports Third Quarter and Nine Months Results for the Period Ended September 30, 2012.

Athens, Greece, November 5, 2012 – Danaos Corporation ("Danaos") (NYSE: DAC), a leading international owner of containerships, today reported unaudited results for the period ended September 30, 2012.

Highlights for the Third Quarter and Nine Months Ended September 30, 2012:

- **Operating revenues of $156.3 million for the three months ended September 30, 2012 compared to $126.0 million for the three months ended September 30, 2011, an increase of 24.0%. Operating revenues of $437.2 million for the nine months ended September 30, 2012 compared to $339.8 million for the nine months ended September 30, 2011, an increase of 28.7%.**
- **Adjusted EBITDA[1] of $116.2 million for the three months ended September 30, 2012 compared to $86.2 million for the three months ended September 30, 2011, an increase of 34.8%. Adjusted EBITDA[1] of $319.3 million for the nine months ended September 30, 2012 compared to $229.8 million for the nine months ended September 30, 2011, an increase of 38.9%.**
- **Adjusted net income[1] of $15.6 million, or $0.14 per share, for the three months ended September 30, 2012 compared to $17.6 million, or $0.16 per share, for the three months ended September 30, 2011. Adjusted net income[1] of $48.8 million, or $0.44 per share, for the nine months ended September 30, 2012 compared to $45.0 million, or $0.41 per share, for the nine months ended September 30, 2011.**
- **We managed to improve our daily vessel operating cost by 8%, to $5,835 per day for the three months ended September 30, 2012 compared to $6,321 per day for the three months ended September 30, 2011.**
- **The remaining average charter duration of our fleet was 9.9 years as of September 30, 2012 (weighted by aggregate contracted charter hire).**
- **Total contracted operating revenues were $5.1 billion as of September 30, 2012, through 2028.**
- **Charter coverage of 84.3% for the next 12 months in terms of contracted operating days and 95.1% in terms of operating revenues.**

Three and Nine Months Ended September 30, 2012
Financial Summary

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

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
	(unaudited)	(unaudited)	(unaudited)	(unaudited)
Operating revenues	$156,289	$126,004	$437,183	$339,757
Net income/(loss)	$(7,034)	$(833)	$11,274	$4,379
Adjusted net income[1]	$15,641	$17,578	$48,754	$45,035
Earnings/(losses) per share	($0.06)	($0.01)	$0.10	$0.04
Adjusted earnings per share[1]	$0.14	$0.16	$0.44	$0.41
Weighted average number of shares (in thousands)	109,613	109,003	109,609	108,865
Adjusted EBITDA[1]	$116,164	$86,172	$319,322	$229,797

[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 to adjusted EBITDA.

Danaos' CEO Dr. John Coustas commented:

The company's performance for the first 9 months of 2012 is a testament to the resilience of our business model during a challenging period for the container market. Adjusted Net Income stands at $48.8 million or $0.44 per share for the nine months ended September 30, 2012, compared to $45.0 million or $0.41 per share for the same period one year ago. Adjusted EBITDA has reached $319.3 million for the nine months ended September 30, 2012 compared to $229.8 million for the same period one year ago as a result of our fleet expansion program concluded in the previous quarter.

In terms of macro-economic fundamentals, the European financial crisis has been at the forefront of a global economic slowdown this year, with the expectation being that European GDP will marginally contract in 2012. This has also impacted economic growth in the United States which has been sluggish but still expected to do better than 2011, while it is now clear that the pace of growth in China will be moderated. This global slowdown has adversely affected container trade growth and it is clear that the industry is currently facing a demand supply imbalance.

On the bright side, liner companies have demonstrated the ability to manage capacity prudently. Freight rates have been restored and maintained at healthy levels through gradual General Rate Increases over the last 2 quarters. The positive results of this strategy for the liner companies have already been evident in their 2nd and 3rd quarter financial results while if discipline is maintained this trend can be sustainable.

On the charter market, as the big ships are being delivered and absorbed in the main trade lanes, cascading has placed considerable pressure on the mid-size vessels. This pressure is not expected to ease before the 2nd half of 2013 when the drought of new ordering of the last 18 months will start to show and hopefully Europe will have sorted out its issues.

We also want to point out that our focus on controlling costs has paid off as we have managed to bring down daily vessel operating expenses by approximately 5% year-on-year, to $5,924 per day for the nine months ended September 30, 2012 compared to $6,220 per day for the same period last year.

Our model largely insulates us from the weak market as from the current revenue stream, 95% of revenues are contracted over the next 12 months with only 5% at stake through re-chartering. Effectively, from where we stand today, an improvement in market fundamentals is a one way option to further improving our financial results.

We will continue our efforts to manage the fleet efficiently and focus on rapidly de-leveraging the company and creating value for our shareholders.

Three months ended September 30, 2012 compared to the three months ended September 30, 2011

During the three months ended September 30, 2012, Danaos had an average of 64.0 containerships compared to 56.4 containerships for the same period in 2011. Our fleet utilization declined to 92.6% in the three months ended September 30, 2012 compared to 99.4% in the same period of 2011, mainly due to the 342 days for which four of our vessels were off-charter and laid-up in the third quarter of 2012 compared to 17 days for which one of our vessels was off-charter and laid-up in the third quarter of 2011. During the three months ended September 30, 2012, our fleet utilization for the fleet under employment was 98.3% (excluding the vessels on lay up).

Our adjusted net income was $15.6 million, or $0.14 per share, for the three months ended September 30, 2012 compared to $17.6 million, or $0.16 per share, for the three months ended September 30, 2011. We have adjusted our net income in the third quarter of 2012 for unrealized losses on derivatives of $12.9 million, realized losses on swaps of $5.0 million attributable to our over-hedging position (as described below), as well as a non-cash expense of $4.8 million for fees related to our comprehensive financing plan (comprised of non-cash, amortizing and accrued finance fees). Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The decrease of 11.4%, or $2.0 million, in adjusted net income for the three months ended September 30, 2012 compared to the three months ended September 30, 2011, was attributable to the softening of the charter market during the last year. Although the vessel additions to our fleet over the course of the last year was accretive to the bottom line, the soft charter market has triggered the cold lay up of 4

vessels and has also affected the re-chartering of another 7 vessels that currently run at operating break even levels while they had a positive contribution to earnings during the 3rd quarter of 2011.

On a non-adjusted basis our net loss was $7.0 million, or $0.06 per share, for the third quarter of 2012, compared to net loss of $0.8 million, or $0.01 per share, for the third quarter of 2011, which is mainly attributable to the unrealized losses on our interest rate swaps discussed above.

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 is gradually being reduced and ultimately will be eliminated by the end of 2012.

On July 1, 2012, we elected to prospectively de-designate interest rate swaps for which we were applying hedge accounting treatment due to the compliance burden associated with this accounting policy. As a result, all changes in the fair value of our interest rate swaps will be recorded in earnings under "Unrealized (Losses)/Gains on Derivatives" from the de-designation date forward. In addition, unrealized losses in Accumulated Other Comprehensive Loss associated with the previously designated cash flow interest rate swaps will be reclassified to earnings as the respective interest payments are recognized in earnings.

Discontinuation of hedge accounting increases the potential volatility in our reported earnings due to the recognition of non-cash fair value movements of our interest rate swaps directly to our earnings, however our adjusted earnings will not be affected.

Operating Revenue
Operating revenue increased 24.0%, or $30.3 million, to $156.3 million in the three months ended September 30, 2012, from $126.0 million in the three months ended September 30, 2011. The increase was primarily attributable to the addition of eight vessels to our fleet, as follows:

Vessel Name	Vessel Size (TEU)	Date Delivered
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
Hyundai Smart	13,100	May 3, 2012
Hyundai Speed	13,100	June 7, 2012
Hyundai Ambition	13,100	June 29, 2012

These additions to our fleet contributed revenues of $39.7 million during the three months ended September 30, 2012 (736 operating days in total).

Furthermore, operating revenues for the three months ended September 30, 2012, reflect:

- $2.8 million of incremental revenues in the three months ended September 30, 2012 compared to the same period of 2011, related to two 10,100 TEU containerships (the CMA CGM Attila and the CMA CGM Tancredi, which were added to our fleet on July 8, 2011 and August 22, 2011, respectively).
- $1.2 million decrease in revenues in the three months ended September 30, 2012 compared to the same period of 2011, related to the sale of one 2,130 TEU containership, the Montreal, on April 27, 2012.
- $11.0 million decrease in revenues in the three months ended September 30, 2012 compared to the same period of 2011. This was mainly attributable to increased off-hire days by 402 days, to 434 days in the three months ended September 30, 2012, from 32 days in the three months ended September 30, 2011 ($4.8 million reduction in revenue in relation to the four vessels that were off-charter and laid up for 342 days during the third quarter of 2012 compared to 17 days during the

third quarter of 2011), as well as re-chartering of certain vessels for a short period at reduced charter rates in the third quarter of 2012.

Vessel Operating Expenses
Vessel operating expenses decreased 0.6%, or $0.2 million, to $31.3 million in the three months ended September 30, 2012, from $31.5 million in the three months ended September 30, 2011. The reduction is mainly attributable to the reduced costs of certain vessels which were off-charter and laid-up for 342 days in the aggregate during the third quarter of 2012 compared to 17 days during the third quarter of 2011. The average daily operating cost per vessel was reduced to $5,835 for the three months ended September 30, 2012, from $6,321 for the three months ended September 30, 2011 (excluding those vessels on lay-up). This overall decrease was offset in part by the increased average number of vessels in our fleet during the three months ended September 30, 2012 compared to the same period of 2011.

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

Depreciation
Depreciation expense increased 37.0%, or $10.4 million, to $38.5 million in the three months ended September 30, 2012, from $28.1 million in the three months ended September 30, 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 September 30, 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 increased 14.3%, or $0.2 million, to $1.6 million in the three months ended September 30, 2012, from $1.4 million in the three months ended September 30, 2011. The increase reflects increased dry-docking and special survey costs incurred and amortized during the three months ended September 30, 2012 compared to the same period of 2011.

General and Administrative Expenses
General and administrative expenses increased 8.5%, or $0.4 million, to $5.1 million in the three months ended September 30, 2012, from $4.7 million in the same period of 2011. The increase was mainly the result of increased fees to our Manager, due to the increase in the average number of vessels in our fleet.

Other Operating Expenses
Other Operating Expenses includes Voyage Expenses

Voyage Expenses
Voyage expenses increased by $0.1 million, to $3.7 million in the three months ended September 30, 2012, from $3.6 million in the three months ended September 30, 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. This was partially offset by fuel costs recorded in the third quarter of 2011 due to the repositioning of one of our vessels (our vessels are not otherwise subject to fuel costs, which are paid by our charterers), not incurred in the third quarter of 2012.

Interest Expense and Interest Income
Interest expense increased by 68.1%, or $9.8 million, to $24.2 million in the three months ended September 30, 2012, from $14.4 million in the three months ended September 30, 2011. The change in interest expense was due to the increase in our average debt by $550.0 million, to $3,423.4 million in the three months ended September 30, 2012, from $2,873.4 million in the three months ended September 30, 2011, as well as the increased average LIBOR payable on interest under our credit facilities in the three months ended September 30, 2012 compared to the three months ended September 30, 2011. Furthermore, the financing of our newbuilding program resulted in $3.2 million of interest being capitalized, rather than such interest being recognized as an expense, for the three months ended September 30, 2011 compared to nil interest being capitalized for the three months ended September 30, 2012, following the completion of our newbuilding program in June 2012.

Interest income was $0.4 million in the three months ended September 30, 2012 compared to $0.3 million in the three months ended September 30, 2011.

Other finance costs, net
Other finance costs, net, increased by $1.4 million, to $5.0 million in the three months ended September 30, 2012, from $3.6 million in the three months ended September 30, 2011. This increase was mainly due to the $0.8 million increase in amortizing finance fees (which were deferred and are amortized over the term of the respective credit facilities), as well as increased accrued finance fees of $0.5 million (which accrete in our Statement of Income over the term of the respective facilities) in the third quarter of 2012 compared to the same period in 2011.

Other income/(expenses), net
Other income/(expenses), net, was income of $0.3 million in the three months ended September 30, 2012, compared to income of $0.1 million in the three months ended September 30, 2011.

Unrealized gain/(loss) on derivatives
On July 1, 2012, we elected to prospectively de-designate interest rate swaps for which we were applying hedge accounting treatment due to the compliance burden associated with this accounting policy. As a result, all changes in the fair value of our interest rate swaps will be recorded in earnings under "Unrealized (Losses)/Gains on Derivatives" from the de-designation date forward. Unrealized gains of $22.9 million due to the mark to market valuation of our cash flow interest rate swaps were recognized in earnings in the three months ended September 30, 2012. In addition, unrealized losses in Accumulated Other Comprehensive Loss associated with the previously designated cash flow interest rate swaps will be recognized in earnings when the respective interest payments are recognized in earnings. In this respect, during the three months ended September 30, 2012, we recognized an expense of $35.7 million in our earnings (representing the amortization of the unrealized losses in our Accumulated Other Comprehensive Loss for the respective quarter).

Overall, unrealized gain/(loss) on interest rate swap hedges (including both our cash flow and interest rate swaps) was a loss of $12.9 million in the three months ended September 30, 2012 compared to a loss of $4.7 million in the three months ended September 30, 2011. The unrealized losses recorded in 2011 were 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 $6.4 million, to $41.7 million in the three months ended September 30, 2012, from $35.3 million in the three months ended September 30, 2011, which is attributable to realized losses being deferred for the three months ended September 30, 2011 (as discussed below), partially offset by the higher floating LIBOR rates during the three months ended September 30, 2012 compared to the same period in 2011.

In addition, following the delivery of all our newbuildings no realized losses on cash flow hedges were deferred during the three months ended September 30, 2012, whereas realized losses on cash flow hedges of $7.0 million in the three months ended September 30, 2011 were deferred in "Accumulated Other Comprehensive Loss", rather than such realized losses being recognized as expenses, and are being reclassified into earnings over the depreciable lives of these vessels that were 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 September 30, 2012 and 2011:

	Three months ended September 30, 2012	Three months ended September 30, 2011
	(in millions)	
Total realized losses of swaps	$(41.7)	$(42.3)
Realized losses of swaps deferred in OCL	—	7.0
Realized losses of swaps expensed in P&L	**(41.7)**	**(35.3)**
Realized losses attributable to overhedging	5.0	10.3
Adjusted realized losses attributable to hedged debt	**$(36.7)**	**$(25.0)**

Adjusted EBITDA
Adjusted EBITDA increased 34.8%, or $30.0 million, to $116.2 million in the three months ended September 30, 2012, from $86.2 million in the three months ended September 30, 2011. Adjusted EBITDA for the third quarter of 2012, is adjusted for an unrealized loss on derivatives of $12.9 million and realized losses on derivatives of $40.7 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Nine months ended September 30, 2012 compared to the nine months ended September 30, 2011

During the nine months ended September 30, 2012, Danaos had an average of 62.1 containerships compared to 53.9 containerships for the same period in 2011. Our fleet utilization declined to 93.8% in the nine months ended September 30, 2012 compared to 97.9% in the same period in 2011, mainly due to the 848 days for which certain of our vessels were off-charter and laid-up by us in the nine months ended September 30, 2012. During the nine months ended September 30, 2012, our fleet utilization for the fleet under employment was 98.8% (excluding the laid up vessels).

Our adjusted net income was $48.8 million, or $0.44 per share, for the nine months ended September 30, 2012 compared to $45.0 million, or $0.41 per share, for the nine months ended September 30, 2011. We have adjusted our net income in the nine months ended September 30, 2012, for unrealized losses on derivatives of $8.3 million, realized losses on swaps of $17.7 million attributable to our over-hedging position, as well as a non-cash expense of $12.3 million for fees related to our comprehensive financing plan (comprised of non-cash, amortizing and accrued finance fees) and a gain on sale of vessel of $0.8 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The increase of 8.4%, or $3.8 million, in adjusted net income for the nine months ended September 30, 2012 compared to the nine months ended September 30, 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 for the over-hedging portion), as well as increased interest expense (mainly due to the higher average indebtedness and the reduced interest being capitalized in 2012 following the completion of our newbuilding program in June 2012) during the nine months ended September 30, 2012 compared to the same period in 2011.

On a non-adjusted basis our net income was $11.3 million, or $0.10 per share, for the nine months ended September 30, 2012, compared to net income of $4.4 million, or $0.04 per share, for the nine months ended September 30, 2011.

Operating Revenue
Operating revenue increased 28.7%, or $97.4 million, to $437.2 million in the nine months ended September 30, 2012, from $339.8 million in the nine months ended September 30, 2011. The increase was primarily attributable to the addition of eight vessels to our fleet, as follows:

Vessel Name	Vessel Size (TEU)	Date Delivered
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
Hyundai Smart	13,100	May 3, 2012
Hyundai Speed	13,100	June 7, 2012
Hyundai Ambition	13,100	June 29, 2012

These additions to our fleet contributed revenues of $80.6 million during the nine months ended September 30, 2012 (1,560 operating days in total).

Furthermore, operating revenues for the nine months ended September 30, 2012, reflect:

- $36.0 million of incremental revenues in the nine months ended September 30, 2012 compared to the same period of 2011, related to two 3,400 TEU containerships (the Hanjin Algeciras and the Hanjin Constantza, which were added to our fleet on January 26, 2011 and April 15, 2011,

respectively), three 10,100 TEU containerships (the Hanjin Germany, the Hanjin Italy and the Hanjin Greece, which were added to our fleet on March 10, 2011, April 6, 2011 and May 4, 2011, respectively) and two 8,530 TEU containerships (the CMA CGM Attila and the CMA CGM Tancredi, which were added to our fleet on July 8, 2011 and August 22, 2011, respectively).

- $1.3 million decrease in revenues in the nine months ended September 30, 2012 compared to the same period in 2011, related to the sale of one 2,130 TEU containership, the Montreal, on April 27, 2012.
- $17.9 million decrease in revenues in the nine months ended September 30, 2012 compared to the same period of 2011. This was mainly attributable to increased off-hire days by 738 days, to 1,048 days in the nine months ended September 30, 2012, from 310 days in the nine months ended September 30, 2011 (mainly attributable to certain vessels that were off-charter and laid up for 848 days during the nine months ended September 30, 2012 compared to 17 days during the nine months ended September 30, 2011).

Vessel Operating Expenses
Vessel operating expenses increased 6.2%, or $5.4 million, to $92.8 million in the nine months ended September 30, 2012, from $87.4 million in the nine months ended September 30, 2011. The increase is mainly attributable to the increased average number of vessels in our fleet during the nine months ended September 30, 2012 compared to the same period of 2011. This overall increase was offset in part by the lower average daily operating cost per vessel of $5,924 for the nine months ended September 30, 2012 compared to $6,220 for the nine months ended September 30, 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 37.6%, or $28.8 million, to $105.4 million in the nine months ended September 30, 2012, from $76.6 million in the nine months ended September 30, 2011. The increase in depreciation expense was due to the increased average number of vessels in our fleet (with higher cost base) during the nine months ended September 30, 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 8.7%, or $0.4 million, to $4.2 million in the nine months ended September 30, 2012, from $4.6 million in the nine months ended September 30, 2011. During the nine months ended September 30, 2011, we had written-off the remaining unamortized balances of deferred dry-docking and special survey costs of $0.6 million related to two of our vessels, as their new dry-docking was performed before the initially scheduled dates.

General and Administrative Expenses
General and administrative expenses increased 8.6%, or $1.2 million, to $15.2 million in the nine months ended September 30, 2012, from $14.0 million in the same period of 2011. The increase was mainly the result of increased fees of $1.6 million to our Manager, due to the increase in the average number of vessels in our fleet, which were partially offset by a reduction of various general and administrative expenses recorded in the nine months ended September 30, 2012 compared to the same period of 2011.

Other Operating Expenses
Other Operating Expenses includes Voyage Expenses

Voyage Expenses
Voyage expenses increased by $2.1 million, to $10.0 million in the nine months ended September 30, 2012, from $7.9 million in the nine months ended September 30, 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, as well as increased other voyage expenses due to the increase in the

average number of vessels in the nine months ended September 30, 2012 compared to the same period of 2011.

Interest Expense and Interest Income
Interest expense increased by 63.5%, or $24.9 million, to $64.1 million in the nine months ended September 30, 2012, from $39.2 million in the nine months ended September 30, 2011. The change in interest expense was due to the increase in our average debt by $520.6 million, to $3,276.5 million in the nine months ended September 30, 2012, from $2,755.9 million in the nine months ended September 30, 2011, as well as the increased average LIBOR payable on interest under our credit facilities in the nine months ended September 30, 2012 compared to the nine months ended September 30, 2011. Furthermore, the financing of our newbuilding program resulted in $3.7 million of interest being capitalized, rather than such interest being recognized as an expense, for the nine months ended September 30, 2012 compared to $12.9 million of capitalized interest for the nine months ended September 30, 2011.

Interest income was $1.2 million in the nine months ended September 30, 2012 compared to $1.0 million in the nine months ended September 30, 2011.

Other finance costs, net
Other finance costs, net, increased by $2.1 million, to $13.0 million in the nine months ended September 30, 2012, from $10.9 million in the nine months ended September 30, 2011. This increase was mainly due to the increased amortization of $3.9 million in relation to finance fees (which were deferred and are amortized over the term of the respective credit facilities) in the nine months ended September 30, 2012 compared to the same period in 2011, as well as increased accrued finance fees of $0.7 million (which accrete in our Statement of Income over the term of the respective facilities) in the nine months ended September 30, 2012 compared to the same period in 2011, which was partially offset by an expense of $2.3 million recorded in the nine months ended September 30, 2011, in relation to non-cash changes in fair value of warrants.

Other income/(expenses), net
Other income/(expenses), net, was income of $0.8 million in the nine months ended September 30, 2012, compared to an expense of $2.0 million in the nine months ended September 30, 2011. This was mainly the result of legal and advisory fees of $2.3 million related to preparing and structuring the comprehensive financing plan, which were recorded during the nine months ended September 30, 2011, and did not recur in the nine months ended September 30, 2012.

Unrealized (loss)/gain on derivatives
Unrealized (loss)/gain on interest rate swap hedges was a loss of $8.3 million in the nine months ended September 30, 2012, compared to a gain of $1.8 million in the nine months ended September 30, 2011, which is attributable to hedge accounting ineffectiveness, mark to market valuation of our swaps and reclassification of unrealized losses from Accumulated Other Comprehensive Loss to our earnings (due to the discontinuation of hedge accounting from July 1, 2012)

On July 1, 2012, we elected to prospectively de-designate interest rate swaps for which we were applying hedge accounting treatment due to the compliance burden associated with this accounting policy.

Realized (loss)/gain on derivatives
Realized loss on interest rate swap hedges, increased by $20.4 million, to $115.8 million in the nine months ended September 30, 2012, from $95.4 million in the nine months ended September 30, 2011, which is attributable to the higher average notional amount of swaps during the nine months ended September 30, 2012 compared to the same period of 2011, as well as the realized losses being deferred for the respective periods (as discussed below), which is partially offset by the higher floating LIBOR rates during the nine months ended September 30, 2012 compared to the same period of 2011.

In addition, realized losses on cash flow hedges of $7.0 million and $24.9 million in the nine months ended September 30, 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

reduction of the deferred realized losses is attributable to the gradual delivery of all our vessels under construction through June 2012, when our newbuilding program was completed. The table below provides an analysis of the items discussed above, and which were recorded in the nine months ended September 30, 2012 and 2011:

	Nine months ended September 30, 2012	Nine months ended September 30, 2011
	(in millions)	
Total realized losses of swaps	$(122.8)	$(120.3)
Realized losses of swaps deferred in OCL	7.0	24.9
Realized losses of swaps expensed in P&L	**(115.8)**	**(95.4)**
Realized losses attributable to overhedging	17.7	30.2
Adjusted realized losses attributable to hedged debt	**$(98.1)**	**$(65.2)**

Adjusted EBITDA

Adjusted EBITDA increased 38.9%, or $89.5 million, to $319.3 million in the nine months ended September 30, 2012, from $229.8 million in the nine months ended September 30, 2011. Adjusted EBITDA for the nine months ended September 30, 2012, is adjusted for an unrealized loss on derivatives of $8.3 million, realized losses on derivatives of $113.2 million and a gain on sale of vessel of $0.8 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Conference Call and Webcast

On Tuesday, November 6, 2012, at 9:00 A.M. ET, the Company's management will host a conference call to discuss the results.

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1 866 819 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 November 13, 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 64 containerships aggregating 363,049 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. 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 376 unscheduled off-hire days in the third quarter of 2012 (including 342 days related to Marathonas, Independence, Henry and Pride, 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)	Fourth Quarter 2011	First Quarter 2012	Second Quarter 2012	Third Quarter 2012	Total
Ownership Days	5,328	5,471	5,663	5,888	**22,350**
Less Off-hire Days:					
Scheduled Off-hire Days	(4)	(49)	(45)	(58)	**(156)**
Other Off-hire Days	(163)	(254)	(266)	(376)	**(1,059)**
Operating Days	**5,161**	**5,168**	**5,352**	**5,454**	**21,135**
Vessel Utilization	**96.9%**	**94.5%**	**94.5%**	**92.6%**	**94.6%**
Operating Revenues (in '000s of US Dollars)	**$128,344**	**$134,237**	**$146,657**	**$156,289**	**$565,527**
Average Gross Daily Charter Rate	**$24,868**	**$25,975**	**$27,402**	**$28,656**	**$26,758**

Fleet List

The following table describes in detail our fleet deployment profile as of November 5, 2012.

Vessel Name	Vessel Size (TEU)	Year Built	Expiration of Charter[1]
Containerships			
Hyundai Ambition	13,100	2012	June 2024
Hyundai Speed	13,100	2012	June 2024
Hyundai Smart	13,100	2012	May 2024
Hyundai Tenacity	13,100	2012	March 2024
Hyundai Together	13,100	2012	February 2024
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	November 2012
Mytilini	4,814	1991	January 2013
Hyundai Commodore[3]	4,651	1992	March 2013
Duka[4]	4,651	1992	Laid-up
Hyundai Federal[5]	4,651	1994	February 2013
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	December 2012
Hope	3,908	1989	July 2013
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
Pride[8]	3,129	1988	Laid-up
Lotus	3,098	1988	July 2013

Independence	3,045	1986	Laid-up
Henry	3,039	1986	Laid-up
Elbe	2,917	1991	May 2013
Kalamata	2,917	1991	August 2013
Komodo	2,917	1991	August 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 October 25, 2012, the *Hyundai Duke* was renamed to *Duka*.
(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.
(8) On July 21, 2012, the *SCI Pride* was renamed to *Pride*.

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

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
OPERATING REVENUES	**$156,289**	**$126,004**	**$437,183**	**$339,757**
OPERATING EXPENSES				
Vessel operating expenses	(31,344)	(31,521)	(92,831)	(87,448)
Depreciation & amortization	(40,091)	(29,507)	(109,612)	(81,228)
General & administrative	(5,093)	(4,701)	(15,177)	(14,046)
Gain on sale of vessels	—	—	830	—
Other operating expenses	(3,704)	(3,640)	(9,960)	(7,915)
Income From Operations	**76,057**	**56,635**	**210,433**	**149,120**
OTHER EARNINGS (EXPENSES)				
Interest income	426	323	1,180	969
Interest expense	(24,202)	(14,355)	(64,052)	(39,166)
Other finance cost, net	(5,034)	(3,590)	(12,993)	(10,916)
Other income/(expenses), net	287	118	763	(1,981)
Realized (loss)/gain on derivatives	(41,680)	(35,300)	(115,725)	(95,462)
Unrealized gain/(loss) on derivatives	(12,888)	(4,664)	(8,332)	1,815
Total Other Income (Expenses), net	**(83,091)**	**(57,468)**	**(199,159)**	**(144,741)**
Net (Loss)/Income	**$(7,034)**	**$(833)**	**$11,274**	**$4,379**
EARNINGS/(LOSS) PER SHARE				
Basic & diluted net (loss)/ income per share	$(0.06)	$(0.01)	$0.10	$0.04
Basic & diluted weighted average number of common shares (in thousands of shares)	109,613	109,003	109,609	108,865

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

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Net (loss)/income	$(7,034)	$(833)	$11,274	$4,379
Unrealized (gain)/loss on derivatives	12,888	4,664	8,332	(1,815)
Realized loss on over-hedging portion of derivatives	5,032	10,268	17,680	30,195
Comprehensive Financing Plan related fees	—	—	—	2,266
Amortization of financing fees & finance fees accrued	4,755	3,479	12,298	7,757
Loss on fair value of warrants	—	—	—	2,253
Gain on sale of vessels	—	—	(830)	—
Adjusted Net Income	**$15,641**	**$17,578**	**$48,754**	**$45,035**
Adjusted Earnings Per Share	**$0.14**	**$0.16**	**$0.44**	**$0.41**
Weighted average number of shares	109,613	109,003	109,609	108,865

* The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. See the Table above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three and nine months ended September 30, 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 September 30, 2012 (Unaudited)	As of December 31, 2011 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$37,575	$51,362
Restricted cash	8	2,909
Accounts receivable, net	9,761	4,176
Other current assets	27,417	34,844
	74,761	93,291
NON-CURRENT ASSETS		
Fixed assets, net	4,154,236	3,241,951
Advances for vessels under construction	—	524,286
Restricted cash, net of current portion	430	—
Deferred charges, net	91,560	99,711
Fair value of financial instruments	3,329	3,964
Other non-current assets	32,500	24,901
	4,282,055	3,894,813
TOTAL ASSETS	**$4,356,816**	**$3,988,104**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	$96,023	$41,959
Vendor Financing, current portion	46,693	10,857
Accounts payable, accrued liabilities & other current liabilities	59,330	58,254
Fair value of financial instruments, current portion	111,129	120,623
	313,175	231,693
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	3,135,111	2,960,288
Vendor financing, net of current portion	139,688	54,288
Fair value of financial instruments, net of current portion	235,709	291,829
Other long-term liabilities	9,385	7,471
	3,519,893	3,313,876
STOCKHOLDERS' EQUITY		
Common stock	1,096	1,096
Additional paid-in capital	545,923	545,884
Accumulated other comprehensive loss	(386,205)	(456,105)
Retained earnings	362,934	351,660
	523,748	442,535
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$4,356,816**	**$3,988,104**

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

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Operating Activities:				
Net (loss)/income	$(7,034)	$(833)	$11,274	$4,379
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	38,517	28,139	105,424	76,580
Amortization of deferred drydocking & special survey costs, finance cost and other finance fees accrued	6,329	4,847	16,486	12,405
Stock based compensation	8	23	39	70
Payments for drydocking/special survey	(2,182)	42	(6,340)	(7,008)
Non-cash change in fair value of warrants	—	—	—	2,253
Amortization of deferred realized losses on cash flow interest rate swaps	1,012	459	2,511	1,046
Realized loss on cash flow interest rate swaps deferred in Other Comprehensive Loss	—	(6,976)	(7,035)	(24,907)
Unrealized loss/(gain) on derivatives	12,888	4,205	8,332	(2,861)
Gain on sale of vessels	—	—	(830)	—
Accounts receivable	(4,322)	(723)	(5,585)	(1,685)
Other assets, current and non-current	(35,492)	(3,224)	(38,169)	(14,089)
Accounts payable and accrued liabilities	(7,037)	(5,458)	2,285	(16,208)
Other liabilities, current and non-current	185	4,025	40,643	1,163
Net Cash provided by Operating Activities	**2,872**	**24,526**	**129,035**	**31,138**
Investing Activities:				
Vessels under construction and vessels additions	(101)	(151,481)	(375,378)	(454,120)
Net proceeds from sale of vessel	—	—	5,635	—
Net Cash used in Investing Activities	**(101)**	**(151,481)**	**(369,743)**	**(454,120)**
Financing Activities:				
Debt draw downs	—	99,911	266,920	327,597
Debt repayment	(15,226)	(8,218)	(42,370)	(42,777)
Deferred costs	—	—	(100)	(30,217)
Decrease in restricted cash	2,812	2,812	2,471	2,811
Net Cash provided by Financing Activities	**(12,414)**	**94,505**	**226,921**	**257,414**
Net Increase/(Decrease) in cash and cash equivalents	(9,643)	(32,450)	(13,787)	(165,568)
Cash and cash equivalents, beginning of period	47,218	96,717	51,362	229,835
Cash and cash equivalents, end of period	**$37,575**	**$64,267**	**$37,575**	**$64,267**

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

	Three months ended September 30, 2012	Three months ended September 30, 2011	Nine months ended September 30, 2012	Nine months ended September 30, 2011
Net (loss)/income	$(7,034)	$(833)	$11,274	$4,379
Depreciation	38,517	28,139	105,424	76,580
Amortization of deferred drydocking & special survey costs	1,574	1,368	4,188	4,648
Amortization of deferred finance costs and other finance fees accrued	4,755	3,479	12,298	7,757
Amortization of deferred realized losses on interest rate swaps	1,012	459	2,511	1,046
Interest income	(426)	(323)	(1,180)	(969)
Interest expense	24,202	14,355	64,052	39,166
Gain on sale of vessels	—	—	(830)	—
Comprehensive Financing Plan related fees	—	—	—	2,266
Stock based compensation	8	23	39	70
Realized loss on derivatives	40,668	35,300	113,214	95,462
Unrealized (gain)/loss on derivatives	12,888	4,205	8,332	(2,861)
Non-cash changes in fair value of warrants	—	—	—	2,253
Adjusted EBITDA[(1)]	**$116,164**	**$86,172**	**$319,322**	**$229,797**

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 warrants, unrealized (gain)/loss on derivatives, realized gain/(loss) on derivatives, stock based compensation, gain/(loss) on sale of vessel 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 nine months ended September 30, 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.