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DANAOS CORPORATION

Danaos Corporation Reports Fourth Quarter and Full Year Results for the Year Ended December 31, 2012.

Athens, Greece, February 11, 2013 – Danaos Corporation ("Danaos") (NYSE: DAC), a leading international owner of containerships, today reported unaudited results for the quarter and full year ended December 31, 2012.

Highlights for the Fourth Quarter and Full Year Ended December 31, 2012:

- **Operating revenues of $151.8 million for the three months ended December 31, 2012 compared to $128.3 million for the three months ended December 31, 2011, an increase of 18.3%. Operating revenues of $589.0 million for the year ended December 31, 2012 compared to $468.1 million for the year ended December 31, 2011, an increase of 25.8%.**
- **Adjusted EBITDA[1] of $112.4 million for the three months ended December 31, 2012 compared to $88.8 million for the three months ended December 31, 2011, an increase of 26.6%. Adjusted EBITDA[1] of $431.7 million for the year ended December 31, 2012 compared to $318.6 million for the year ended December 31, 2011, an increase of 35.5%.**
- **Adjusted net income[1] of $11.7 million, or $0.11 per share, for the three months ended December 31, 2012 compared to $16.1 million, or $0.15 per share, for the three months ended December 31, 2011. Adjusted net income[1] of $60.5 million, or $0.55 per share, for the year ended December 31, 2012 compared to $61.2 million, or $0.56 per share, for the year ended December 31, 2011.**
- **We recorded an impairment loss of $129.6 million for thirteen of our older vessels, which are currently either on lay-up or on short-term charters expiring in 2013.**
- **We managed to improve our daily vessel operating cost by 7.3%, to $5,857 per day for the three months ended December 31, 2012 compared to $6,318 per day for the three months ended December 31, 2011.**
- **The remaining average charter duration of our fleet was 9.7 years as of December 31, 2012 (weighted by aggregate contracted charter hire).**
- **Total contracted operating revenues were $4.9 billion as of December 31, 2012, through 2028.**
- **Charter coverage of 81% for the next 12 months in terms of contracted operating days and 97% in terms of operating revenues.**

Three and Twelve Months Ended December 31, 2012
Financial Summary

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

	Three months ended December 31, 2012	Three months ended December 31, 2011	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011
			(unaudited)	
Operating revenues	$151,826	$128,344	$589,009	$468,101
Net (loss)/income	$(116,478)	$9,058	$(105,204)	$13,437
Adjusted net income[1]	$11,699	$16,129	$60,453	$61,164
(Losses)/earnings per share	$(1.06)	$0.08	$(0.96)	$0.12
Adjusted earnings per share[1]	$0.11	$0.15	$0.55	$0.56
Weighted average number of shares (in thousands)	109,622	109,142	109,613	109,045
Adjusted EBITDA[1]	$112,368	$88,810	$431,690	$318,607

[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:

Despite the challenging container market environment, in 2012 we managed to maintain the Company's profitability at the 2011 levels. Adjusted Net Income for 2012 came in at $60.5 million or 55 cents per share, compared to $61.2 million or 56 cents per share for 2011, effectively remaining stable, while Adjusted EBITDA increased by 35.5% to $431.7 million for 2012 compared to $318.6 million in 2011 as a result of our fleet expansion program that was concluded this year.

Demand & supply fundamentals for 2012 confirm that this has been a sluggish year, with supply outpacing demand by almost 3%. Although there are signs that this disparity may be somehow moderated in the coming quarters, we still expect supply to outpace demand in 2013.

Mainlane trade volumes in 2012 expanded by a mere 1% on average, while the Asia - Europe trade contracted by almost 3.5%, mainly due to the ongoing weakness in European consumer demand. At the same time, this is the route that has faced the biggest inflow of new tonnage with deliveries of the large post 10,000 TEU containerships. We expect this trend will continue in 2013 as vessels ordered during the early 2011 "mini-boom" are being delivered.

On the other hand, it was non-mainlane trade volumes that to a certain extent "saved the day" expanding by around 6.5% mainly on the back of strong intra-Asia and North-South trade growth. This growth facilitated cascading that helped ease the supply pressure in the mainlane trades but at the expense of the charter market as liner operators have been increasingly utilizing their own tonnage and are generally less inclined to renew expiring charters. It has to be noted that almost 85% of idle capacity, which currently stands at around 5% of the world fleet is now charter owned tonnage. This of course also reflects on us, as we currently have 7 vessels on cold lay-up.

In summary, the combined effect of the above is that the weakness of growth on the longer haul mainlanes has resulted in global TEU-mile growth increasing by just 4% in 2012, with supply increasing by almost 7% for the same period, while this imbalance has mostly affected asset values, time-charter earnings and employment potential of the mid-size vessels. In this context we are currently investigating to make selective acquisitions within 2013 to renew part of our older fleet.

The good news is that liner operators have so far managed the situation effectively with a variety of cost reduction initiatives as well as supply control strategies such as service rationalization, idling of tonnage, scrapping and extra slow steaming through which they have managed to maintain freight rates at decent levels. This is positive, as the financial health of the liner companies is important for containership lessors like us, since the majority of our tonnage is deployed under long-term time charters.

With a strong 97% contract coverage and only 3% of our current revenue stream at stake through re-chartering over the next 12 months, we are largely insulated from the effects of the weak charter market while expect our EBITDA and free cash flow generation to be safeguarded.

At the same time, we continue to be one of the most cost competitive operators in the market. Our daily vessel operating expenses actually came down by 5.4% year-on-year to $5,907 per day for 2012 from $6,246 per day in 2011.

With a resilient business model both from an operating and financial standpoint, we will continue to manage our fleet efficiently, while in 2013 we will focus on rapidly de-leveraging the company and creating value for our shareholders.

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

During the three months ended December 31, 2012, Danaos had an average of 64.0 containerships compared to 57.9 containerships for the same period in 2011. Our fleet utilization declined to 90.4% in the three months ended December 31, 2012 compared to 96.9% in the same period of 2011, mainly due to the 501 days for which seven of our vessels were off-charter and laid-up in the fourth quarter of 2012 compared to 138 days for which two of our vessels were off-charter and laid-up in the fourth quarter of 2011. During the three months ended December 31, 2012, our fleet utilization for the fleet under employment was 98.8% (which excludes the vessels on lay up).

Our adjusted net income was $11.7 million, or $0.11 per share, for the three months ended December 31, 2012 compared to $16.1 million, or $0.15 per share, for the three months ended December 31, 2011. We have adjusted our net income in the fourth quarter of 2012 for an impairment loss on certain of our older vessels of $129.6 million, unrealized gains on derivatives of $7.6 million, realized losses on swaps of $1.4 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 27.3%, or $4.4 million, in adjusted net income for the three months ended December 31, 2012 compared to the three months ended December 31, 2011, was mainly attributable to the softening of the charter market during the last year. Although the vessel additions, with associated contracted long-term charters, to our fleet over the course of the last year were accretive to the bottom line, the soft charter market has resulted in the cold lay-up of 7 vessels until the end of 2012 (one of which we subsequently agreed to sell) and has also affected the re-chartering of certain vessels in 2012 that currently run at operating break even levels, while they had a positive contribution to operating income during the 4th quarter of 2011.

On a non-adjusted basis our net loss was $116.5 million, or $1.06 per share, for the fourth quarter of 2012, compared to net income of $9.1 million, or $0.08 per share, for the fourth quarter of 2011, which is mainly attributable to the impairment loss we incurred in the current quarter on certain of our older vessels.

As a result of our comprehensive financing plan, we were in an over-hedged position under our cash flow interest rate swaps, which was 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 was eliminated during the fourth quarter of 2012.

As of December 31, 2012, we recorded an impairment loss of $129.6 million for thirteen of our older vessels. The indicators of potential impairment of these vessels included volatility in the spot market and decline in the vessels' market values, as well as the potential impact the current charter marketplace may have on the future operation of the older vessels in our fleet, which are either laid up, or on short-term charters.

Operating Revenue

Operating revenue increased 18.3%, or $23.5 million, to $151.8 million in the three months ended December 31, 2012, from $128.3 million in the three months ended December 31, 2011. The increase was primarily attributable to the addition of six vessels to our fleet, as follows:

Vessel Name	Vessel Size (TEU)	Date Delivered
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 $31.8 million during the three months ended December 31, 2012 (552 operating days in total).

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

- $4.5 million of incremental revenues in the three months ended December 31, 2012 compared to the same period of 2011, related to two 8,530 TEU containerships (the *CMA CGM Bianca* and the *CMA CGM Samson*, which were added to our fleet on October 26, 2011 and December 15, 2011, respectively).

- $1.2 million decrease in revenues in the three months ended December 31, 2012 compared to the same period of 2011, related to the sale of one 2,130 TEU containership, the *Montreal*, on April 27, 2012.
- $11.6 million decrease in revenues in the three months ended December 31, 2012 compared to the same period of 2011. This was mainly attributable to an increase in off-hire days of 398 days, to 565 days in the three months ended December 31, 2012, from 167 days in the three months ended December 31, 2011 ($6.3 million reduction in revenue in relation to the vessels that were off-charter and laid up for 501 days during the fourth quarter of 2012 compared to 138 days during the fourth quarter of 2011), as well as re-chartering of certain vessels in 2012 at lower charter rates compared to what these vessels were earning during the 4th quarter of 2011.

Vessel Operating Expenses
Vessel operating expenses decreased 3.8%, or $1.2 million, to $30.5 million in the three months ended December 31, 2012, from $31.7 million in the three months ended December 31, 2011. The reduction is mainly attributable to the reduced costs of 5.3 vessels on average which were on lay-up during the fourth quarter of 2012 compared to 1.4 vessels on average during the fourth quarter of 2011. The overall decrease in vessel operating expenses was offset in part by the increased average number of vessels in our fleet during the three months ended December 31, 2012 compared to the same period of 2011.

The average daily operating cost per vessel was reduced to $5,857 for the three months ended December 31, 2012, from $6,318 for the three months ended December 31, 2011 (excluding those vessels on lay-up).

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

Depreciation
Depreciation expense increased 30.1%, or $8.9 million, to $38.5 million in the three months ended December 31, 2012, from $29.6 million in the three months ended December 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 December 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 increased 58.3%, or $0.7 million, to $1.9 million in the three months ended December 31, 2012, from $1.2 million in the three months ended December 31, 2011. The increase reflects increased dry-docking and special survey costs incurred within the year and amortized during the three months ended December 31, 2012 compared to the same period of 2011.

General and Administrative Expenses
General and administrative expenses decreased 25.7%, or $1.8 million, to $5.2 million in the three months ended December 31, 2012, from $7.0 million in the same period of 2011. The decrease was mainly the result of a non-cash stock based compensation expense of $2.1 million recorded in the fourth quarter of 2011 compared to $0.1 million in the fourth quarter of 2012. Furthermore, fees to our Manager increased by $0.4 million in the three months ended December 31, 2012 compared to the same period of 2011, 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 $0.6 million, to $3.5 million in the three months ended December 31, 2012, from $2.9 million in the three months ended December 31, 2011. The increase was mainly 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 45.6%, or $7.3 million, to $23.3 million in the three months ended December 31, 2012, from $16.0 million in the three months ended December 31, 2011. The change in interest expense was due to the increase in our average debt by $420.4 million, to $3,402.8 million in the three months ended December 31, 2012, from $2,982.4 million in the three months ended December 31, 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 December 31, 2011 compared to nil interest being capitalized for the three months ended December 31, 2012, following the completion of our newbuilding program in June 2012.

Interest income was $0.4 million in the three months ended December 31, 2012 compared to $0.3 million in the three months ended December 31, 2011.

Other finance costs, net
Other finance costs, net, increased by $1.4 million, to $5.1 million in the three months ended December 31, 2012, from $3.7 million in the three months ended December 31, 2011. This increase was mainly due to the $0.7 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 three months ended December 31, 2012 compared to the three months ended December 31, 2011.

Other income/(expenses), net
Other income/(expenses), net, was negligible in the three months ended December 31, 2012 and 2011, respectively.

Unrealized gain/(loss) on derivatives
Unrealized gain/(loss) on interest rate swap hedges was a gain of $7.6 million in the three months ended December 31, 2012 compared to a gain of $7.1 million in the three months ended December 31, 2011. The unrealized gains were attributable to hedge accounting ineffectiveness, mark to market valuation of our swaps. Furthermore, we reclassified unrealized losses from Accumulated Other Comprehensive Loss to our earnings due to the discontinuation of hedge accounting since July 1, 2012.

Realized (loss)/gain on derivatives
Realized loss on interest rate swap hedges, increased by $3.8 million, to $38.7 million in the three months ended December 31, 2012, from $34.9 million in the three months ended December 31, 2011. This increase is mainly attributable to $6.4 million of realized losses that had been deferred during the 4th quarter of 2011 (as discussed below) and were not deferred in the current quarter, partially offset by the lower average notional amount of swaps during the three months ended December 31, 2012 compared to the same period in 2011 which resulted in lower realized losses on derivatives of $2.6 million during the 4th quarter of 2012.

Following the delivery of all our newbuildings, no realized losses on cash flow hedges were deferred during the three months ended December 31, 2012. During the three months ended December 31, 2011, realized losses on cash flow hedges of $6.4 million were deferred in “Accumulated Other Comprehensive Loss”, rather than being recognized as expenses, and are being reclassified into earnings over the depreciable lives of these vessels that were under construction and financed by loans with interest rates that were 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, 2012 and 2011:

	Three months ended December 31, 2012	Three months ended December 31, 2011
	(in millions)	
Total realized losses of swaps	$(38.7)	$(41.3)
Realized losses of swaps deferred in OCL	—	6.4
Realized losses of swaps expensed in P&L	**(38.7)**	**(34.9)**
Realized losses attributable to overhedging	1.4	8.7
Adjusted realized losses attributable to hedged debt	**$(37.3)**	**$(26.2)**

Adjusted EBITDA
Adjusted EBITDA increased 26.6%, or $23.6 million, to $112.4 million in the three months ended December 31, 2012, from $88.8 million in the three months ended December 31, 2011. Adjusted EBITDA for the fourth quarter of 2012, is adjusted for an impairment loss of $129.6 million, unrealized gain on derivatives of $7.6 million and realized losses on derivatives of $37.7 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Twelve months ended December 31, 2012 compared to the twelve months ended December 31, 2011

During the twelve months ended December 31, 2012, Danaos had an average of 62.6 containerships compared to 54.9 containerships for the same period in 2011. Our fleet utilization declined to 93.0% in the twelve months ended December 31, 2012 compared to 97.6% in the same period in 2011, mainly due to the 1,349 days for which certain of our vessels were off-charter and laid-up by us in the twelve months ended December 31, 2012 compared to 155 days in the twelve months ended December 31, 2011. During the twelve months ended December 31, 2012, our fleet utilization for the fleet under employment was 98.8% (which excludes the laid up vessels).

Our adjusted net income was $60.5 million, or $0.55 per share, for the twelve months ended December 31, 2012 compared to $61.2 million, or $0.56 per share, for the twelve months ended December 31, 2011. We have adjusted our net income in the twelve months ended December 31, 2012, for an impairment loss of $129.6 million, unrealized losses on derivatives of $0.7 million, realized losses on swaps of $19.0 million attributable to our over-hedging position, as well as a non-cash expense of $17.1 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.

Adjusted net income decreased by 1.1%, or $0.7 million, in the twelve months ended December 31, 2012 compared to the twelve months ended December 31, 2011. 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 resulted in the cold lay-up of 7 vessels until the end of 2012 (one of which we subsequently agreed to sell) and has also affected the re-chartering of certain vessels that currently run at operating breakeven levels, while they had a positive contribution to earnings during 2011.

Furthermore, the decrease was attributable to 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 twelve months ended December 31, 2012 compared to the same period in 2011, which was partially off-set by increased Income from Operations.

On a non-adjusted basis our net loss was $105.2 million, or $0.96 per share, for the twelve months ended December 31, 2012, compared to net income of $13.4 million, or $0.12 per share, for the twelve months ended December 31, 2011, which is mainly attributable to the impairment loss we incurred in the 4th quarter of 2012 on certain of our older vessels.

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 25.8%, or $120.9 million, to $589.0 million in the twelve months ended December 31, 2012, from $468.1 million in the twelve months ended December 31, 2011. The increase was primarily attributable to the addition of six vessels to our fleet, as follows:

Vessel Name	Vessel Size (TEU)	Date Delivered
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 $88.8 million during the twelve months ended December 31, 2012 (1,564 operating days in total).

Furthermore, operating revenues for the twelve months ended December 31, 2012, reflect:

- $64.0 million of incremental revenues in the twelve months ended December 31, 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 four 8,530 TEU containerships (the *CMA CGM Attila*, the *CMA CGM Tancredi*, the *CMA CGM Bianca* and the *CMA CGM Samson*, which were added to our fleet on July 8, 2011, August 22, 2011, October 26, 2011 and December 15, 2011, respectively).
- $2.4 million decrease in revenues in the twelve months ended December 31, 2012 compared to the same period in 2011, related to the sale of one 2,130 TEU containership, the *Montreal*, on April 27, 2012.
- $29.5 million decrease in revenues in the twelve months ended December 31, 2012 compared to the same period of 2011. This was mainly attributable to increased off-hire days by 1,136 days, to 1,613 days in the twelve months ended December 31, 2012, from 477 days in the twelve months ended December 31, 2011 ($18.5 million reduction in revenue in relation to certain vessels that were off-charter and laid up for 1,349 days during the twelve months ended December 31, 2012 compared to 155 days during the twelve months ended December 31, 2011).

Vessel Operating Expenses
Vessel operating expenses increased 3.6%, or $4.3 million, to $123.4 million in the twelve months ended December 31, 2012, from $119.1 million in the twelve months ended December 31, 2011. The increase is mainly attributable to the increased average number of vessels in our fleet during the twelve months ended December 31, 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 $5,907 for the twelve months ended December 31, 2012 compared to $6,246 for the twelve months ended December 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 35.5%, or $37.7 million, to $143.9 million in the twelve months ended December 31, 2012, from $106.2 million in the twelve months ended December 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 twelve months ended December 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 increased 5.2%, or $0.3 million, to $6.1 million in the twelve months ended December 31, 2012, from $5.8 million in the twelve months ended December 31, 2011. The increase reflects increased dry-docking and special survey costs incurred

and amortized during the twelve months ended December 31, 2012 compared to the same period of 2011.

General and Administrative Expenses
General and administrative expenses decreased 2.9%, or $0.6 million, to $20.4 million in the twelve months ended December 31, 2012, from $21.0 million in the same period of 2011. The decrease was mainly the result of a non-cash stock based compensation expense of $2.2 million recorded in the twelve months ended December 31, 2011 compared to $0.1 million in the same period of 2012. Furthermore, fees to our Manager increased by $1.9 million, 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 $2.7 million, to $13.5 million in the twelve months ended December 31, 2012, from $10.8 million in the twelve months ended December 31, 2011. The increase was the result of increased commissions to our Manager by $2.4 million, 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 twelve months ended December 31, 2012 compared to the same period of 2011.

Interest Expense and Interest Income
Interest expense increased by 58.4%, or $32.2 million, to $87.3 million in the twelve months ended December 31, 2012, from $55.1 million in the twelve months ended December 31, 2011. The change in interest expense was due to the increase in our average debt by $495.3 million, to $3,308.3 million in the twelve months ended December 31, 2012, from $2,813.0 million in the twelve months ended December 31, 2011, as well as the increased average LIBOR payable on interest under our credit facilities in the twelve months ended December 31, 2012 compared to the twelve months ended December 31, 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 twelve months ended December 31, 2012 compared to $16.1 million of capitalized interest for the twelve months ended December 31, 2011.

Interest income was $1.6 million in the twelve months ended December 31, 2012 compared to $1.3 million in the twelve months ended December 31, 2011.

Other finance costs, net
Other finance costs, net, increased by $3.5 million, to $18.1 million in the twelve months ended December 31, 2012, from $14.6 million in the twelve months ended December 31, 2011. This increase was due to a $4.6 million increase in amortization in relation to finance fees (which were deferred and are amortized over the term of the respective credit facilities) in the twelve months ended December 31, 2012 compared to the same period in 2011, as well as a $1.2 million increase in accrued finance fees (which accrete in our Statement of Income over the term of the respective facilities) in the twelve months ended December 31, 2012 compared to the same period in 2011, which was partially offset by an expense of $2.3 million recorded in the twelve months ended December 31, 2011, in relation to non-cash changes in fair value of warrants, which did not recur in the twelve months ended December 31, 2012.

Other income/(expenses), net
Other income/(expenses), net, was income of $0.8 million in the twelve months ended December 31, 2012, compared to an expense of $2.0 million in the twelve months ended December 31, 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 twelve months ended December 31, 2011 and did not recur in the twelve months ended December 31, 2012.

Unrealized (loss)/gain on derivatives
Unrealized (loss)/gain on interest rate swap hedges was a loss of $0.7 million in the twelve months ended December 31, 2012, compared to a gain of $9.0 million in the twelve months ended December 31, 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).

As discussed above, 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 $24.1 million, to $154.4 million in the twelve months ended December 31, 2012, from $130.3 million in the twelve months ended December 31, 2011. The increase is attributable to the realized losses being deferred for the respective periods (as discussed below), which is partially offset by the higher floating LIBOR rates during the twelve months ended December 31, 2012 compared to the same period of 2011.

Realized losses on cash flow hedges of $7.0 million and $31.3 million in the twelve months ended December 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 the vessels under construction which were 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 twelve months ended December 31, 2012 and 2011:

	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011
	(in millions)	
Total realized losses of swaps	$(161.4)	$(161.6)
Realized losses of swaps deferred in OCL	7.0	31.3
Realized losses of swaps expensed in P&L	**(154.4)**	**(130.3)**
Realized losses attributable to overhedging	19.0	38.9
Adjusted realized losses attributable to hedged debt	**$(135.4)**	**$(91.4)**

Adjusted EBITDA
Adjusted EBITDA increased 35.5%, or $113.1 million, to $431.7 million in the twelve months ended December 31, 2012, from $318.6 million in the twelve months ended December 31, 2011. Adjusted EBITDA for the twelve months ended December 31, 2012, is adjusted for an impairment loss of $129.6 million, unrealized loss on derivatives of $0.7 million, realized losses on derivatives of $150.9 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.

Recent news
On January 17, 2013, we entered into an agreement to sell the *Independence* for a gross sale consideration of $7.0 million. We expect the vessel to be delivered to its buyers in the second half of February 2013. The *Independence* is 26 years old and has been on cold lay-up since November 13, 2011.

Conference Call and Webcast
On Tuesday, February 12, 2013, 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 19, 2013 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 508 unscheduled off-hire days in the fourth quarter of 2012 (including 501 days related to the *Marathonas*, the *Independence*, the *Henry*, the *Pride*, the *Duka*, the *Messologi* and the *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)	**First Quarter 2012**	**Second Quarter 2012**	**Third Quarter 2012**	**Fourth Quarter 2012**	**Total**
Ownership Days	5,471	5,663	5,888	5,888	**22,910**
Less Off-hire Days:					
Scheduled Off-hire Days	(49)	(45)	(58)	(57)	**(209)**
Other Off-hire Days	(254)	(266)	(376)	(508)	**(1,404)**
Operating Days	**5,168**	**5,352**	**5,454**	**5,323**	**21,297**
Vessel Utilization	**94.5%**	**94.5%**	**92.6%**	**90.4%**	**93.0%**
Operating Revenues (in '000s of US Dollars)	**$134,237**	**$146,657**	**$156,289**	**$151,826**	**$589,009**
Average Gross Daily Charter Rate	**$25,975**	**$27,402**	**$28,656**	**$28,523**	**$27,657**

Fleet List

The following table describes in detail our fleet deployment profile as of February 11, 2013.

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	Laid-up
Mytilini	4,814	1991	March 2013
Hyundai Commodore[3]	4,651	1992	February 2013
Duka[4]	4,651	1992	Laid-up
Hyundai Federal[5]	4,651	1994	April 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	Laid-up
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[9]	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*.
(9) On January 17, 2013, we entered into an agreement to sell the *Independence*.

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

	Three months ended December 31, 2012	Three months ended December 31, 2011	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011
OPERATING REVENUES	**$151,826**	**$128,344**	**$589,009**	**$468,101**
OPERATING EXPENSES				
Vessel operating expenses	(30,525)	(31,679)	(123,356)	(119,127)
Depreciation & amortization	(40,396)	(30,750)	(150,008)	(111,978)
Impairment loss	(129,630)	—	(129,630)	—
General & administrative	(5,202)	(6,982)	(20,379)	(21,028)
Gain on sale of vessels	—	—	830	—
Other operating expenses	(3,543)	(2,850)	(13,503)	(10,765)
Income From Operations	**(57,470)**	**56,083**	**152,963**	**205,203**
OTHER EARNINGS (EXPENSES)				
Interest income	462	335	1,642	1,304
Interest expense	(23,288)	(15,958)	(87,340)	(55,124)
Other finance cost, net	(5,114)	(3,665)	(18,107)	(14,581)
Other income/(expenses), net	48	(5)	811	(1,986)
Realized (loss)/gain on derivatives	(38,709)	(34,879)	(154,434)	(130,341)
Unrealized gain/(loss) on derivatives	7,593	7,147	(739)	8,962
Total Other Income (Expenses), net	**(59,008)**	**(47,025)**	**(258,167)**	**(191,766)**
Net (Loss)/Income	**$(116,478)**	**$9,058**	**$(105,204)**	**$13,437**
(LOSS)/EARNINGS PER SHARE				
Basic & diluted net (loss)/ income per share	$(1.06)	$0.08	$(0.96)	$0.12
Basic & diluted weighted average number of common shares (in thousands of shares)	109,622	109,142	109,613	109,045

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

	Three months ended December 31, 2012	Three months ended December 31, 2011	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011
Net (loss)/income	$(116,478)	$9,058	$(105,204)	$13,437
Unrealized (gain)/loss on derivatives	(7,593)	(7,147)	739	(8,962)
Realized loss on over-hedging portion of derivatives	1,362	8,663	19,042	38,858
Comprehensive Financing Plan related fees	—	—	—	2,266
Amortization of financing fees & finance fees accrued	4,778	3,535	17,076	11,292
Impairment loss	129,630	—	129,630	—
Loss on fair value of warrants	—	—	—	2,253
Stock based compensation	—	2,020	—	2,020
Gain on sale of vessels	—	—	(830)	—
Adjusted Net Income	**$11,699**	**$16,129**	**$60,453**	**$61,164**
Adjusted Earnings Per Share	**$0.11**	**$0.15**	**$0.55**	**$0.56**
Weighted average number of shares	109,622	109,142	109,613	109,045

* 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, 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 December 31, 2012 (Unaudited)	As of December 31, 2011 (Unaudited)
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$55,628	$51,362
Restricted cash	2,821	2,909
Accounts receivable, net	3,741	4,176
Other current assets	36,483	34,844
	98,673	93,291
NON-CURRENT ASSETS		
Fixed assets, net	3,986,138	3,241,951
Advances for vessels under construction	—	524,286
Restricted cash, net of current portion	430	—
Deferred charges, net	88,821	99,711
Fair value of financial instruments	2,908	3,964
Other non-current assets	35,075	24,901
	4,113,372	3,894,813
TOTAL ASSETS	**$4,212,045**	**$3,988,104**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	$125,076	$41,959
Vendor Financing, current portion	57,388	10,857
Accounts payable, accrued liabilities & other current liabilities	52,688	58,254
Fair value of financial instruments, current portion	130,100	120,623
	365,252	231,693
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	3,097,472	2,960,288
Vendor financing, net of current portion	121,754	54,288
Fair value of financial instruments, net of current portion	176,948	291,829
Other long-term liabilities	10,315	7,471
	3,406,489	3,313,876
STOCKHOLDERS' EQUITY		
Common stock	1,096	1,096
Additional paid-in capital	546,023	545,884
Accumulated other comprehensive loss	(353,271)	(456,105)
Retained earnings	246,456	351,660
	440,304	442,535
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$4,212,045**	**$3,988,104**

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

	Three months ended December 31, 2012	Three months ended December 31, 2011	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011
Operating Activities:				
Net (loss)/income	$(116,478)	$9,058	$(105,204)	$13,437
Adjustments to reconcile net income to net cash provided by operating activities:				
Depreciation	38,514	29,598	143,938	106,178
Impairment loss	129,630	—	129,630	—
Amortization of deferred drydocking & special survey costs, finance cost and other finance fees accrued	6,660	4,687	23,146	17,092
Stock based compensation	100	2,112	139	2,182
Payments for drydocking/special survey	(2,968)	(210)	(9,308)	(7,218)
Non-cash change in fair value of warrants	—	—	—	2,253
Amortization of deferred realized losses on cash flow interest rate swaps	1,013	529	3,524	1,575
Realized loss on cash flow interest rate swaps deferred in Other Comprehensive Loss	—	(6,413)	(7,035)	(31,320)
Unrealized loss/(gain) on derivatives	(7,593)	(7,676)	739	(10,537)
Gain on sale of vessels	—	—	(830)	—
Accounts receivable	6,020	1,621	435	(64)
Other assets, current and non-current	(11,641)	(441)	(11,813)	(14,530)
Accounts payable and accrued liabilities	(4,665)	751	(2,380)	(15,457)
Other liabilities, current and non-current	(1,069)	(5,262)	1,577	(4,099)
Net Cash provided by Operating Activities	**37,523**	**28,354**	**166,558**	**59,492**
Investing Activities:				
Vessels under construction and vessels additions	(46)	(190,473)	(375,424)	(644,593)
Net proceeds from sale of vessel	—	—	5,635	—
Net Cash used in Investing Activities	**(46)**	**(190,473)**	**(369,789)**	**(644,593)**
Financing Activities:				
Debt draw downs	—	154,689	266,920	482,286
Debt repayment	(16,611)	(2,592)	(58,981)	(45,369)
Deferred costs	—	(70)	(100)	(30,287)
Increase in restricted cash	(2,813)	(2,813)	(342)	(2)
Net Cash (used in)/provided by Financing Activities	**(19,424)**	**149,214**	**207,497**	**406,628**
Net Increase/(Decrease) in cash and cash equivalents	18,053	(12,905)	4,266	(178,473)
Cash and cash equivalents, beginning of period	37,575	64,267	51,362	229,835
Cash and cash equivalents, end of period	**$55,628**	**$51,362**	**$55,628**	**$51,362**

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

	Three months ended December 31, 2012	Three months ended December 31, 2011	Twelve months ended December 31, 2012	Twelve months ended December 31, 2011
Net (loss)/income	$(116,478)	$9,058	$(105,204)	$13,437
Depreciation	38,514	29,598	143,938	106,178
Amortization of deferred drydocking & special survey costs	1,882	1,152	6,070	5,800
Amortization of deferred finance costs and other finance fees accrued	4,778	3,535	17,076	11,292
Amortization of deferred realized losses on interest rate swaps	1,013	529	3,524	1,575
Interest income	(462)	(335)	(1,642)	(1,304)
Interest expense	23,288	15,958	87,340	55,124
Impairment loss	129,630	—	129,630	—
Gain on sale of vessels	—	—	(830)	—
Comprehensive Financing Plan related fees	—	—	—	2,266
Stock based compensation	100	2,112	139	2,182
Realized loss on derivatives	37,696	34,879	150,910	130,341
Unrealized (gain)/loss on derivatives	(7,593)	(7,676)	739	(10,537)
Non-cash changes in fair value of warrants	—	—	—	2,253
Adjusted EBITDA[(1)]	**$112,368**	**$88,810**	**$431,690**	**$318,607**

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, impairment loss 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, 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.