World – Class Shipping, Leading – Edge Expertise

DANAOS CORPORATION

Danaos Corporation Reports First Quarter Results for the Period Ended March 31, 2014.

Athens, Greece, May 5, 2014 – Danaos Corporation ("Danaos") (NYSE: DAC), a leading international owner of containerships, today reported unaudited results for the quarter ended March 31, 2014.

Highlights for the First Quarter Ended March 31, 2014:

- **Operating revenues of $135.5 million for the three months ended March 31, 2014 compared to $146.1 million for the three months ended March 31, 2013, a decrease of 7.3%.**
- **Adjusted EBITDA[1] of $96.4 million for the three months ended March 31, 2014 compared to $108.6 million for the three months ended March 31, 2013, a decrease of 11.2%.**
- **Adjusted net income[1] of $7.0 million, or $0.06 per share, for the three months ended March 31, 2014 compared to $13.9 million, or $0.13 per share, for the three months ended March 31, 2013, a decrease of 49.6%.**
- **The remaining average charter duration of our fleet was 8.7 years as of March 31, 2014 (weighted by aggregate contracted charter hire).**
- **Total contracted operating revenues were $4.1 billion as of March 31, 2014, through 2028.**
- **Charter coverage of 88% for the next 12 months in terms of contracted operating days and 98% in terms of operating revenues.**

Three Months Ended March 31, 2014
Financial Summary

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

	Three months ended March 31, 2014	Three months ended March 31, 2013
	(unaudited)	
Operating revenues	$135,486	$146,088
Net income	$8,407	$13,432
Adjusted net income[1]	$6,976	$13,884
Earnings per share	$0.08	$0.12
Adjusted earnings per share[1]	$0.06	$0.13
Weighted average number of shares (in thousands)	109,669	109,653
Adjusted EBITDA[1]	$96,381	$108,584

Danaos' CEO Dr. John Coustas commented:

Danaos is reporting 1st quarter 2014 adjusted net income of $7 million or 6 cents per share, which is $6.9 million lower than the $13.9 million adjusted net income for the 1st quarter of 2013. This decrease is mainly a result of the previously announced Zim restructuring which accounts for $6 million in lower operating revenues. We anticipate this effect to be partially offset upon legal consummation of the Zim restructuring when we will commence to gradually recognize through our income statement the debt and equity instruments that we will receive in return for the charter rate concessions.

A positive income driver which starts becoming increasingly relevant is the decrease in our financing costs as a result of the rapid deleveraging of our balance sheet and the gradual expiration of interest rate swaps which will continue in the coming quarters. During the 1st quarter of 2014 finance costs were $4.6 million lower when compared to the 1st quarter of 2013. In the current quarter we reduced indebtedness by $60.7 million while we will reduce debt by at least $200 million in total within 2014.

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

Interest rate swaps were $300 million lower between the 2 quarters while there is a further $1 billion in swaps expiring within 2014.

The containership market remains challenging. The focus of the liner companies is on fleet deployment optimization and the creation of operational efficiencies either through M&A consolidation or alliances. In the short run this may add further pressure to the gearless panamax charter market which we believe will subside in the medium term as demand growth eventually absorbs in the non mainlane trades what today are considered 'surplus' vessels. On a macro level, a successful operational consolidation in the liner industry and the rationalization of the liner services is a positive step as the industry will become healthier and the counterparty risk for charter owners like Danaos will improve.

In any case, we maintain our strong 98% contract coverage for the next 12 months, limiting further downside from a prolonged weak spot charter market.

We continue to be one of the most cost competitive operators in the industry with our daily vessel operating expenses averaging at $6,110 per day for the 1st quarter of 2014.

With a resilient business model both from an operating and financial standpoint, we will continue to manage our fleet efficiently, while in 2014 we will focus on further de-leveraging the company and creating value for our shareholders.

Three months ended March 31, 2014 compared to the three months ended March 31, 2013

During the three months ended March 31, 2014, Danaos had an average of 58.6 containerships compared to 63.1 containerships for the three months ended March 31, 2013. Our fleet utilization increased to 95.2% in the three months ended March 31, 2014 compared to 89.6% in the three months ended March 31, 2013, while the effective utilization for the fleet under employment, excluding vessels on lay up, was 97.9% in the three months ended March 31, 2014. During the three months ended March 31, 2014, we sold the *Marathonas*, on February 26, 2014.

Our adjusted net income was $7.0 million, or $0.06 per share, for the three months ended March 31, 2014 compared to $13.9 million, or $0.13 per share, for the three months ended March 31, 2013. We have adjusted our net income in the three months ended March 31, 2014 for unrealized gains on derivatives of $5.7 million, a non-cash expense of $4.7 million for fees related to our 2011 comprehensive financing plan (comprised of non-cash, amortizing and accrued finance fees) and a gain on sale of vessel of $0.5 million. Please refer to the Adjusted Net Income reconciliation table, which appears later in this earnings release.

The decrease of 49.6%, or $6.9 million, in adjusted net income for the three months ended March 31, 2014 compared to the three months ended March 31, 2013, is attributed to a $6.0 million decrease in operating revenues as a result of reduced rates for 6 x 4,253 vessels on charter to Zim following the Zim restructuring and a $1.6 million increase in total fleet operating costs, partially offset by a $0.7 million lower dry docking amortization charge on our income statement. Additionally, a $4.6 million improvement in net finance costs due to lower debt balances and interest rate swap expirations, offset an equal amount of decrease in operating revenues attributed to lower re-chartering rates for certain of our vessels as a result of the continuing soft charter market and off hires related to scheduled dry dockings. As of March 31, 2014, we had one vessel on cold lay-up, which on April 8, 2014 we have entered into an agreement to sell.

On a non-adjusted basis our net income was $8.4 million, or $0.08 per share, for the three months ended March 31, 2014, compared to net income of $13.4 million, or $0.12 per share, for the three months ended March 31, 2013.

Operating Revenues

Operating revenues decreased 7.3%, or $10.6 million, to $135.5 million in the three months ended March 31, 2014, from $146.1 million in the three months ended March 31, 2013.

Operating revenues for the three months ended March 31, 2014 reflect:

- $2.8 million of additional revenues in the three months ended March 31, 2014 compared to the three months ended March 31, 2013, related to the *Amalia C*, the *Niledutch Zebra*, the *Niledutch*

Palanca and the *Dimitris C*, which were added to our fleet on May 14, 2013, June 25, 2013, November 13, 2013 and November 21, 2013, respectively.

- $6.0 million decrease in revenues in the three months ended March 31, 2014 compared to the three months ended March 31, 2013, related to the agreement we entered into with ZIM for a reduction in the charter rates payable by ZIM under the time charters for six of our vessels.
- $3.1 million decrease in revenues in the three months ended March 31, 2014 compared to the three months ended March 31, 2013, related to the *Elbe*, the *Hope*, the *Kalamata* , the *Lotus* and the *Komodo,* which were generating revenues in the three months ended March 31, 2013, but were sold within 2013.
- $4.3 million decrease in revenues in the three months ended March 31, 2014 compared to the three months ended March 31, 2013, which was mainly attributable to the soft charter market, as well as the scheduled off-hires of $1.2 million in the three months ended March 31, 2014 compared to nil in the three months ended March 31, 2013.

Vessel Operating Expenses
Vessel operating expenses increased 3.1%, or $0.9 million, to $30.2 million in the three months ended March 31, 2014, from $29.3 million in the three months ended March 31, 2013, reflecting higher average daily operating cost per vessel offset by lower average number of vessels in our fleet in the 2014 period.

The average daily operating cost per vessel increased to $6,110 per day for the three months ended March 31, 2014, from $5,912 per day for the three months ended March 31, 2013, but still remains one of the most competitive daily operating expenses figure in the industry.

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

Depreciation
Depreciation expense decreased 0.3%, or $0.1 million, to $33.9 million in the three months ended March 31, 2014, from $34.0 million in the three months ended March 31, 2013. The decrease in depreciation expense was due to the decreased average number of vessels in our fleet during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

Amortization of Deferred Dry-docking and Special Survey Costs
Amortization of deferred dry-docking and special survey costs decreased by $0.7 million, to $1.0 million in the three months ended March 31, 2014, from $1.7 million in the three months ended March 31, 2013. The decrease reflects decreased dry-docking and special survey costs incurred within the year and amortized during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

General and Administrative Expenses
General and administrative expenses increased 10.2%, or $0.5 million, to $5.4 million in the three months ended March 31, 2014, from $4.9 million in the three months ended March 31, 2013. The increase was mainly the result of increased fees paid to our Manager in the three months ended March 31, 2014 compared to the three months ended March 31, 2013, due to an increase in the per day fee payable to our Manager since January 1, 2014, which was partially offset by a decrease in the average number of vessels in our fleet in the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

Effective January 1, 2014, our management fees were adjusted to a fee of $800 per day for commercial, chartering and administrative services, a technical management fee of $400 per vessel per day for vessels on bareboat charter and $800 per vessel per day for vessels on time charter.

Other Operating Expenses
Other Operating Expenses includes Voyage Expenses

Voyage Expenses
Voyage expenses increased by $0.2 million, to $3.3 million in the three months ended March 31, 2014, from $3.1 million in the three months ended March 31, 2013. Effective January 1, 2014, the commission of 1.0% on gross freight, charter hire, ballast bonus and demurrage payable to our manager with respect to each vessel in the fleet was adjusted to a commission of 1.25%. This increase was partially offset by the decreased average number of vessels in our fleet during the three months ended March 31, 2014 compared to the three months ended March 31, 2013.

Gain/(loss) on sale of vessels
Gain/(loss) on sale of vessels, was a gain of $0.5 million in the three months ended March 31, 2014 compared to nil in the three months ended March 31, 2013. During the three months ended March 31, 2014, we sold the *Marathonas* on February 26, 2014 and we realized a net gain on sale of $0.5 million. During the three months ended March 31, 2013, we sold the *Henry*, the *Independence* and the *Pride* on February 13, 2013, February 28, 2013 and March 25, 2013, respectively, and we realized nil gain/(loss) on these sales in aggregate.

Interest Expense and Interest Income
Interest expense decreased by 8.3%, or $1.9 million, to $21.0 million in the three months ended March 31, 2014, from $22.9 million in the three months ended March 31, 2013. The change in interest expense was mainly due to the decrease in our average debt by $186.8 million, to $3,202.0 million in the three months ended March 31, 2014, from $3,388.8 million in the three months ended March 31, 2013, as well as the marginal decrease in the cost of debt servicing in the three months ended March 31, 2014 compared to the three months ended March 31, 2013, mainly driven by the accelerated amortization of our fixed rate debt, which bears a higher cost compared to our floating rate debt.

It has to be noted that we are in a rapid deleveraging mode. As of March 31, 2014, the debt outstanding was $3,174.0 million compared to $3,380.1 million as of March 31, 2013.

Interest income was less than $0.1 million in the three months ended March 31, 2014 compared to $0.5 million in the three months ended March 31, 2013.

Other finance costs, net
Other finance costs, net, decreased by $0.1 million, to $5.0 million in the three months ended March 31, 2014, from $5.1 million in the three months ended March 31, 2013.

Unrealized gain/(loss) on derivatives
Unrealized gain/(loss) on interest rate swap hedges was a gain of $5.7 million in the three months ended March 31, 2014 compared to a gain of $4.4 million in the three months ended March 31, 2013. The unrealized gain is attributable to mark to market valuation of our swaps, as well as reclassification of unrealized losses from Accumulated Other Comprehensive Loss to our earnings (due to the discontinuation of hedge accounting).

Realized (loss)/gain on derivatives
Realized loss on interest rate swap hedges, decreased by $3.1 million, to $33.5 million in the three months ended March 31, 2014, from $36.6 million in the three months ended March 31, 2013. This decrease is mainly attributable to the lower average notional amount of swaps during the three months ended March 31, 2014 compared to the three months ended March 31, 2013 as a result of $300 million in swaps expiration between the 2 quarters.

Adjusted EBITDA
Adjusted EBITDA decreased 11.2%, or $12.2 million, to $96.4 million in the three months ended March 31, 2014, from $108.6 million in the three months ended March 31, 2013. Adjusted EBITDA for the three months ended March 31, 2014, is adjusted for unrealized gains on derivatives of $5.7 million, realized losses on derivatives of $32.5 million and a gain on sale of vessels of $0.5 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Recent News
On April 8, 2014, the Company has entered into an agreement to sell the *Commodore* for a gross sale consideration of $11.1 million. The vessel was delivered to its buyers on April 25, 2014.

On April 8, 2014, the Company has entered into an agreement to sell the *Duka* for a gross sale consideration of $11.0 million. The vessel was laid up in the three months ended March 31, 2014. The vessel will be delivered to its buyers in May 2014.

On April 25, 2014, the Company has entered into an agreement to sell the *Mytilini* for a gross sale consideration of $12.0 million. The vessel will be delivered to its buyers in May 2014.

Conference Call and Webcast

On Tuesday, May 6, 2014, 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 May 13, 2014, 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 57 containerships aggregating 335,714 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, changes in demand that may affect attitudes of time charterers to scheduled and unscheduled drydocking, changes in Danaos Corporation’s operating expenses, including bunker prices, dry-docking and insurance costs, ability to obtain financing and comply with covenants in our financing arrangements, actions taken by regulatory authorities, potential liability from pending or future litigation, domestic and international political conditions, potential disruption of shipping routes due to accidents and political events or acts by terrorists.

Risks and uncertainties are further described in reports filed by Danaos Corporation with the U.S. Securities and Exchange Commission.

Visit our website at www.danaos.com

For further information please contact:

Company Contact:

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

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

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

Appendix

Fleet Utilization

Danaos had 224 unscheduled off-hire days in the three months ended March 31, 2014 (including 147 days in aggregate related to the *Duka* and the *Marathonas* (sold in February 26, 2013), 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.

Vessel Utilization (No. of Days)	First Quarter 2013	First Quarter 2014
Ownership Days	5,677	5,277
Less Off-hire Days:		
Scheduled Off-hire Days	—	(30)
Other Off-hire Days	(593)	(224)
Operating Days	**5,084**	**5,023**
Vessel Utilization	**89.6%**	**95.2%**
Operating Revenues (in '000s of US Dollars)	**$146,088**	**$135,486**
Average Gross Daily Charter Rate	**$28,735**	**$26,973**

Fleet List

The following table describes in detail our fleet deployment profile as of May 5, 2014.

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
CMA CGM Racine [2]	6,500	2010	July 2022
YM Mandate	6,500	2010	January 2028
YM Maturity	6,500	2010	April 2028
Messologi	4,814	1991	May 2014
Mytilini	4,814	1991	—[4]
Duka	4,651	1992	—[4]
Federal	4,651	1994	March 2015
SNL Colombo	4,300	2004	March 2019
YM Singapore	4,300	2004	October 2019
YM Seattle	4,253	2007	July 2019
YM Vancouver	4,253	2007	September 2019
Derby D	4,253	2004	January 2015
Deva	4,253	2004	November 2014
ZIM Rio Grande	4,253	2008	May 2020
ZIM Sao Paolo	4,253	2008	August 2020
OOCL Istanbul	4,253	2008	September 2020
ZIM Monaco	4,253	2009	November 2020
OOCL Novorossiysk	4,253	2009	February 2021
ZIM Luanda	4,253	2009	May 2021
Dimitris C	3,430	2001	November 2014
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
Niledutch Zebra	2,602	2001	June 2014
Amalia C	2,452	1998	June 2014
Niledutch Palanca [3]	2,524	2001	October 2014
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) The charters with respect to the *CMA CGM Moliere*, the *CMA CGM Musset*, the *CMA* CGM *Nerval*, the *CMA CGM Rabelais* and the *CMA CGM Racine* include an option for the charterer, CMA-CGM, to purchase the vessels eight years after the commencement of the respective charters, which will fall in September 2017, March 2018, May 2018, July 2018 and August 2018, respectively, each for $78.0 million.

(3) On March 25, 2014, the *Danae C* was renamed to *Niledutch Palanca* at the request of the charterer of this vessel.

(4) In April 2014, we have entered into an agreement to sell the respective vessels and we expect to deliver the vessels to their buyers in May 2014.

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

	Three months ended March 31, 2014	Three months ended March 31, 2013
OPERATING REVENUES	**$135,486**	**$146,088**
OPERATING EXPENSES		
Vessel operating expenses	(30,246)	(29,293)
Depreciation & amortization	(34,945)	(35,713)
General & administrative	(5,393)	(4,917)
Gain/(Loss) on sale of vessels	493	(15)
Other operating expenses	(3,275)	(3,057)
Income From Operations	**62,120**	**73,093**
OTHER EARNINGS (EXPENSES)		
Interest income	15	492
Interest expense	(20,999)	(22,864)
Other finance cost	(4,991)	(5,077)
Other income/(expenses), net	54	(1)
Realized (loss)/gain on derivatives	(33,476)	(36,615)
Unrealized gain/(loss) on derivatives	5,684	4,404
Total Other Income (Expenses), net	**(53,713)**	**(59,661)**
Net Income	**$8,407**	**$13,432**
EARNINGS PER SHARE		
Basic & diluted net income per share	$0.08	$0.12
Basic & diluted weighted average number of common shares (in thousands of shares)	109,669	109,653

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

	Three months ended March 31, 2014	Three months ended March 31, 2013
Net income	**$8,407**	**$13,432**
Unrealized (gain)/loss on derivatives	(5,684)	(4,404)
Amortization of financing fees & finance fees accrued	4,746	4,841
(Gain)/loss on sale of vessels	(493)	15
Adjusted Net Income	**$6,976**	**$13,884**
Adjusted Earnings Per Share	**$0.06**	**$0.13**
Weighted average number of shares	109,669	109,653

* The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of this financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. See the Table above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three months ended March 31, 2014 and 2013. 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 - Unaudited
(Expressed in thousands of United States dollars)

	As of March 31, 2014	As of December 31, 2013
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	$59,026	$68,153
Restricted cash	454	14,717
Accounts receivable, net	7,344	8,038
Other current assets	47,905	35,958
	114,729	126,866
NON-CURRENT ASSETS		
Fixed assets, net	3,800,199	3,842,617
Deferred charges, net	65,149	67,949
Restricted cash, net of current portion	11,027	—
Fair value of financial instruments	2,412	2,472
Other non-current assets	26,577	26,648
	3,905,364	3,939,686
TOTAL ASSETS	**$4,020,093**	**$4,066,552**
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	$139,210	$146,462
Vendor Financing, current portion	57,388	57,388
Accounts payable, accrued liabilities & other current liabilities	65,525	56,607
Fair value of financial instruments, current portion	97,763	109,431
	359,886	369,888
LONG-TERM LIABILITIES		
Long-term debt, net of current portion	2,927,391	2,965,641
Vendor financing, net of current portion	49,987	64,367
Fair value of financial instruments, net of current portion	40,125	59,077
Other long-term liabilities	9,813	9,103
	3,027,316	3,098,188
STOCKHOLDERS' EQUITY		
Common stock	1,097	1,097
Additional paid-in capital	546,097	546,097
Accumulated other comprehensive loss	(206,689)	(232,697)
Retained earnings	292,386	283,979
	632,891	598,476
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	**$4,020,093**	**$4,066,552**

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

	Three months ended March 31, 2014	Three months ended March 31, 2013
Operating Activities:		
Net income	$8,407	$13,432
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	33,943	33,983
Amortization of deferred drydocking & special survey costs, finance cost and other finance fees accrued	5,748	6,571
Payments for drydocking/special survey	(2,039)	245
Amortization of deferred realized losses on cash flow interest rate swaps	990	990
Unrealized (gain)/loss on derivatives	(5,684)	(4,404)
(Gain)/loss on sale of vessels	(493)	15
Accounts receivable	694	(9,355)
Other assets, current and non-current	(11,876)	4,748
Accounts payable and accrued liabilities	8,974	1,857
Other liabilities, current and non-current	632	591
Net Cash provided by Operating Activities	**39,296**	**48,673**
Investing Activities:		
Vessels additions	(752)	(981)
Net proceeds from sale of vessel	9,771	16,850
Net Cash provided by Investing Activities	**9,019**	**15,869**
Financing Activities:		
Debt repayment	(60,678)	(22,368)
Decrease/(increase) in restricted cash	3,236	(15,998)
Net Cash used in Financing Activities	**(57,442)**	**(38,366)**
Net (Decrease)/increase in cash and cash equivalents	(9,127)	26,176
Cash and cash equivalents, beginning of period	68,153	55,628
Cash and cash equivalents, end of period	**$59,026**	**$81,804**

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

	Three months ended March 31, 2014	Three months ended March 31, 2013
Net income	$8,407	$13,432
Depreciation	33,943	33,983
Amortization of deferred drydocking & special survey costs	1,002	1,730
Amortization of deferred finance costs and other finance fees accrued	4,746	4,841
Amortization of deferred realized losses on interest rate swaps	990	990
Interest income	(15)	(492)
Interest expense	20,999	22,864
(Gain)/loss on sale of vessels	(493)	15
Realized loss on derivatives	32,486	35,625
Unrealized (gain)/loss on derivatives	(5,684)	(4,404)
Adjusted EBITDA[(1)]	**$96,381**	**$108,584**

1) Adjusted EBITDA represents net income before interest income and expense, depreciation, amortization of deferred drydocking & special survey costs and deferred finance costs, unrealized (gain)/loss on derivatives, realized gain/(loss) on derivatives and gain/(loss) on sale of vessels. However, Adjusted EBITDA is not a recognized measurement under U.S. generally accepted accounting principles, or "GAAP." We believe that the presentation of Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. We also believe that Adjusted EBITDA is useful in evaluating our ability to service additional debt and make capital expenditures. In addition, we believe that Adjusted EBITDA is useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of Adjusted EBITDA generally eliminates the effects of financings, income taxes and the accounting effects of capital expenditures and acquisitions, items which may vary for different companies for reasons unrelated to overall operating performance and liquidity. In evaluating Adjusted EBITDA, you should be aware that in the future we may incur expenses that are the same as or similar to some of the adjustments in this presentation. Our presentation of Adjusted EBITDA should not be construed as an inference that our future results will be unaffected by unusual or non-recurring items.

Note: Items to consider for comparability include gains and charges. Gains positively impacting net income are reflected as deductions to net income. Charges negatively impacting net income are reflected as increases to net income.

The Company reports its financial results in accordance with U.S. generally accepted accounting principles (GAAP). However, management believes that certain non-GAAP financial measures used in managing the business may provide users of these financial information additional meaningful comparisons between current results and results in prior operating periods. Management believes that these non-GAAP financial measures can provide additional meaningful reflection of underlying trends of the business because they provide a comparison of historical information that excludes certain items that impact the overall comparability. Management also uses these non-GAAP financial measures in making financial, operating and planning decisions and in evaluating the Company's performance. See the Tables above for supplemental financial data and corresponding reconciliations to GAAP financial measures for the three months ended March 31, 2014 and 2013. 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.