



## Danaos Corporation Reports Second Quarter and Half Year Results for the Period Ended June 30, 2015

**Athens, Greece, August 3, 2015** – Danaos Corporation (“Danaos”) (NYSE: DAC), one of the world’s largest independent owners of containerships, today reported unaudited results for the period ended June 30, 2015.

### Highlights for the Second Quarter and Half Year Ended June 30, 2015:

- Operating revenues of \$141.5 million for the three months ended June 30, 2015 compared to \$136.4 million for the three months ended June 30, 2014, an increase of 3.7%. Operating revenues of \$280.1 million for the six months ended June 30, 2015 compared to \$271.9 million for the six months ended June 30, 2014, an increase of 3.0%.
- Adjusted EBITDA<sup>1</sup> of \$103.1 million for the three months ended June 30, 2015 compared to \$99.0 million for the three months ended June 30, 2014, an increase of 4.1%. Adjusted EBITDA<sup>1</sup> of \$205.9 million for the six months ended June 30, 2015 compared to \$195.4 million for the six months ended June 30, 2014, an increase of 5.4%.
- Adjusted net income<sup>1</sup> of \$38.0 million, or \$0.35 per share, for the three months ended June 30, 2015 compared to \$11.6 million, or \$0.11 per share, for the three months ended June 30, 2014, an increase of 227.6%. Adjusted net income<sup>1</sup> of \$68.6 million, or \$0.62 per share, for the six months ended June 30, 2015 compared to \$18.6 million, or \$0.17 per share, for the six months ended June 30, 2014, an increase of 268.8%.
- The remaining average charter duration of our fleet was 7.6 years as of June 30, 2015 (weighted by aggregate contracted charter hire).
- Total contracted operating revenues were \$3.4 billion as of June 30, 2015, through 2028.
- Charter coverage of 90.9% for the next 12 months in terms of contracted operating days and 96.4% in terms of operating revenues.

### Three and Six Months Ended June 30, 2015 Financial Summary

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

	Three months ended June 30, <u>2015</u>	Three months ended June 30, <u>2014</u>	Six months ended June 30, <u>2015</u>	Six months ended June 30, <u>2014</u>
	(unaudited)			
Operating revenues	\$141,469	\$136,440	\$280,074	\$271,926
Net income	\$38,072	\$16,643	\$68,414	\$25,050
Adjusted net income <sup>1</sup>	\$37,984	\$11,596	\$68,553	\$18,572
Earnings per share	\$0.35	\$0.15	\$0.62	\$0.23
Adjusted earnings per share <sup>1</sup>	\$0.35	\$0.11	\$0.62	\$0.17
Weighted average number of shares (in thousands)	109,785	109,669	109,785	109,669
Adjusted EBITDA <sup>1</sup>	\$103,132	\$98,986	\$205,854	\$195,367

### **Danaos’ CEO Dr. John Coustas commented:**

Danaos is reporting yet another strong quarter with adjusted net income of \$38.0 million, or 35 cents per share, more than tripling the adjusted net income of \$11.6 million, or 11 cents per share that had been reported for the 2nd quarter of 2014.

<sup>1</sup> 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.

The Company's profitability improved between the 2 quarters through a \$20.6 million improvement in net financing costs together with a \$5.1 million increase in operating revenues. The trend of reduced financing costs and, as a consequence, increased earnings, will continue through the next quarters as we continue to reduce debt and benefit from the expiration of expensive interest rate swaps.

The container charter market corrected during the second quarter partially giving back some of the gains realized during the first quarter of the year, however charter rates still remain at relatively healthy levels. It is our view that the current state of the charter market constitutes a more stable equilibrium. We believe that this adjustment is good for the longer term health of the market as speculative ordering is discouraged. At the same time the drop in the box rates is the combined result of overcapacity and market share competition between the global carriers.

Our charter coverage continues to be at a strong 96.4% in terms of operating revenues for the next 12 months which insulates us from market volatility. At the same time, our \$6,000 daily operating cost clearly positions us as one of the most efficient operators in the industry.

We will continue our strategy to de-lever our balance sheet, manage our fleet efficiently and capitalize on the resilience of our business model towards creating value for our shareholders.

### **Three months ended June 30, 2015 compared to the three months ended June 30, 2014**

During the three months ended June 30, 2015, Danaos had an average of 56.0 containerships compared to 55.8 containerships for the three months ended June 30, 2014. Our fleet utilization increased to 99.4% in the three months ended June 30, 2015 compared to 97.3% in the three months ended June 30, 2014.

Our adjusted net income amounted to \$38.0 million, or \$0.35 per share, for the three months ended June 30, 2015 compared to \$11.6 million, or \$0.11 per share, for the three months ended June 30, 2014. We have adjusted our net income in the three months ended June 30, 2015 for unrealized gains on derivatives of \$4.5 million, as well as a non-cash expense of \$4.4 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 increase of \$26.4 million in adjusted net income for the three months ended June 30, 2015 compared to the three months ended June 30, 2014 was attributed to a reduction of \$20.6 million in net finance costs mainly due to lower debt balances and interest rate swap expirations, a \$0.7 million improvement in total operating costs, an increase of \$2.9 million in operating revenues as a result of the acquisition of two 6,402 TEU vessels which were added to our fleet during the 4<sup>th</sup> quarter of 2014, and an increase of \$2.2 million in operating revenues from six 4,253 TEU vessels on charter to Zim related to revenue recognition accounting of the Zim restructuring that became effective on July 16, 2014.

On a non-adjusted basis our net income amounted to \$38.1 million, or \$0.35 per share, for the three months ended June 30, 2015, compared to net income of \$16.6 million, or \$0.15 per share, for the three months ended June 30, 2014.

### **Operating Revenues**

Operating revenues increased 3.7%, or \$5.1 million, to \$141.5 million in the three months ended June 30, 2015, from \$136.4 million in the three months ended June 30, 2014.

Operating revenues for the three months ended June 30, 2015 reflect:

- \$2.9 million of additional revenues in the three months ended June 30, 2015 compared to the three months ended June 30, 2014, related to the *Priority and Performance*, which were added to our fleet on November 5, 2014.
- \$2.2 million incremental revenues in the three months ended June 30, 2015 compared to the three months ended June 30, 2014, related to revenue recognition accounting of the Zim restructuring that became effective on July 16, 2014.

- \$0.4 million of lower revenues in the three months ended June 30, 2015 compared to the three months ended June 30, 2014, related to the *Commodore*, the *Messologi* and the *Mytilini*, which were generating revenues during the three months ended June 30, 2014 and were sold during 2014.
- \$0.4 million of additional revenues due to improved fleet utilization in the three months ended June 30, 2015 compared to the three months ended June 30, 2014.

### **Vessel Operating Expenses**

Vessel operating expenses increased 2.4%, or \$0.7 million, to \$29.6 million in the three months ended June 30, 2015, from \$28.9 million in the three months ended June 30, 2014. The increase is attributed to incremental operating expenses of \$1.2 million for vessels *Priority* and *Performance* that were acquired on November 5, 2014, partially offset by a \$0.5 million reduction in operating expenses of vessels that incurred operating expenses during the three months ended June 30, 2014 and were sold during 2014.

The average daily operating cost per vessel slightly increased to \$6,018 per day for the three months ended June 30, 2015, from \$5,957 per day for the three months ended June 30, 2014. Management believes that our daily operating cost ranks as one of the most competitive in the industry.

### **Depreciation & Amortization**

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

#### *Depreciation*

Depreciation expense decreased 3.5%, or \$1.2 million, to \$32.9 million in the three months ended June 30, 2015, from \$34.1 million in the three months ended June 30, 2014, mainly due to the lower depreciation expense on the eight 2,200 TEU vessels with respect to which we recorded an impairment charge on December 31, 2014.

#### *Amortization of Deferred Dry-docking and Special Survey Costs*

Amortization of deferred dry-docking and special survey costs decreased by \$0.3 million, to \$0.9 million in the three months ended June 30, 2015, from \$1.2 million in the three months ended June 30, 2014. The decrease is mainly due to the expiration of the amortization periods related to certain vessels during the three months ended June 30, 2015 compared to the three months ended June 30, 2014.

### **General and Administrative Expenses**

General and administrative expenses increased by \$0.1 million, to \$5.4 million in the three months ended June 30, 2015, from \$5.3 million in the three months ended June 30, 2014.

Effective January 1, 2015, our management fees were adjusted to a fee of \$850 per day, a fee of \$425 per vessel per day for vessels on bareboat charter and \$850 per vessel per day for vessels on time charter.

### **Other Operating Expenses**

Other Operating Expenses include Voyage Expenses.

#### *Voyage Expenses*

Voyage expenses remained stable, amounting to \$3.2 million both in the three months ended June 30, 2015 and the three months ended June 30, 2014.

### **Gain on sale of vessels**

Gain on sale of vessels was nil in the three months ended June 30, 2015 compared to \$5.2 million in the three months ended June 30, 2014. During the three months ended June 30, 2014, we sold the *Commodore* on April 25, 2014, the *Duka* on May 15, 2014, the *Mytilini* on May 15, 2014 and the *Messologi* on May 20, 2014. There were no vessel sales during the three months ended June 30, 2015.

### **Interest Expense and Interest Income**

Interest expense decreased by 12.8%, or \$2.6 million, to \$17.7 million in the three months ended June 30, 2015, from \$20.3 million in the three months ended June 30, 2014. The change in interest expense

was mainly due to the decrease in our average debt by \$223.0 million, to \$2,920.8 million in the three months ended June 30, 2015, from \$3,143.8 million in the three months ended June 30, 2014, as well as the decrease in the cost of debt service in the three months ended June 30, 2015 compared to the three months ended June 30, 2014, mainly driven by the accelerated amortization of our fixed rate debt, which bears a higher cost compared to our floating rate debt.

The Company is rapidly deleveraging its balance sheet. As of June 30, 2015, the debt outstanding was \$2,910.1 million compared to \$3,129.1 million as of June 30, 2014.

Interest income amounted to \$0.8 million in the three months ended June 30, 2015 compared to nil in the three months ended June 30, 2014.

**Other finance costs, net**

Other finance costs, net decreased by \$0.2 million, to \$4.7 million in the three months ended June 30, 2015, from \$4.9 million in the three months ended June 30, 2014. This decrease was mainly due to the \$0.3 million decrease in amortizing finance fees (which were deferred and are amortized over the term of the respective credit facilities) in the three months ended June 30, 2015 compared to the three months ended June 30, 2014.

**Unrealized gain/(loss) on derivatives**

Unrealized gain on interest rate swaps amounted to \$4.5 million both in the three months ended June 30, 2015 and the three months ended June 30, 2014. The unrealized gains were attributable to mark to market valuation of our swaps due to the discontinuation of hedge accounting since July 1, 2012, as well as reclassification of unrealized losses from Accumulated Other Comprehensive Loss to our earnings.

**Realized (loss)/gain on derivatives**

Realized loss on interest rate swaps decreased by \$17.3 million, to \$14.5 million in the three months ended June 30, 2015, from \$31.8 million in the three months ended June 30, 2014. This decrease is attributable to a \$1,439.0 million lower average notional amount of swaps during the three months ended June 30, 2015 compared to the three months ended June 30, 2014 as a result of swap expirations.

**Adjusted EBITDA**

Adjusted EBITDA increased 4.1%, or \$4.1 million, to \$103.1 million in the three months ended June 30, 2015, from \$99.0 million in the three months ended June 30, 2014. As outlined earlier, this increase is mainly attributed to a \$5.1 million increase in operating revenues partially offset by a \$0.7 million increase in vessel operating expenses. Adjusted EBITDA for the three months ended June 30, 2015 is adjusted for unrealized gain on derivatives of \$4.5 million and realized losses on derivatives of \$13.5 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

**Six months ended June 30, 2015 compared to the six months ended June 30, 2014**

During the six months ended June 30, 2015, Danaos had an average of 56.0 containerships compared to 57.2 containerships for the six months ended June 30, 2014. Our fleet utilization increased to 98.9% in the six months ended June 30, 2015 compared to 96.2% in the six months ended June 30, 2014.

Our adjusted net income amounted to \$68.6 million, or \$0.62 per share, for the six months ended June 30, 2015 compared to \$18.6 million, or \$0.17 per share, for the six months ended June 30, 2014. We have adjusted our net income in the six months ended June 30, 2015 for unrealized gains on derivatives of \$8.9 million and a non-cash expense of \$9.0 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 increase of \$50.0 million in adjusted net income for the six months ended June 30, 2015 compared to the six months ended June 30, 2014 was attributed to a reduction of \$36.6 million in net finance costs mainly due to lower debt balances and interest rate swap expirations, a \$5.2 million improvement in total operating costs, an increase of \$5.6 million in operating revenues as a result of the acquisition of two 6,402 TEU vessels which were added to our fleet during the 4<sup>th</sup> quarter of 2014, an increase of \$0.4 million in operating revenues due to improved fleet utilization and an increase of \$4.3 million in operating revenues from six 4,253 TEU vessels on charter to Zim related to revenue

recognition accounting of the Zim restructuring that became effective on July 16, 2014. These improvements to adjusted net income were partially offset by a \$2.1 million decrease in operating revenues of vessels that were sold during 2014 but had generated operating revenues during the six months ended June 30, 2014.

On a non-adjusted basis our net income amounted to \$68.4 million, or \$0.62 per share, for the six months ended June 30, 2015, compared to net income of \$25.1 million, or \$0.23 per share, for the six months ended June 30, 2014.

### **Operating Revenues**

Operating revenues increased 3.0%, or \$8.2 million, to \$280.1 million in the six months ended June 30, 2015, from \$271.9 million in the six months ended June 30, 2014.

Operating revenues for the six months ended June 30, 2015 reflect:

- \$5.6 million of additional revenues in the six months ended June 30, 2015 compared to the six months ended June 30, 2014, related to the *Priority* and *Performance*, which were added to our fleet on November 5, 2014.
- \$4.3 million increase in revenues in the six months ended June 30, 2015 compared to the six months ended June 30, 2014, related to revenue recognition accounting of the Zim restructuring that became effective on July 16, 2014.
- \$2.1 million decrease in revenues in the six months ended June 30, 2015 compared to the six months ended June 30, 2014, related to the *Commodore*, the *Messologi* and the *Mytilini*, which were generating revenues in the six months ended June 30, 2014 and were sold within 2014.
- \$0.4 million of additional revenues due to improved fleet utilization in the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

### **Vessel Operating Expenses**

Vessel operating expenses decreased 3.7%, or \$2.2 million, to \$56.9 million in the six months ended June 30, 2015, from \$59.1 million in the six months ended June 30, 2014. The reduction is attributable to an improvement in the average daily operating cost per vessel and the decrease in the average number of vessels in our fleet during the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

The average daily operating cost per vessel decreased to \$5,821 per day for the six months ended June 30, 2015, from \$6,034 per day for the six months ended June 30, 2014, mainly as a result of an 18.5% improvement in the average Euro to Dollar exchange rate between the two periods. Management believes that our daily operating cost ranks as one of the most competitive in the industry.

### **Depreciation & Amortization**

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

#### *Depreciation*

Depreciation expense decreased 4.1%, or \$2.8 million, to \$65.3 million in the six months ended June 30, 2015 from \$68.1 million in the six months ended June 30, 2014, mainly due to the lower depreciation expense on the eight 2,200 TEU vessels with respect to which we recorded an impairment charge on December 31, 2014.

#### *Amortization of Deferred Dry-docking and Special Survey Costs*

Amortization of deferred dry-docking and special survey costs decreased by \$0.1 million, to \$2.1 million in the six months ended June 30, 2015, from \$2.2 million in the six months ended June 30, 2014.

### **General and Administrative Expenses**

General and administrative expenses remained stable, amounting to \$10.7 million both in the six months ended June 30, 2015 and the six months ended June 30, 2014.

Effective January 1, 2015, our management fees were adjusted to a fee of \$850 per day, a fee of \$425 per vessel per day for vessels on bareboat charter and \$850 per vessel per day for vessels on time charter.

### **Other Operating Expenses**

Other Operating Expenses include Voyage Expenses.

#### *Voyage Expenses*

Voyage expenses decreased by \$0.3 million, to \$6.2 million in the six months ended June 30, 2015, from \$6.5 million in the six months ended June 30, 2014, mainly as a result of the lower average number of vessels in our fleet during the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

### **Gain on sale of vessels**

Gain on sale of vessels was nil in the six months ended June 30, 2015 compared to a gain of \$5.7 million in the six months ended June 30, 2014. During the six months ended June 30, 2014, we sold the *Marathonas* on February 26, 2014, the *Commodore* on April 25, 2014, the *Duka* on May 15, 2014, the *Mytilini* on May 15, 2014 and the *Messologi* on May 20, 2014. There were no vessel sales during the six months ended June 30, 2015.

### **Interest Expense and Interest Income**

Interest expense decreased by 13.1%, or \$5.4 million, to \$35.9 million in the six months ended June 30, 2015, from \$41.3 million in the six months ended June 30, 2014. The change in interest expense was mainly due to the decrease in our average debt by \$220.8 million, to \$2,951.9 million in the six months ended June 30, 2015, from \$3,172.7 million in the six months ended June 30, 2014, as well as the decrease in the cost of debt servicing in the six months ended June 30, 2015 compared to the six months ended June 30, 2014, mainly driven by the accelerated amortization of our fixed rate debt, which bears a higher cost compared to our floating rate debt.

The Company is rapidly deleveraging its balance sheet. As of June 30, 2015, the debt outstanding was \$2,910.1 million compared to \$3,129.1 million as of June 30, 2014.

Interest income amounted to \$1.7 million in the six months ended June 30, 2015 compared to nil in the six months ended June 30, 2014.

### **Other finance costs, net**

Other finance costs, net, decreased by \$0.4 million, to \$9.5 million in the six months ended June 30, 2015, from \$9.9 million in the six months ended June 30, 2014. This decrease was due to the \$0.4 million decrease in amortizing finance fees (which were deferred and are amortized over the term of the respective credit facilities) in the six months ended June 30, 2015 compared to the six months ended June 30, 2014.

### **Unrealized gain/(loss) on derivatives**

Unrealized gain on interest rate swap was a gain of \$8.9 million in the six months ended June 30, 2015 compared to a gain of \$10.2 million in the six months ended June 30, 2014. The unrealized gains were attributable to mark to market valuation of our swaps due to the discontinuation of hedge accounting since July 1, 2012, as well as reclassification of unrealized losses from Accumulated Other Comprehensive Loss to our earnings.

### **Realized (loss)/gain on derivatives**

Realized loss on interest rate swaps decreased by \$29.6 million, to \$35.7 million in the six months ended June 30, 2015, from \$65.3 million in the six months ended June 30, 2014. This decrease is attributable to \$1,250.0 million lower average notional amount of swaps during the six months ended June 30, 2015 compared to the six months ended June 30, 2014 as a result of swap expirations.

### **Adjusted EBITDA**

Adjusted EBITDA increased 5.4%, or \$10.5 million, to \$205.9 million in the six months ended June 30, 2015, from \$195.4 million in the six months ended June 30, 2014. As outlined earlier this increase is mainly attributed to an \$8.2 million increase in operating revenues and a \$2.2 million improvement in vessel operating expenses. Adjusted EBITDA for the six months ended June 30, 2015 is adjusted for

unrealized gain on derivatives of \$8.9 million and realized losses on derivatives of \$33.7 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

### **Recent news**

On July 24, 2015, at our annual meeting of stockholders, Dr. John Coustas was re-elected as Class I director and Mr. Myles R. Itkin was re-elected as Class I director, each for a three-year term expiring at the annual meeting of our stockholders in 2018. The Board of Directors was reduced to six directors as Dr. Robert A. Mundell did not stand for re-election at the annual meeting of stockholders. Our stockholders also ratified the appointment of PricewaterhouseCoopers S.A. as our independent auditors.

### **Conference Call and Webcast**

On Tuesday, August 4, 2015 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: 1 866 652 5200 (US Toll Free Dial In), 0800 279 9489 (UK Toll Free Dial In) or +44 (0) 2075 441 375 (Standard International Dial In). Please quote "Danaos Corporation" to the operator.

A telephonic replay of the conference call will be available until August 12, 2015 by dialing 1 877 344 7529 (US Toll Free Dial In) or +44 (0)2036 088 021 (Standard International Dial In). Access Code: 10064227#.

### **Audio Webcast:**

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

### **About Danaos Corporation**

Danaos Corporation is one of the largest independent owners of modern, large-size containerships. Our current fleet of 56 containerships aggregating 334,239 TEUs ranks Danaos among the largest containership charter owners in the world based on total TEU capacity. Our fleet is predominantly chartered to many of the world's largest liner companies on fixed-rate, long-term charters. Our track record of success is predicated on our efficient and rigorous operations standards and environmental controls. Danaos Corporation'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 safe harbor 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](http://www.danaos.com)

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## Appendix

### Fleet Utilization

Danaos had 17 unscheduled off-hire days in the three months ended June 30, 2015. The following table summarizes vessel utilization and the impact of the off-hire days on the Company's revenue.

<b>Vessel Utilization (No. of Days)</b>	<b>First Quarter 2015</b>	<b>Second Quarter 2015</b>	<b>Total</b>
Ownership Days	5,040	5,096	10,136
Less Off-hire Days:			
Scheduled Off-hire Days	(16)	(16)	(32)
Other Off-hire Days	(64)	(17)	(81)
<b>Operating Days</b>	<b>4,960</b>	<b>5,063</b>	<b>10,023</b>
<b>Vessel Utilization</b>	<b>98.4%</b>	<b>99.4%</b>	<b>98.9%</b>
<b>Operating Revenues (in '000s of US Dollars)</b>	<b>\$138,605</b>	<b>\$141,469</b>	<b>\$280,074</b>
<b>Average Gross Daily Charter Rate</b>	<b>\$27,945</b>	<b>\$27,942</b>	<b>\$27,943</b>
<b>Vessel Utilization (No. of Days)</b>	<b>First Quarter 2014</b>	<b>Second Quarter 2014</b>	<b>Total</b>
Ownership Days	5,277	5,079	10,356
Less Off-hire Days:			
Scheduled Off-hire Days	(30)	(14)	(44)
Other Off-hire Days	(225)	(122)	(347)
<b>Operating Days</b>	<b>5,022</b>	<b>4,943</b>	<b>9,965</b>
<b>Vessel Utilization</b>	<b>95.2%</b>	<b>97.3%</b>	<b>96.2%</b>
<b>Operating Revenues (in '000s of US Dollars)</b>	<b>\$135,486</b>	<b>\$136,440</b>	<b>\$271,926</b>
<b>Average Gross Daily Charter Rate</b>	<b>\$26,978</b>	<b>\$27,603</b>	<b>\$27,288</b>

## Fleet List

The following table describes in detail our fleet deployment profile as of August 3, 2015:

<u>Vessel Name</u> <u>Containerships</u>	<u>Vessel Size</u> <u>(TEU)</u>	<u>Year</u> <u>Built</u>	<u>Expiration of Charter<sup>(1)</sup></u>
<i>Hyundai Ambition</i>	13,100	2012	June 2024
<i>Hyundai Speed</i>	13,100	2012	June 2024
<i>Hyundai Smart</i>	13,100	2012	May 2024
<i>Hyundai Tenacity</i>	13,100	2012	March 2024
<i>Hyundai Together</i>	13,100	2012	February 2024
<i>Hanjin Italy</i>	10,100	2011	April 2023
<i>Hanjin Germany</i>	10,100	2011	March 2023
<i>Hanjin Greece</i>	10,100	2011	May 2023
<i>CSCC Le Havre</i>	9,580	2006	September 2018
<i>CSCC Pusan</i>	9,580	2006	July 2018
<i>CMA CGM Melisande</i>	8,530	2012	November 2023
<i>CMA CGM Attila</i>	8,530	2011	April 2023
<i>CMA CGM Tancredi</i>	8,530	2011	May 2023
<i>CMA CGM Bianca</i>	8,530	2011	July 2023
<i>CMA CGM Samson</i>	8,530	2011	September 2023
<i>CSCC America</i>	8,468	2004	September 2016
<i>CSCC Europe</i>	8,468	2004	June 2016
<i>CMA CGM Moliere<sup>(2)</sup></i>	6,500	2009	August 2021
<i>CMA CGM Musset<sup>(2)</sup></i>	6,500	2010	February 2022
<i>CMA CGM Nerval<sup>(2)</sup></i>	6,500	2010	April 2022
<i>CMA CGM Rabelais<sup>(2)</sup></i>	6,500	2010	June 2022
<i>CMA CGM Racine<sup>(2)</sup></i>	6,500	2010	July 2022
<i>YM Mandate</i>	6,500	2010	January 2028
<i>YM Maturity</i>	6,500	2010	April 2028
<i>Performance</i>	6,402	2002	January 2016
<i>Priority</i>	6,402	2002	November 2015
<i>Federal</i>	4,651	1994	October 2015
<i>SNL Colombo</i>	4,300	2004	March 2019
<i>YM Singapore</i>	4,300	2004	October 2019
<i>YM Seattle</i>	4,253	2007	July 2019
<i>YM Vancouver</i>	4,253	2007	September 2019
<i>Derby D</i>	4,253	2004	January 2016
<i>Deva</i>	4,253	2004	September 2015
<i>ZIM Rio Grande</i>	4,253	2008	May 2020
<i>ZIM Sao Paolo</i>	4,253	2008	August 2020
<i>OOCL Istanbul</i>	4,253	2008	September 2020
<i>ZIM Monaco</i>	4,253	2009	November 2020
<i>OOCL Novorossiysk</i>	4,253	2009	February 2021
<i>ZIM Luanda</i>	4,253	2009	May 2021
<i>Dimitris C</i>	3,430	2001	September 2015
<i>Hanjin Constantza</i>	3,400	2011	February 2021
<i>Hanjin Algeciras</i>	3,400	2011	November 2020
<i>Hanjin Buenos Aires</i>	3,400	2010	March 2020
<i>Hanjin Santos</i>	3,400	2010	May 2020
<i>Hanjin Versailles</i>	3,400	2010	August 2020
<i>MSC Zebra<sup>(3)</sup></i>	2,602	2001	October 2017
<i>Amalia C</i>	2,452	1998	March 2016
<i>Danae C<sup>(4)</sup></i>	2,524	2001	September 2015
<i>Hyundai Advance</i>	2,200	1997	June 2017
<i>Hyundai Future</i>	2,200	1997	August 2017
<i>Hyundai Sprinter</i>	2,200	1997	August 2017

<i>Hyundai Stride</i>	2,200	1997	July 2017
<i>Hyundai Progress</i>	2,200	1998	December 2017
<i>Hyundai Bridge</i>	2,200	1998	January 2018
<i>Hyundai Highway</i>	2,200	1998	January 2018
<i>Hyundai Vladivostok</i>	2,200	1997	May 2017

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- (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 September 14, 2014, the *Niledutch Zebra* was renamed to *MSC Zebra* at the request of the charterer of this vessel.
- (4) *Danae C* was renamed to *Niledutch Palanca* at the request of the charterer of this vessel from March 25, 2014 to June 8, 2015.

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

	Three months ended June 30, <u>2015</u>	Three months ended June 30, <u>2014</u>	Six months ended June 30, <u>2015</u>	Six months ended June 30, <u>2014</u>
<b>OPERATING REVENUES</b>	<b>\$141,469</b>	<b>\$136,440</b>	<b>\$280,074</b>	<b>\$271,926</b>
<b>OPERATING EXPENSES</b>				
Vessel operating expenses	(29,570)	(28,903)	(56,893)	(59,149)
Depreciation & amortization	(33,735)	(35,287)	(67,397)	(70,232)
General & administrative	(5,381)	(5,309)	(10,651)	(10,702)
Gain on sale of vessels	-	5,216	-	5,709
Other operating expenses	(3,161)	(3,245)	(6,218)	(6,520)
<b>Income From Operations</b>	<b>69,622</b>	<b>68,912</b>	<b>138,915</b>	<b>131,032</b>
<b>OTHER INCOME/(EXPENSES)</b>				
Interest income	850	3	1,690	18
Interest expense	(17,718)	(20,260)	(35,916)	(41,259)
Other finance cost, net	(4,674)	(4,922)	(9,535)	(9,913)
Other income, net	28	233	35	287
Realized loss on derivatives	(14,545)	(31,846)	(35,678)	(65,322)
Unrealized gain on derivatives	4,509	4,523	8,903	10,207
<b>Total Other Expenses, net</b>	<b>(31,550)</b>	<b>(52,269)</b>	<b>(70,501)</b>	<b>(105,982)</b>
<b>Net Income</b>	<b>\$38,072</b>	<b>\$16,643</b>	<b>\$68,414</b>	<b>\$25,050</b>
<b>EARNINGS PER SHARE</b>				
Basic & diluted net income per share	\$0.35	\$0.15	\$0.62	\$0.23
Basic & diluted weighted average number of common shares (in thousands of shares)	109,785	109,669	109,785	109,669

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

	Three months ended June 30, <u>2015</u>	Three months ended June 30, <u>2014</u>	Six months ended June 30, <u>2015</u>	Six months ended June 30, <u>2014</u>
Net income	\$38,072	\$16,643	\$68,414	\$25,050
Unrealized gain on derivatives	(4,509)	(4,523)	(8,903)	(10,207)
Amortization of financing fees & finance fees accrued	4,421	4,692	9,042	9,438
Gain on sale of vessels	-	(5,216)	-	(5,709)
<b>Adjusted Net Income</b>	<b>\$37,984</b>	<b>\$11,596</b>	<b>\$68,553</b>	<b>\$18,572</b>
<b>Adjusted Earnings Per Share</b>	<b>\$0.35</b>	<b>\$0.11</b>	<b>\$0.62</b>	<b>\$0.17</b>
Weighted average number of shares	109,785	109,669	109,785	109,669

\* 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 six months ended June 30, 2015 and 2014. 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)**

	<u>As of June 30, 2015</u>	<u>As of December 31, 2014</u>
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$74,135	\$57,730
Restricted cash	2,824	2,824
Accounts receivable, net	5,183	7,904
Other current assets	39,374	34,615
	<u>121,516</u>	<u>103,073</u>
<b>NON-CURRENT ASSETS</b>		
Fixed assets, net	3,559,535	3,624,338
Deferred charges, net	47,236	55,275
Fair value of financial instruments	366	664
Other non-current assets	69,979	67,842
	<u>3,677,116</u>	<u>3,748,119</u>
<b>TOTAL ASSETS</b>	<b><u>\$3,798,632</u></b>	<b><u>\$3,851,192</u></b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Long-term debt, current portion	\$230,249	\$178,116
Vendor Financing, current portion	35,673	46,530
Accounts payable, accrued liabilities & other current liabilities	45,818	52,414
Fair value of financial instruments, current portion	21,556	51,022
	<u>333,296</u>	<u>328,082</u>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt, net of current portion	2,644,138	2,773,004
Vendor financing, net of current portion	-	17,837
Fair value of financial instruments, net of current portion	1,459	2,398
Other long-term liabilities	39,696	41,722
	<u>2,685,293</u>	<u>2,834,961</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock	1,098	1,097
Additional paid-in capital	546,734	546,735
Accumulated other comprehensive loss	(116,262)	(139,742)
Retained earnings	348,473	280,059
	<u>780,043</u>	<u>688,149</u>
<b>TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY</b>	<b><u>\$3,798,632</u></b>	<b><u>\$3,851,192</u></b>

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

	Three months ended June 30,	Three months ended June 30,	Six months ended June 30,	Six months ended June 30,
	2015	2014	2015	2014
<b>Operating Activities:</b>				
Net income	\$38,072	\$16,643	\$68,414	\$25,050
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>				
Depreciation	32,853	34,132	65,341	68,075
Amortization of deferred drydocking & special survey costs, finance cost and other finance fees accrued	5,303	5,847	11,098	11,595
Payments for drydocking/special survey	(828)	(1,750)	(1,217)	(3,789)
Amortization of deferred realized losses on cash flow interest rate swaps	1,001	1,002	1,992	1,992
Unrealized gain on derivatives	(4,509)	(4,523)	(8,903)	(10,207)
Gain on sale of vessels	-	(5,216)	-	(5,709)
Accounts receivable	1,396	(1,399)	2,721	(705)
Other assets, current and non-current	(4,510)	7,831	(6,896)	(4,045)
Accounts payable and accrued liabilities	(4,169)	(10,086)	(6,739)	(1,112)
Other liabilities, current and non-current	351	1,540	(1,191)	2,172
<b>Net Cash provided by Operating Activities</b>	<b>64,960</b>	<b>44,021</b>	<b>124,620</b>	<b>83,317</b>
<b>Investing Activities:</b>				
Vessel additions and vessel acquisitions	(377)	189	(538)	(563)
Net proceeds from sale of vessels	-	40,831	-	50,602
<b>Net Cash provided by/(used in) Investing Activities</b>	<b>(377)</b>	<b>41,020</b>	<b>(538)</b>	<b>50,039</b>
<b>Financing Activities:</b>				
Debt repayment	(53,383)	(45,641)	(106,985)	(106,319)
Deferred finance costs	-	-	(692)	-
Increase in restricted cash	(2,815)	(46,920)	-	(43,684)
<b>Net Cash used in Financing Activities</b>	<b>(56,198)</b>	<b>(92,561)</b>	<b>(107,677)</b>	<b>(150,003)</b>
Net (Decrease)/ Increase in cash and cash equivalents	8,385	(7,520)	16,405	(16,647)
Cash and cash equivalents, beginning of period	65,750	59,026	57,730	68,153
<b>Cash and cash equivalents, end of period</b>	<b>\$74,135</b>	<b>\$51,506</b>	<b>\$74,135</b>	<b>\$51,506</b>

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

	Three months ended June 30, <b>2015</b>	Three months ended June 30, <b>2014</b>	Six months ended June 30, <b>2015</b>	Six months ended June 30, <b>2014</b>
Net income	\$38,072	\$16,643	\$68,414	\$25,050
Depreciation	32,853	34,132	65,341	68,075
Amortization of deferred drydocking & special survey costs	882	1,155	2,056	2,157
Amortization of deferred finance costs and write-offs and other finance fees accrued	4,421	4,692	9,042	9,438
Amortization of deferred realized losses on interest rate swaps	1,001	1,002	1,992	1,992
Interest income	(850)	(3)	(1,690)	(18)
Interest expense	17,718	20,260	35,916	41,259
Gain on sale of vessels	-	(5,216)	-	(5,709)
Realized loss on derivatives	13,544	30,844	33,686	63,330
Unrealized gain on derivatives	(4,509)	(4,523)	(8,903)	(10,207)
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$103,132</b>	<b>\$98,986</b>	<b>\$205,854</b>	<b>\$195,367</b>

- 1) Adjusted EBITDA represents net income before interest income and expense, depreciation, amortization of deferred drydocking & special survey costs and deferred finance costs, amortization of deferred realized losses on interest rate swaps, unrealized (gain)/loss on derivatives, realized loss on derivatives and loss/(gain) 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 and six months ended June 30, 2015 and 2014. 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.