

Danaos Corporation Reports First Quarter Results for the Period Ended March 31, 2016

Athens, Greece, May 4, 2016 – Danaos Corporation (“Danaos”) (NYSE: DAC), one of the world’s largest independent owners of containerships, today reported unaudited results for the quarter ended March 31, 2016.

Highlights for the First Quarter Ended March 31, 2016:

- Adjusted net income¹ of \$47.2 million, or \$0.43 per share, for the three months ended March 31, 2016 compared to \$30.6 million, or \$0.28 per share, for the three months ended March 31, 2015, an increase of 54.2%.
- Operating revenues of \$137.5 million for the three months ended March 31, 2016 compared to \$138.6 million for the three months ended March 31, 2015, a decrease of 0.8%.
- Adjusted EBITDA¹ of \$99.4 million for the three months ended March 31, 2016 compared to \$102.7 million for the three months ended March 31, 2015, a decrease of 3.2%.
- Total contracted operating revenues were \$3.0 billion² as of March 31, 2016, with charters extending through 2028.
- Remaining average contracted charter duration of 7.0 years as of March 31, 2016, weighted by aggregate contracted charter hire.
- Charter coverage of 95.0% for the next 12 months in terms of operating revenues and 87.0% in terms of contracted operating days.

Three Months Ended March 31, 2016 Financial Summary

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

	Three months ended March 31, 2016	Three months ended March 31, 2015
	(unaudited)	
Operating revenues	\$137,474	\$138,605
Net income	\$44,121	\$30,342
Adjusted net income ¹	\$47,228	\$30,569
Earnings per share	\$0.40	\$0.28
Adjusted earnings per share ¹	\$0.43	\$0.28
Weighted average number of shares (in thousands)	109,800	109,785
Adjusted EBITDA ¹	\$99,351	\$102,722

¹Adjusted 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.

²Assumes continued performance by our charterers on existing contracted terms.

Danaos' CEO Dr. John Coustas commented:

We are pleased to report another strong quarter with adjusted net income of \$47.2 million, or \$0.43 per share, an increase of \$16.6 million, or 54.2%, from the adjusted net income of \$30.6 million, or \$0.28 per share, reported for the first quarter of 2015. This increase is mainly attributable to a reduction in net finance costs of \$19.4 million resulting from the expiration of interest rate swaps and lower debt balances and is partially offset by a \$3.3 million reduction of our EBITDA, as described further below. As of the end of the first quarter of 2016, all of the expensive interest rate swaps we entered into in 2007 and 2008 have finally expired. The absence of such swaps going forward combined with today's low interest rate environment will contribute to our continued improving financing costs through 2016 and beyond.

The containership market is going through a very challenging period. We need only to look at basic industry data like record-low average box freight rates, falling volumes and declining load factors to see a situation similar to one faced by the industry in late 2008 and 2009 during the financial crisis. This environment has resulted in negative operating margins for the major liner companies, all of which are trying to manage through this downturn with further cost-cutting and idling of vessels. Several liner companies, including Hyundai Merchant Marine and Hanjin Shipping, two of our largest customers, have publicly announced their intentions to restructure their balance sheets and seek concessions from charter owners in an effort to reduce their operating costs. These events are still unfolding and have not come to any resolution and we cannot speculate now how they will conclude. Needless to say, these developments have our full attention, and we are very focused on approaching these discussions with the goal of maintaining the value of our charter contracts.

We are fortunate however, that Danaos has very limited near term exposure to the spot market, which is currently very weak. A small number of our vessels are under charters that expire within the next year, and we therefore have 95% charter cover in terms of operating revenues for the next 12 months. As of the end of the first quarter of 2016, the average charter duration of our fleet was seven years, weighted by aggregate contracted charter hire, with our longest charters extending through 2028. We are also fortunate to have invested significant resources into operational efficiency and technological innovation. This has helped us achieve daily operating costs of \$5,985 for the first quarter, which clearly positions us as one of the most efficient operators in the industry and is particularly beneficial in today's environment.

Meanwhile, market consolidation initiatives continue to develop. We expect to see mergers between liner companies and a re-shaping of commercial alliances. There should be further clarity on the evolving landscape during the second half of 2016. Additionally, new deliveries for 2016 are expected to be lower than 2015, newbuilding ordering has come to a halt and scrapping activity has accelerated, particularly on the panamax segment. The combination of the above, together with expectations for gradually improving demand growth fundamentals justify some measured optimism that the market will not deteriorate further in 2016 and will be better balanced in 2017.

Amidst this challenging economic environment we will remain singularly focused on preserving value, delevering our balance sheet, managing our fleet efficiently and capitalizing on the resilience of our business model.

Three months ended March 31, 2016 compared to the three months ended March 31, 2015

During the three months ended March 31, 2016, Danaos had an average of 55.1 containerships compared to 56.0 containerships for the three months ended March 31, 2015. Our fleet utilization decreased to 94.6% in the three months ended March 31, 2016 compared to 98.4% in the three months ended March 31, 2015.

Our adjusted net income amounted to \$47.2 million, or \$0.43 per share, for the three months ended March 31, 2016 compared to \$30.6 million, or \$0.28 per share, for the three months ended March 31, 2015. We have adjusted our net income in the three months ended March 31, 2016 mainly for unrealized gains on derivatives of \$1.1 million, as well as a non-cash amortization charge of \$4.2 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 \$16.6 million in adjusted net income for the three months ended March 31, 2016 compared to the three months ended March 31, 2015 is attributable to a reduction of \$19.4 million in net finance costs mainly due to lower debt balances and interest rate swap expirations and an increase in other income of \$0.4 million, which were partially offset by a decrease of \$1.1 million in operating revenues, a \$1.4 million increase in total operating expenses and a \$0.7 million loss on equity investments.

On a non-adjusted basis, our net income amounted to \$44.1 million, or \$0.40 per share, for the three months ended March 31, 2016 compared to net income of \$30.3 million, or \$0.28 per share, for the three months ended March 31, 2015.

Operating Revenues

Operating revenues decreased by 0.8%, or \$1.1 million, to \$137.5 million in the three months ended March 31, 2016 from \$138.6 million in the three months ended March 31, 2015.

Operating revenues for the three months ended March 31, 2016 reflect:

- a \$0.6 million decrease in revenues in the three months ended March 31, 2016 compared to the three months ended March 31, 2015 due to the sale of the *Federal* on January 8, 2016.
- a \$0.5 million decrease in revenues due to lower fleet utilization in the three months ended March 31, 2016 compared to the three months ended March 31, 2015.

Vessel Operating Expenses

Vessel operating expenses increased by 5.9%, or \$1.6 million, to \$28.9 million in the three months ended March 31, 2016 from \$27.3 million in the three months ended March 31, 2015. The increase is attributable to a 6.5% increase in the average daily operating cost per vessel while the average number of vessels in our fleet during the three months ended March 31, 2016 decreased by 1.6% compared to the three months ended March 31, 2015.

The average daily operating cost per vessel increased to \$5,985 per day for the three months ended March 31, 2016 from \$5,622 per day for the three months ended March 31, 2015. 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 by 1.5%, or \$0.5 million, to \$32.0 million in the three months ended March 31, 2016 from \$32.5 million in the three months ended March 31, 2015, mainly due to decreased depreciation expense for twelve vessels for which we recorded an impairment charge on December 31, 2015 and due to the decreased average number of vessels in our fleet in the three months ended March 31, 2016 following the sale of the *Federal* on January 8, 2016.

Amortization of Deferred Dry-docking and Special Survey Costs

Amortization of deferred dry-docking and special survey costs decreased by \$0.2 million, to \$1.0 million in the three months ended March 31, 2016 from \$1.2 million in the three months ended March 31, 2015. The decrease is mainly due to the expiration of the amortization periods related to certain vessels over the last twelve months.

General and Administrative Expenses

General and administrative expenses slightly decreased by \$0.1 million, to \$5.2 million in the three months ended March 31, 2016, from \$5.3 million in the three months ended March 31, 2015.

Other Operating Expenses

Other Operating Expenses include Voyage Expenses.

Voyage Expenses

Voyage expenses increased by \$0.4 million, to \$3.5 million in the three months ended March 31, 2016 from \$3.1 million in the three months ended March 31, 2015. The increase is mainly due to increased bunkering expenses.

Interest Expense and Interest Income

Interest expense decreased by 7.8%, or \$1.7 million, to \$20.2 million in the three months ended March 31, 2016 from \$21.9 million in the three months ended March 31, 2015 following the reclassification of the amortization of deferred finance costs from other finance expenses to interest expense of \$3.3 million and \$3.7 million, respectively. The change in interest expense was mainly due to the decrease in our average debt by \$245.0 million, to \$2,738.4 million in the three months ended March 31, 2016, from \$2,983.4 million in the three months ended March 31, 2015 and due to a \$0.4 million decrease in the amortization of deferred finance costs.

The Company continues to rapidly deleverage its balance sheet. As of March 31, 2016, the debt outstanding gross of deferred finance costs was \$2,727.0 million compared to \$2,962.7 million as of March 31, 2015.

Interest income amounted to \$0.9 million in the three months ended March 31, 2016 compared to \$0.8 million in the three months ended March 31, 2015.

Other finance costs, net

Other finance costs, net decreased by \$0.1 million, to \$1.1 million in the three months ended March 31, 2016 from \$1.2 million in the three months ended March 31, 2015, following the reclassification of the amortization of deferred finance costs from other finance expenses to interest expense of \$3.3 million and \$3.7 million, respectively.

Equity loss on investments

Equity loss on investments of \$0.7 million in the three months ended March 31, 2016 relates to the investment in Gemini Shipholdings Corporation ("Gemini"), in which the Company has a 49% shareholding interest. This loss is attributed to operating losses of two out of the four vessels that have been acquired by Gemini that, as of March 31, 2016, had not yet entered into charter arrangements.

Unrealized gain on derivatives

Unrealized gain on interest rate swaps amounted to \$1.1 million in the three months ended March 31, 2016 compared to a gain of \$4.4 million in the three months ended March 31, 2015. The unrealized gains were 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 since July 1, 2012.

Realized loss on derivatives

Realized loss on interest rate swaps decreased by \$18.0 million, to \$3.1 million in the three months ended March 31, 2016 from \$21.1 million in the three months ended March 31, 2015. This decrease is attributable to a \$1,074.6 million decrease in the average notional amount of swaps during the three months ended March 31, 2016 compared to the three months ended March 31, 2015 as a result of swap expirations.

Adjusted EBITDA

Adjusted EBITDA decreased by 3.2%, or \$3.3 million, to \$99.4 million in the three months ended March 31, 2016 from \$102.7 million in the three months ended March 31, 2015. As outlined earlier, this decrease is mainly attributed to a \$1.1 million decrease in operating revenues, a \$1.9 million increase in total operating expenses and a \$0.7 million loss on equity investments. Adjusted EBITDA for the three months ended March 31, 2016 is adjusted mainly for unrealized gain on derivatives of \$1.1 million and realized losses on derivatives of \$2.1 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

Conference Call and Webcast

On Thursday, May 5, 2016 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 indicate to the operator that you wish to join the Danaos Corporation earnings call.

A telephonic replay of the conference call will be available until May 15, 2016 by dialing 1 877 344 7529 (US Toll Free Dial In) or +44 (0) 2036 088 021 (Standard International Dial In) and using 10085223# as the access code.

Audio Webcast:

There will also be a live and then archived webcast of the conference call through the Danaos website (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 59 containerships aggregating 353,586 TEUs, including four vessels owned by Gemini Shipholdings Corporation, a joint venture, 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 long track record of success is predicated on our efficient and rigorous operational 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 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

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Appendix

Fleet Utilization

Danaos had 242 unscheduled off-hire days in the three months ended March 31, 2016. 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 2015	First Quarter 2016
Ownership Days	5,040	5,013
Less Off-hire Days:		
Scheduled Off-hire Days	(16)	(31)
Other Off-hire Days	(64)	(242)
Operating Days	4,960	4,740
Vessel Utilization	98.4%	94.6%
Operating Revenues (in '000s of US Dollars)	\$138,605	\$137,474
Average Gross Daily Charter Rate	\$27,945	\$29,003

Fleet List

The following table describes in detail our fleet deployment profile as of May 4, 2016:

Vessel Name	Vessel Size (TEU)	Year Built	Expiration of Charter⁽¹⁾
Containerships			
<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>CSCL Le Havre</i>	9,580	2006	September 2018
<i>CSCL 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>CSCL America</i>	8,468	2004	September 2016
<i>CSCL Europe</i>	8,468	2004	July 2016
<i>CMA CGM Moliere</i> ⁽²⁾	6,500	2009	August 2021
<i>CMA CGM Musset</i> ⁽²⁾	6,500	2010	February 2022
<i>CMA CGM Nerval</i> ⁽²⁾	6,500	2010	April 2022
<i>CMA CGM Rabelais</i> ⁽²⁾	6,500	2010	June 2022
<i>CMA CGM Racine</i> ⁽²⁾	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	May 2016
<i>Priority</i>	6,402	2002	October 2016
<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	June 2016
<i>Deva</i>	4,253	2004	June 2016
<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	July 2016
<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</i>	2,602	2001	October 2017
<i>Amalia C</i>	2,452	1998	—
<i>Danae C</i>	2,524	2001	July 2016
<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
<i>NYK Lodestar⁽³⁾</i>	6,422	2001	September 2017
<i>NYK Leo⁽³⁾</i>	6,422	2002	February 2019
<i>Suez Canal⁽³⁾</i>	5,610	2002	October 2016
<i>Genoa⁽³⁾</i>	5,544	2002	—

(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) Vessels acquired by Gemini Shipholdings Corporation, in which Danaos holds a 49% equity interest.

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

	Three months ended March 31, 2016	Three months ended March 31, 2015
OPERATING REVENUES	\$137,474	\$138,605
OPERATING EXPENSES		
Vessel operating expenses	(28,912)	(27,323)
Depreciation & amortization	(33,082)	(33,662)
General & administrative	(5,216)	(5,270)
Loss on sale of vessels	(36)	-
Other operating expenses	(3,450)	(3,057)
Income From Operations	66,778	69,293
OTHER INCOME/(EXPENSES)		
Interest income	950	840
Interest expense	(20,158)	(21,886)
Other finance expenses	(1,127)	(1,173)
Equity loss on investments	(723)	-
Other income/(expenses), net	423	7
Realized loss on derivatives	(3,140)	(21,133)
Unrealized gain on derivatives	1,118	4,394
Total Other Expenses, net	(22,657)	(38,951)
Net Income	\$44,121	\$30,342
EARNINGS PER SHARE		
Basic & diluted earnings per share	\$0.40	\$0.28
Basic & diluted weighted average number of common shares (in thousands of shares)	109,800	109,785

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

	Three months ended March 31, 2016	Three months ended March 31, 2015
Net income	\$44,121	\$30,342
Unrealized gain on derivatives	(1,118)	(4,394)
Amortization of financing fees & finance fees accrued	4,189	4,621
Loss on sale of vessels	36	-
Adjusted Net Income	\$47,228	\$30,569
Adjusted Earnings Per Share	\$0.43	\$0.28
Weighted average number of shares (in thousands of shares)	109,800	109,785

* 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, 2016 and 2015. 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, 2016	As of December 31, 2015
ASSETS		
CURRENT ASSETS		
Cash and cash equivalents	\$90,641	\$72,253
Restricted cash	7	2,818
Accounts receivable, net	15,278	10,652
Fair value of financial instruments	70	138
Other current assets	48,553	41,709
	<u>154,549</u>	<u>127,570</u>
NON-CURRENT ASSETS		
Fixed assets, net	3,414,653	3,446,323
Deferred charges, net	6,834	4,751
Investments in affiliates	12,036	11,289
Other non-current assets	73,106	72,188
	<u>3,506,629</u>	<u>3,534,551</u>
TOTAL ASSETS	<u>\$3,661,178</u>	<u>\$3,662,121</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES		
Long-term debt, current portion	\$264,656	\$257,327
Accounts payable, accrued liabilities & other current liabilities	38,713	37,628
Fair value of financial instruments	3,311	4,538
	<u>306,680</u>	<u>299,493</u>
LONG-TERM LIABILITIES		
Long-term debt, net	2,430,628	2,483,069
Other long-term liabilities	36,649	37,645
	<u>2,467,277</u>	<u>2,520,714</u>
STOCKHOLDERS' EQUITY		
Common stock	1,098	1,098
Additional paid-in capital	546,822	546,822
Accumulated other comprehensive loss	(101,895)	(103,081)
Retained earnings	441,196	397,075
	<u>887,221</u>	<u>841,914</u>
Total liabilities and stockholders' equity	<u>\$3,661,178</u>	<u>\$3,662,121</u>

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

	Three months ended March 31, 2016	Three months ended March 31, 2015
Operating Activities:		
Net income	\$44,121	\$30,342
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation	32,047	32,488
Amortization of deferred drydocking & special survey costs, finance cost and other finance fees accrued	5,224	5,795
Payments for drydocking/special survey	(3,118)	(389)
Amortization of deferred realized losses on cash flow interest rate swaps	1,002	991
Equity loss on investments	723	-
Unrealized gain on derivatives	(1,118)	(4,394)
Loss on sale of vessels	36	-
Accounts receivable	(4,626)	1,325
Other assets, current and non-current	(14,408)	(2,386)
Accounts payable and accrued liabilities	2,400	(2,570)
Other liabilities, current and non-current	(879)	(1,542)
Net Cash provided by Operating Activities	61,404	59,660
Investing Activities:		
Vessel additions and vessel acquisitions	(377)	(161)
Investments in affiliates	(1,470)	-
Net proceeds from sale of vessels	5,178	-
Net Cash provided by/(used in) Investing Activities	3,331	(161)
Financing Activities:		
Debt repayment	(49,158)	(53,602)
Deferred finance costs	-	(692)
Decrease in restricted cash	2,811	2,815
Net Cash used in Financing Activities	(46,347)	(51,479)
Net Increase in cash and cash equivalents	18,388	8,020
Cash and cash equivalents, beginning of period	72,253	57,730
Cash and cash equivalents, end of period	\$90,641	\$65,750

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

	Three months ended March 31, 2016	Three months ended March 31, 2015
Net income	\$44,121	\$30,342
Depreciation	32,047	32,488
Amortization of deferred drydocking & special survey costs	1,035	1,174
Amortization of deferred finance costs and write-offs and other finance fees accrued	4,189	4,621
Amortization of deferred realized losses on interest rate swaps	1,002	991
Interest income	(950)	(840)
Interest expense	16,851	18,198
Loss on sale of vessels	36	-
Realized loss on derivatives	2,138	20,142
Unrealized gain on derivatives	(1,118)	(4,394)
Adjusted EBITDA⁽¹⁾	\$99,351	\$102,722

- 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 on derivatives, realized 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 operating performance 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. 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, 2016 and 2015. 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.