

## Danaos Corporation Reports First Quarter Results for the Period Ended March 31, 2018

**Athens, Greece, June 26, 2018** – 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, 2018.

### Highlights for the First Quarter Ended March 31, 2018:

- On June 19, 2018, we reached an agreement with certain of our lenders currently holding approximately \$2.2 billion of debt maturing on December 31, 2018, that will significantly strengthen the Company’s financial position through a debt reduction of approximately \$551 million, the resetting of financial and other covenants, modified interest rates and amortization profiles and an extension of existing debt maturities by approximately five years to December 31, 2023. In connection with this refinancing, the consummation of which is subject to definitive documentation and certain closing conditions, we will issue approximately 99.3 million shares of common stock to certain of our lenders. See “Debt Refinancing”.
- Adjusted net income<sup>1</sup> of \$27.9 million, or \$0.25 per share, for the three months ended March 31, 2018 compared to \$24.5 million, or \$0.22 per share, for the three months ended March 31, 2017, an increase of 13.9%.
- Operating revenues of \$111.9 million for the three months ended March 31, 2018 compared to \$110.1 million for the three months ended March 31, 2017, an increase of 1.6%.
- Adjusted EBITDA<sup>1</sup> of \$76.6 million for the three months ended March 31, 2018 compared to \$72.5 million for the three months ended March 31, 2017, an increase of 5.7%.
- Total contracted operating revenues were \$1.7 billion as of March 31, 2018, with charters extending through 2028 and remaining average contracted charter duration of 5.4 years, weighted by aggregate contracted charter hire.
- Charter coverage of 90% for the next 12 months based on current operating revenues and 81% in terms of contracted operating days.

### Three Months Ended March 31, 2018 Financial Summary - Unaudited

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

	Three months ended March 31, 2018	Three months ended March 31, 2017
Operating revenues	\$111,854	\$110,087
Net income	\$14,992	\$18,443
Adjusted net income <sup>1</sup>	\$27,951	\$24,522
Earnings per share	\$0.14	\$0.17
Adjusted earnings per share <sup>1</sup>	\$0.25	\$0.22
Weighted average number of shares (in thousands)	109,799	109,825
Adjusted EBITDA <sup>1</sup>	\$76,638	\$72,546

<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.

**Danaos' CEO Dr. John Coustas commented:**

"We are extremely pleased to have reached an agreement with certain of our lenders currently holding \$2.2 billion of debt maturing on December 31, 2018 that will significantly strengthen the Company's capital structure through a debt reduction of \$551 million.

This comprehensive debt refinancing will also strengthen the Company's financial position through a resetting of financial and certain other covenants in credit facilities, a modification of interest rates and amortization profiles and an extension of existing debt maturities by approximately five years to December 31, 2023. In connection with these debt write downs, we will issue just under 100 million shares of common stock to certain of our lenders.

This is the culmination of a lengthy negotiation process we have undertaken with our lenders that will position Danaos for long-term success. I would like to thank all of our lenders for their support, as well as our financial and legal advisors for their assistance. The Danaos management team looks forward to the completion of this transaction which is expected to occur by July 31, 2018.

In the near term, we maintain high charter contract coverage of 90% for the next 12 months based on current operating revenues and 81% in terms of contracted operating days. The charter market has stabilized at current levels although trade tensions tend to make liner companies hesitant to commit for longer periods. The benefit, conversely, may be a reduction of speculative ordering or ordering by liner companies, a condition that would improve market conditions.

Danaos continues to be a leader in the container shipping industry as a result of our intense focus on continuously enhancing our operations and leveraging technical innovation to provide the highest quality service to our customers. Our industry has undergone significant changes during the past few years, and with the improved capital structure contemplated by our comprehensive re-financing agreement, we will be well positioned to take advantage of the growth opportunities in the container sector and create value for our shareholders."

**Three months ended March 31, 2018 compared to the three months ended March 31, 2017**

During the three months ended March 31, 2018 and March 31, 2017, Danaos had an average of 55 containerships. Our fleet utilization for the three months ended March 31, 2018 was 95.6% compared to 92.7% for the three months ended March 31, 2017. The fleet utilization excluding the off charter days of the vessels that were previously chartered to Hanjin Shipping ("Hanjin") was 98.1% in the three months ended March 31, 2017.

Our adjusted net income amounted to \$27.9 million, or \$0.25 per share, for the three months ended March 31, 2018 compared to \$24.5 million, or \$0.22 per share, for the three months ended March 31, 2017. We have adjusted our net income in the three months ended March 31, 2018 for refinancing related professional fees of \$9.6 million and a non-cash amortization charge of \$3.4 million for fees related to our 2011 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 \$3.4 million in adjusted net income for the three months ended March 31, 2018 compared to the three months ended March 31, 2017 is attributable mainly to a \$3.9 million decrease in total operating expenses and \$1.8 million increase in operating revenues, which were partially offset by a \$2.3 million increase in net finance expenses.

On a non-adjusted basis, our net income amounted to \$15.0 million, or \$0.14 per share, for the three months ended March 31, 2018 compared to net income of \$18.4 million, or \$0.17 per share, for the three months ended March 31, 2017.

**Operating Revenues**

Operating revenues increased by 1.6%, or \$1.8 million, to \$111.9 million in the three months ended March 31, 2018 from \$110.1 million in the three months ended March 31, 2017.

Operating revenues for the three months ended March 31, 2018 reflect:

- \$3.2 million increase in revenues in the three months ended March 31, 2018 compared to the three months ended March 31, 2017 due to the re-chartering of certain of our vessels at higher rates.
- \$1.4 million decrease in revenues due to lower fleet utilization for vessels in our fleet, other than the three vessels previously chartered to Hanjin which did not earn any revenues in the three months ended March 31, 2017, compared to the three months ended March 31, 2018.

#### **Vessel Operating Expenses**

Vessel operating expenses decreased by 2.5%, or \$0.7 million, to \$26.8 million in the three months ended March 31, 2018 from \$27.5 million in the three months ended March 31, 2017. The average daily operating cost per vessel for vessels on time charter was \$5,849 per day for the three months ended March 31, 2018 compared to \$5,756 per day for the three months ended March 31, 2017. 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 6.2%, or \$1.8 million, to \$27.1 million in the three months ended March 31, 2018 from \$28.9 million in the three months ended March 31, 2017.

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

Amortization of deferred dry-docking and special survey costs increased by \$0.1 million, to \$1.8 million in the three months ended March 31, 2018 from \$1.7 million in the three months ended March 31, 2017.

#### **General and Administrative Expenses**

General and administrative expenses decreased by \$0.9 million, to \$5.2 million in the three months ended March 31, 2018, from \$6.1 million in the three months ended March 31, 2017. The decrease was due to decreased professional fees.

#### **Other Operating Expenses**

Other Operating Expenses include Voyage Expenses.

##### *Voyage Expenses*

Voyage expenses decreased by \$0.6 million, to \$3.2 million in the three months ended March 31, 2018 from \$3.8 million in the three months ended March 31, 2017. The decrease is mainly due to decreased bunkering expenses.

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

Interest expense increased by 9.1%, or \$1.9 million, to \$22.8 million in the three months ended March 31, 2018 from \$20.9 million in the three months ended March 31, 2017. The increase in interest expense was mainly due to the increase in average cost of debt due to the increase in US\$ Libor by about 60 bps between the two periods, which was partially offset by a decrease in our average debt by \$182.5 million, to \$2,301.4 million in the three months ended March 31, 2018, from \$2,483.9 million in the three months ended March 31, 2017 and a \$0.4 million decrease in the amortization of deferred finance costs.

As of March 31, 2018, our debt outstanding gross of deferred finance costs was \$2,299.9 million compared to \$2,474.1 million as of March 31, 2017.

Interest income decreased by \$0.1 million to \$1.4 million in the three months ended March 31, 2018 compared to \$1.5 million in the three months ended March 31, 2017.

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

Other finance costs, net remained stable at \$1.0 million in the three months ended March 31, 2018 and 2017.

#### **Equity income/(loss) on investments**

Equity income/(loss) on investments decreased by \$0.2 million in the three months ended March 31, 2018 from equity income on investments of \$0.2 million in the three months ended March 31, 2017 and relates to the operating performance of Gemini, in which the Company has a 49% shareholding interest.

**Loss on derivatives**

Amortization of deferred realized losses on interest rate swaps remained stable at \$0.9 million in the three months ended March 31, 2018 and 2017.

**Other income/(expenses), net**

Other income/(expenses), net was \$9.4 million in expenses in the three months ended March 31, 2018 mainly due to \$9.6 million of refinancing-related professional fees compared to \$2.4 million in expenses in the three months ended March 31, 2017 due to a \$2.4 million realized loss on sale of HMM securities.

**Adjusted EBITDA**

Adjusted EBITDA increased by 5.7%, or \$4.1 million, to \$76.6 million in the three months ended March 31, 2018 from \$72.5 million in the three months ended March 31, 2017. As outlined above, this increase is mainly attributable to a \$2.2 million decrease in operating expenses and a \$1.8 million increase in operating revenues. Adjusted EBITDA for the three months ended March 31, 2018 is adjusted for refinancing-related professional fees of \$9.6 million. Tables reconciling Adjusted EBITDA to Net Income can be found at the end of this earnings release.

**Debt Refinancing**

On June 19, 2018, we reached an agreement with certain of our lenders currently holding approximately \$2.2 billion of debt maturing on December 31, 2018 that will significantly strengthen the Company's capital structure and result in a debt reduction of approximately \$551 million. Pursuant to a comprehensive debt refinancing agreement ("RA") with certain of its lenders, as well as Danaos Investment Limited as Trustee of the 883 Trust ("DIL"), its largest stockholder, and its manager, Danaos Shipping Co. Ltd., the Company will strengthen its financial position through a significant debt reduction, resetting of financial and certain other covenants in credit facilities, modified interest rates and amortization profiles and an extension of existing debt maturities by approximately five years to December 31, 2023. In connection with this debt refinancing, the Company will issue 99,342,271 new shares of Danaos common stock to certain of the Company's lenders, which represents 47.5% of the Company's outstanding common stock after giving effect to such issuance and will dilute existing shareholders ratably. The closing of the transaction is expected to occur by July 31, 2018, and is subject to definitive documentation and certain closing conditions and commitments by the Company and DIL. For additional information regarding the debt refinancing agreement, see the Company's Report on Form 6-K filed with the SEC on June 25, 2018.

**Conference Call and Webcast**

On Wednesday, June 27, 2018 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: 1 844 802 2437 (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 July 4, 2018 by dialing 1 877 344 7529 (US Toll Free Dial In) or +1 412 317 0088 (Standard International Dial In) and using 10117035# 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](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 59 containerships aggregating 351,614 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 chartered to many of the world's largest liner companies on fixed-rate 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 safe harbor provisions of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, including statements about the RA and transactions contemplated thereby, the expected timing of completion of the transactions contemplated by the RA, the expected benefits of the transactions contemplated by the RA, growth opportunities in the container sector and other statements that are forward looking. 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. 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 effects of proposed refinancing transactions contemplated by the RA; the risk that conditions to completion of the transactions contemplated by the RA may not be met; the risk that we may not complete the refinancing transactions within the expected timing; Danaos' ability to achieve long-term success and remain an industry leader following the refinancing transactions; the actions that Danaos may take in the event the RA is terminated; the occurrence of any event, change, or other circumstance that could give rise to the termination of the RA; the effects of actions taken by NYSE against the Company during the pendency of the refinancing; 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 dry-docking, 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 91 unscheduled off-hire days in the three months ended March 31, 2018. 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 2018</b>	<b>First Quarter 2017</b>
Ownership Days	4,950	4,950
Less Off-hire Days:		
Scheduled Off-hire Days	(125)	(15)
Other Off-hire Days	(91)	(347)
<b>Operating Days</b>	<b>4,734</b>	<b>4,588</b>
<b>Vessel Utilization</b>	<b>95.6%</b>	<b>92.7%</b>
 <b>Operating Revenues (in '000s of US Dollars)</b>	 <b>\$111,854</b>	 <b>\$110,087</b>
<b>Average Gross Daily Charter Rate</b>	<b>\$23,628</b>	<b>\$23,995</b>

### Fleet List

The following table describes in detail our fleet deployment profile as of June 26, 2018:

<b>Vessel Name</b>	<b>Vessel Size (TEU)</b>	<b>Year Built</b>	<b>Expiration of Charter<sup>(1)</sup></b>
<b>Containerships</b>			
<i>MSC Ambition</i>	13,100	2012	June 2024
<i>Maersk Exeter</i>	13,100	2012	June 2024
<i>Maersk Enping</i>	13,100	2012	May 2024
<i>Hyundai Respect</i>	13,100	2012	March 2024
<i>Hyundai Honour</i>	13,100	2012	February 2024
<i>Express Rome</i>	10,100	2011	January 2019
<i>Express Berlin</i>	10,100	2011	September 2019
<i>Express Athens</i>	10,100	2011	January 2019
<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	June 2019
<i>Europe</i>	8,468	2004	January 2019
<i>CMA CGM Moliere</i>	6,500	2009	August 2021
<i>CMA CGM Musset</i>	6,500	2010	February 2022
<i>CMA CGM Nerval</i>	6,500	2010	April 2022
<i>CMA CGM Rabelais</i>	6,500	2010	June 2022
<i>CMA CGM Racine</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	May 2019
<i>Priority</i>	6,402	2002	August 2018
<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	March 2019

<i>ANL Tongala (ex Deva)</i>	4,253	2004	March 2019
<i>ZIM Rio Grande</i>	4,253	2008	May 2020
<i>ZIM Sao Paolo</i>	4,253	2008	August 2020
<i>ZIM Kingston</i>	4,253	2008	September 2020
<i>ZIM Monaco</i>	4,253	2009	November 2020
<i>ZIM Dalian</i>	4,253	2009	February 2021
<i>ZIM Luanda</i>	4,253	2009	May 2021
<i>Dimitris C</i>	3,430	2001	June 2019
<i>Express Black Sea</i>	3,400	2011	November 2018
<i>Express Spain</i>	3,400	2011	November 2018
<i>Express Argentina</i>	3,400	2010	May 2019
<i>Express Brazil</i>	3,400	2010	September 2018
<i>Express France</i>	3,400	2010	October 2018
<i>Singapore</i>	3,314	2004	October 2019
<i>Colombo</i>	3,314	2004	March 2019
<i>MSC Zebra</i>	2,602	2001	October 2018
<i>Amalia C</i>	2,452	1998	August 2019
<i>Danae C</i>	2,524	2001	January 2020
<i>Advance</i>	2,200	1997	December 2018
<i>Future</i>	2,200	1997	July 2018
<i>Sprinter</i>	2,200	1997	October 2018
<i>Stride</i>	2,200	1997	July 2018
<i>Progress C (ex Hyundai Progress)</i>	2,200	1998	October 2018
<i>Bridge</i>	2,200	1998	July 2018
<i>Highway</i>	2,200	1998	November 2018
<i>Vladivostok</i>	2,200	1997	July 2018
<i>Lodestar (ex NYK Lodestar)<sup>(2)</sup></i>	6,422	2001	July 2018
<i>NYK Leo<sup>(2)</sup></i>	6,422	2002	February 2019
<i>Suez Canal<sup>(2)</sup></i>	5,610	2002	November 2018
<i>Genoa<sup>(2)</sup></i>	5,544	2002	July 2018

(1) Earliest date charters could expire. Some charters include options to extend their terms.

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



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

	Three months ended March 31, 2018	Three months ended March 31, 2017
<b>OPERATING REVENUES</b>	<b>\$111,854</b>	<b>\$110,087</b>
<b>OPERATING EXPENSES</b>		
Vessel operating expenses	(26,849)	(27,455)
Depreciation & amortization	(28,903)	(30,592)
General & administrative	(5,182)	(6,129)
Other operating expenses	(3,161)	(3,839)
<b>Income From Operations</b>	<b>47,759</b>	<b>42,072</b>
<b>OTHER INCOME/(EXPENSES)</b>		
Interest income	1,375	1,471
Interest expense	(22,849)	(20,900)
Other finance expenses	(971)	(1,047)
Equity income on investments	(26)	206
Other income/(expenses), net	(9,385)	(2,448)
Realized loss on derivatives	(911)	(911)
<b>Total Other Expenses, net</b>	<b>(32,767)</b>	<b>(23,629)</b>
<b>Net Income</b>	<b>\$14,992</b>	<b>\$18,443</b>
<b>EARNINGS PER SHARE</b>		
Basic & diluted earnings per share	\$0.14	\$0.17
Basic & diluted weighted average number of common shares (in thousands of shares)	109,799	109,825

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

	Three months ended March 31, 2018	Three months ended March 31, 2017
Net income	<b>\$14,992</b>	<b>\$18,443</b>
Amortization of financing fees & finance fees accrued	3,351	3,722
Refinancing professional fees	9,608	-
Loss on sale of securities	-	2,357
<b>Adjusted Net Income</b>	<b>\$27,951</b>	<b>\$24,522</b>
<b>Adjusted Earnings Per Share</b>	<b>\$0.25</b>	<b>\$0.22</b>
Weighted average number of shares (in thousands)	109,799	109,825

\* 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, 2018 and 2017. 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 Consolidated Balance Sheets - Unaudited**  
**(Expressed in thousands of United States dollars)**

	As of March 31, 2018	As of December 31, 2017
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents	\$62,979	\$66,895
Restricted cash	-	2,812
Accounts receivable, net	6,741	6,502
Other current assets	53,086	49,790
	<u>122,806</u>	<u>125,999</u>
<b>NON-CURRENT ASSETS</b>		
Fixed assets, net	2,769,627	2,795,971
Deferred charges, net	13,512	8,962
Investments in affiliates	5,972	5,998
Other non-current assets	54,334	49,466
	<u>2,843,445</u>	<u>2,860,397</u>
<b>TOTAL ASSETS</b>	<u><b>\$2,966,251</b></u>	<u><b>\$2,986,396</b></u>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>		
<b>CURRENT LIABILITIES</b>		
Long-term debt, current portion	\$2,291,351	\$2,329,601
Accounts payable, accrued liabilities & other current liabilities	54,740	50,238
	<u>2,346,091</u>	<u>2,379,839</u>
<b>LONG-TERM LIABILITIES</b>		
Other long-term liabilities	54,100	57,852
	<u>54,100</u>	<u>57,852</u>
<b>STOCKHOLDERS' EQUITY</b>		
Common stock	1,098	1,098
Additional paid-in capital	546,898	546,898
Accumulated other comprehensive loss	(111,713)	(114,076)
Retained earnings	129,777	114,785
	<u>566,060</u>	<u>548,705</u>
<b>Total liabilities and stockholders' equity</b>	<u><b>\$2,966,251</b></u>	<u><b>\$2,986,396</b></u>

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

	Three months ended March 31, <u>2018</u>	Three months ended March 31, <u>2017</u>
<b>Operating Activities:</b>		
Net income	\$14,992	\$18,443
<i>Adjustments to reconcile net income to net cash provided by operating activities:</i>		
Depreciation	27,060	28,851
Amortization of deferred drydocking & special survey costs, finance cost and other finance fees accrued	5,194	5,463
Payments for drydocking/special survey	(6,393)	(4,094)
Amortization of deferred realized losses on cash flow interest rate swaps	911	911
Equity income on investments	26	(206)
Loss on sale of securities	-	2,357
Accounts receivable	(239)	(1,330)
Other assets, current and non-current	(6,712)	210
Accounts payable and accrued liabilities	6,636	2,042
Other liabilities, current and long-term	(5,886)	(8,314)
<b>Net Cash provided by Operating Activities</b>	<b><u>35,589</u></b>	<b><u>44,333</u></b>
<b>Investing Activities:</b>		
Vessel additions	(716)	(1,527)
<b>Net Cash used in Investing Activities</b>	<b><u>(716)</u></b>	<b><u>(1,527)</u></b>
<b>Financing Activities:</b>		
Debt repayment	(41,601)	(53,958)
<b>Net Cash used in Financing Activities</b>	<b><u>(41,601)</u></b>	<b><u>(53,958)</u></b>
Net Decrease in cash, cash equivalents and restricted cash	(6,728)	(11,152)
Cash, cash equivalents and restricted cash, beginning of period	69,707	76,529
<b>Cash, cash equivalents and restricted cash, end of period</b>	<b><u><u>\$62,979</u></u></b>	<b><u><u>\$65,377</u></u></b>

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

	Three months ended	Three months ended
	March 31,	March 31,
	2018	2017
Net income	\$14,992	\$18,443
Depreciation	27,060	28,851
Amortization of deferred drydocking & special survey costs	1,843	1,741
Amortization of deferred finance costs and other finance fees accrued	3,351	3,722
Amortization of deferred realized losses on interest rate swaps	911	911
Interest income	(1,375)	(1,471)
Interest expense	20,248	17,992
Refinancing professional fees	9,608	-
Loss on sale of securities	-	2,357
<b>Adjusted EBITDA<sup>(1)</sup></b>	<b>\$76,638</b>	<b>\$72,546</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, loss on sale of securities and refinancing professional fees. 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, 2018 and 2017. 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.