

Danaos Corp
Form F-1
August 06, 2009

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As filed with the Securities and Exchange Commission on August 6, 2009.

Registration No. 333-

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

**FORM F-1
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933**

Danaos Corporation

(Exact name of Registrant as Specified in Its Charter)

Republic of The Marshall Islands

(State or Other Jurisdiction of
Incorporation or Organization)

4412

(Primary Standard Industrial
Classification Code Number)

N/A

(I.R.S. Employer
Identification Number)

**Danaos Corporation
Attn: Dr. John Coustas
c/o Danaos Shipping Co. Ltd.
14 Akti Kondyli
185 45 Piraeus
Greece
(011-30-210-419 6480)**

(Address, Including Zip Code, and Telephone Number, Including
Area Code, of Registrant's Principal Executive Offices)

Morgan, Lewis & Bockius LLP

**Attn: Stephen P. Farrell
101 Park Avenue
New York, New York 10178
(212) 309-6000**

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

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Approximate date of commencement of proposed sale to the public:
As soon as practicable after this Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on a delayed or continuous basis pursuant to Rule 415 under the Securities Act of 1933, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(c) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered (1)	Proposed Maximum Offering Price Per Security (2)	Proposed Maximum Aggregate Offering Price (1) (2)	Amount of Registration Fee
Common stock, par value \$0.01 (1)	465,484	\$3.85	\$1,792,114	\$100
Preferred stock purchase rights (3)				

- (1) Includes common stock issuable upon exercise of the underwriters' overallotment option.
- (2) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act and based on the average of the high and low sale prices for such stock on July 31, 2009, as reported on the New York Stock Exchange.
- (3) The preferred stock purchase rights are initially attached to and trade with the shares of our common stock registered hereby. Value attributed to such rights, if any, is reflected in the market price of our common stock.

The registrant hereby amends this registration statement on such date or dates as may be necessary to delay its effective date until the registrant shall file a further amendment which specifically states that this registration statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the registration statement shall become effective on such date as the Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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The information in this preliminary prospectus is not complete and may be changed. We may not sell these securities until the registration statement filed with the Securities and Exchange Commission is effective. This preliminary prospectus is not an offer to sell these securities and it is not soliciting an offer to buy these securities in any jurisdiction where the offer or sale is not permitted.

Subject to Completion, Dated August 6, 2009

PRELIMINARY PROSPECTUS

Danaos Corporation

Shares

Common Stock

We are selling _____ shares of our common stock.

Our common stock is listed on the New York Stock Exchange under the symbol "DAC". The last reported sale price of our common stock on the New York Stock Exchange on August 5, 2009 was \$3.84 per share.

Investing in our common stock involves risks that are described in the "Risk Factors" section beginning on page 12 of this prospectus.

	Per Share	Total
Public offering price	\$	\$
Underwriting discount	\$	\$
Proceeds to us, before expenses	\$	\$

The underwriters may also purchase up to an additional _____ shares from us at the public offering price, less the underwriting discount, within 30 days from the date of this prospectus to cover overallocments.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The shares of common stock will be ready for delivery on or about _____, 2009.

Joint Bookrunners

Deutsche Bank Securities

Citi

Credit Suisse

The date of this prospectus is _____, 2009.

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PROSPECTUS SUMMARY

This section summarizes material information that appears later in this prospectus, and in the documents incorporated herein by reference, and is qualified in its entirety by the more detailed information and financial statements included or incorporated by reference in this prospectus. This summary may not contain all of the information that may be important to you. As an investor or prospective investor, you should carefully review the entire prospectus and the documents incorporated herein by reference, including the information set forth under the heading "Risk Factors."

We use the term "Panamax" to refer to vessels capable of transiting the Panama Canal and "Post-Panamax" to refer to vessels with a beam of more than 32.31 meters that cannot transit the Panama Canal. We use the term "twenty foot equivalent unit," or "TEU," the international standard measure of containers, in describing the capacity of our containerships. Unless otherwise indicated, all references to currency amounts in this prospectus are in U.S. dollars and the financial statements have been prepared in accordance with generally accepted accounting principles in the United States of America ("U.S. GAAP"). We refer to our 28 newbuilding containerships expected to be delivered to us between the third quarter of 2009 and the second quarter of 2012 as our contracted newbuilding vessels and, collectively with our current fleet of 41 containerships, as our combined containership fleet.

Business Overview

We are an international owner and operator of containerships, chartering our vessels principally on a long term basis to many of the world's largest liner companies. Our current fleet of 41 containerships aggregating 165,933 TEUs makes us among the largest containership charter owners in the world, based on total TEU capacity. Our strategy is to charter our containerships under multi-year, fixed-rate time charters to a geographically diverse group of liner companies, including many of the largest such companies globally, as measured by TEU capacity. Currently, these customers are China Shipping, CMA-CGM, Hanjin, HMM, Maersk, MISC, MSC, Yang Ming, UASC and Zim Integrated Shipping Services. As of June 30, 2009, the average remaining duration of the charters for our containership fleet, including our 28 contracted newbuilding vessels for each of which we have arranged charters, was 11.5 years (weighted by aggregate contracted charter hire) and represented \$6.9 billion in total contracted revenue.

As the container shipping industry has grown, the major liner companies have increasingly contracted for larger containership capacity. Our containerships are deployed under multi-year, fixed-rate charters that range from one to 12 years for vessels in our current fleet and up to 18 years for our contracted newbuilding vessels. These charters expire at staggered dates ranging from the first quarter of 2010 to the fourth quarter of 2027, with no more than 11 scheduled to expire in any 12-month period. The staggered expiration of the multi-year, fixed-rate charters for our vessels is both a strategy pursued by our management and a result of the growth in our fleet over the past several years.

Our Fleet

Our containership fleet consists of 69 vessels, of which 41 are current vessels and 28 are to be delivered to us through the second quarter of 2012 at a cost of \$2.1 billion in remaining installment payments as of June 30, 2009. Our contracted newbuilding vessels, for each of which we have arranged multi-year fixed rate charters, are being built based upon vessel designs from Hyundai Samho Heavy Industries Co. Limited ("Hyundai Samho"), Hanjin Heavy Industries & Construction Co., Ltd. ("Hanjin"), Shanghai Jiangnan Changxing Heavy Industry

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Company Limited ("Shanghai Jiangnan") and Sungdong Shipbuilding & Marine Engineering Co., Ltd. ("Sungdong"). In some cases vessel designs are enhanced by us and our manager, Danaos Shipping, in consultation with the charterers of the vessels and two classification societies, Det Norske Veritas and the Lloyds Register of Shipping. These vessel designs, which include certain technological advances and customized modifications, make the containerships efficient with respect to both voyage speed and loading capability when compared to many vessels operating in the containership sector.

After delivery of our contracted newbuilding vessels, assuming no other acquisitions or dispositions other than the scrapping of one vessel that is over 30 years of age at the end of its current charter, our combined containership fleet will have 382,179 TEU in total capacity.

The following table presents the composition of our containership fleet by charter type.

	As of June 30, 2009				As of June 30, 2012 (1) (2)			
	Total Capacity		Average Age (Years) (3)		Total Capacity		Average Age (Years) (3)	
	Number	TEU dwt			Number	TEU dwt		
<i>Time Charter</i>	41	165,933	2,072,538	9.9	66	369,179	4,471,591	6.3
<i>Bareboat</i>					2	13,000	160,000	2.3
Total	41	165,933	2,072,538	9.9	68	382,179	4,631,591	6.2

(1) Assuming no vessel acquisitions beyond our contracted newbuilding vessels or dispositions, other than the scrapping of one vessel that is over 30 years of age at the end of its current charter.

(2) Five containerships in our contracted fleet, with a capacity of 6,500 TEUs each included above, are subject to charterers' options to acquire such vessels on specified dates expected to fall in September 2017, December 2017, December 2017, January 2018 and February 2018.

(3) Weighted by TEU capacity.

Our Competitive Strengths

We believe that the key competitive strengths that will allow us to execute our strategy are:

Long Standing Relationships with Leading Liner Companies. We charter our containerships on fixed rate charters to a diverse customer group consisting of the world's largest liner companies, including the top three such companies, as measured by TEU capacity. In the past, we have had successful chartering relationships with 22 of the 25 largest liner companies, as measured by TEU capacity, which we believe will benefit us in the future as we seek to recharter our vessels and continue to grow our fleet through our 28 contracted newbuilding vessels and as attractive opportunities arise over the medium to long-term. The strength of these relationships and our proven track record of performance have facilitated our ability to enter into multi-year fixed rate charters with our customers that extend as long as 18 years, with option periods which extend thereafter. Over the three years ended December 31, 2008, we have collected over 99% of all scheduled charter contract revenues, demonstrating the strength of our customer relationships.

High Level of Charter Coverage from Multi-Year Charters. All of the containerships in our combined fleet are or, upon their delivery to us, will be subject to multi-year, fixed-rate time charters having initial terms that range from one year to 18 years. As of June 30, 2009, the average remaining duration of the charters for our combined containership fleet, including our 28 contracted newbuilding vessels for each of which we have arranged charters, was 11.5 years (weighted by aggregate contracted charter hire) representing \$6.9 billion in total

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contracted revenue, of which \$5.0 billion represents contracted revenue from charters for our contracted newbuilding vessels. Our multi-year charters allow us to maintain a high proportion of contracted cash flows, while their staggered maturities (no more than 11 vessels are scheduled to come off charter in any 12-month period) are expected to permit us to conduct regular rechartering activity in varying charter rate environments.

Reputation for Operational Excellence and Technology Leadership. Our manager has been operating containerships since 1984 and has been recognized for implementing advanced technology and innovative processes in order to provide reliable and efficient services. Our manager's and our operational excellence and reliability resulted in less than 26 total off-hire days (or 99.8% fleet utilization) for our entire fleet during 2008, other than for scheduled drydockings and special surveys. Our manager was awarded the Lloyds Technical Innovation Award in 2004, and the ship management software developed by our software affiliate, Danaos Management Consultants, is a widely used third-party ship management package in the shipping industry.

Strong Record of Long-Term Growth. Since early 1993, we have grown our fleet from three multi-purpose vessels to our current fleet of 41 containerships and 28 contracted newbuilding vessels. We have been successful at acquiring vessels and integrating these vessels into our overall operations throughout varying shipping cycles over the past 15 years. We have increased our containership fleet at an annual compound growth rate (in TEU capacity) of approximately 30% since 1993 by, among other things, negotiating private purchases from our liner company customers and contracting for newbuildings that incorporate the latest in design innovations. We have also contracted for 28 additional containerships with a total capacity of 217,950 TEUs, to be delivered to us between the third quarter of 2009 and June 2012, which represents growth of approximately 132.7% in the TEU capacity of our containership fleet from June 30, 2009.

Strong Financial Results. Our history of profitable operations has given us strong financial results and enabled us to grow our company. For the year ended December 31, 2008, we generated operating revenues of \$298.9 million and net income of \$115.2 million.

Our Business Strategies

Our primary objective is to maximize value to our stockholders by pursuing the following strategies:

Maintain High Quality Cost Effective Operations. We constantly focus on providing high quality, cost effective operations and work with our manager to reduce cost while maintaining a high level of service. In the past, we have successfully chartered our vessels to 22 of the 25 largest liner companies as measured by TEU capacity, many of which, we believe, consider us to be one of their preferred providers. We believe that our focus on customer service and our leadership in technology enhances our relationships with our charterers.

Maintain a Diverse Portfolio of Charters. We will continue to charter our containerships to a number of leading liner companies in order to maintain a portfolio of time charters that is diverse from a customer, geographic and maturity perspective. We believe our strategy reduces our revenue concentration, minimizes our exposure to any one customer and aids our rechartering efforts in any particular period in the charter market cycle.

Focus on Delivery of Contracted Newbuilding Vessels and Investment in Larger Containerships. We will continue to focus on the orderly delivery of our 28 contracted newbuilding containerships, each of which already has long-term charter arrangements at

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accretive fixed rates with some of the largest liner companies in the world as measured by TEU capacity. We expect to continue to focus on investment in larger containerships, with 23 of our 28 contracted newbuilding vessels having a capacity of 6,500 TEUs or larger, as we believe that larger containerships are attractive to many of our customers because these vessels are able to benefit from economies of scale and constitute the core of the vessels providing their liner services. As a result, larger vessels can be attractive investments because many of our customers prefer chartering such vessels for longer periods of time over chartering smaller capacity vessels, which provides us with longer term contracted cash flows and reduces our residual vessel value exposure.

Summary Risk Factors

Our ability to successfully implement our strategy is dependent on our ability to manage a number of risks relating to our industry and our operations. Prospective investors in our common stock should carefully consider the risks set forth in the section of this prospectus entitled "Risk Factors" beginning on page 12. These risks include:

The downturn in the container shipping market may continue to adversely affect us. The abrupt and dramatic downturn in the containership charter market, from which we derive all of our revenues, has severely affected the container shipping industry and has adversely affected our business. The decline in charter rates in the containership market also affects the value of our vessels, which follow the trends of freight rates and containership charter rates, and earnings on our charters, and similarly, affects our cash flows, liquidity and compliance with the covenants contained in our loan agreements. During 2010, eight of our containerships are scheduled to be up for rechartering, and if the containership charter market remains depressed, as it has been since the latter half of 2008, we may have to recharter these vessels, if we are able to secure charters at all, at sharply reduced rates. The decline in the containership charter market has had and may continue to have additional adverse consequences for our industry including an absence of financing for vessel acquisitions, the absence of an active secondhand market for the sale of vessels, charterers seeking to renegotiate the rates for existing time charters and widespread loan covenant defaults in the container shipping industry.

Our ability to comply with various covenants in our credit facilities is affected by containership charter rates and vessel values. Our credit facilities, which are secured by mortgages on our vessels, require us to maintain specified collateral coverage ratios and satisfy financial covenants, including requirements based on the market value of our containerships and our net worth. As a result of low containership charter rates and vessel values, as well as the reduced fair value of our interest rate swaps due to low prevailing interest rates, we were in breach of covenants under certain of our loan agreements as of December 31, 2008 and June 30, 2009. We have obtained waivers covering all of these breached covenants other than with respect to the breaches identified as of June 30, 2009 of (i) a corporate leverage ratio covenant under our KEXIM-Fortis credit facility, under which \$118.7 million was outstanding as of June 30, 2009 and (ii) the corporate leverage ratio and collateral coverage ratio covenants contained in our credit facility with Fortis Bank-Lloyds TSB-National Bank of Greece, under which \$253.2 million was outstanding as of June 30, 2009. If we fail to obtain waivers under our KEXIM-Fortis credit facility and the Fortis Bank-Lloyds TSB-National Bank of Greece credit facility or if we fail to comply with our other covenants and are not able to obtain covenant waivers or modifications with respect to such non-compliance, our lenders could accelerate our indebtedness and foreclose on the vessels in our fleet, which would impair our ability to continue to conduct our business.

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We are dependent on the ability and willingness of our charterers to honor their commitments. We derive all of our revenues from the payment of charter hire by our charterers. As part of an announced restructuring, the charterer of six of our vessels is seeking a significant reduction in the charter rates payable to us under the existing charters for these vessels. Should a counterparty fail to honor its obligations under agreements with us, it may be difficult to secure substitute employment for such vessel, and any new charter arrangements we may be able to secure likely would be at lower rates given currently depressed charter rates. If our charterers do not honor their commitments under charters with us, we may have rights to certain claims, subject to the terms and conditions of each charter. However, pursuing these claims may be time consuming, uncertain and ultimately insufficient to compensate us for any failure of the charterers to honor their commitments.

Our ability to obtain financing for our contracted newbuilding vessels may be limited. We will need to obtain significant additional financing in order to fund the remaining \$2.1 billion in installment payments, as of June 30, 2009, for our 28 contracted newbuilding vessels. Currently, we have no financing arranged for the acquisition of 12 of the newbuilding containerships expected to be delivered to us at various times in 2010, 2011 and 2012. Our ability to obtain financing in the current economic environment, particularly for the acquisition of containerships, which are experiencing low charter rates and depressed vessel values, may be limited and unless we are successful in obtaining financing, and our cash flow from operations remains stable or increases, we may not be able to complete these transactions.

Our Manager

Our operations are managed by Danaos Shipping Co. Ltd., or Danaos Shipping, our manager, under the supervision of our officers and our board of directors. We believe our manager has built a strong reputation in the shipping community by providing customized, high-quality operational services in an efficient manner for both new and older vessels. We have a management agreement pursuant to which our manager and its affiliates provide us and our subsidiaries with technical, administrative and certain commercial services for an initial term that expired on December 31, 2008, which now renews for additional one-year terms for an additional 12 years, unless we give prior written notice of non-renewal. On February 12, 2009, we signed an addendum to the management contract increasing the management fees we pay, effective as of January 1, 2009.

Danaos Shipping is ultimately owned by Danaos Investments Limited as Trustee of the 883 Trust, which we refer to as the Coustas Family Trust. Danaos Investments Limited is the protector (which is analogous to a trustee) of the Coustas Family Trust, of which Dr. Coustas and other members of the Coustas family are beneficiaries. Dr. Coustas has certain powers to remove and replace Danaos Investments Limited as Trustee of the 883 Trust. The Coustas Family Trust is also our largest stockholder with an 80.1% ownership interest as of June 30, 2009.

Container Shipping Industry

Container shipping is responsible for the movement of a wide range of goods from one part of the world to another in a unitized form. Participants in the container shipping industry include "liner" companies, who operate container shipping services, containership owners, often known as charter owners, who own containerships and charter them out to the operators, and shippers, who require the seaborne movement of containerized goods. The demand for containership capacity is dependent on the volume of traffic on the world's container trades. Effective demand is also dependent on trade distance, with longer distance trades generating greater demand for capacity in terms of "TEU-miles," absorbing a greater

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level of dynamic capacity to move each unit of containerized cargo. The transpacific and the Far East-Europe are the world's two largest container trade routes and, in recent years, it has been Chinese trade routes which have driven most of the increase in volumes out of Asia. In 2008, global container trade stood at an estimated 138 million TEU of cargo transported. As of April 1, 2009, the global containership fleet comprised over 4,750 fully cellular containerships, with a total standing slot capacity of nearly 12.5 million TEU.

Although the global container shipping market had grown at an annual average rate of 10% from 1979 through 2008, as measured by TEU of cargo transported, the dramatic global economic downturn in late 2008 resulted in global container shipping growing by just 6% over the full year of 2008 from 2007 levels. The sharp decline in global economic activity in the second half of 2008 and in 2009 has resulted in a substantial decline in the demand for the seaborne transportation of products in containers, reaching the lowest levels in decades. Consequently, the cargo volumes and freight rates achieved by liner companies have declined sharply, reducing liner company profitability and, at times, failing to cover the costs of liner companies operating vessels on their shipping lines. The number of vessels being actively deployed by liner companies has consequently decreased, with over 10% of the world containership fleet estimated to be out of service as of May 2009. Moreover, newbuilding containerships with an aggregate capacity of over 5.5 million TEUs, representing approximately 45% of the world's fleet capacity as of April 1, 2009, were under construction, which may exacerbate the surplus of containership capacity further reducing charterhire rates. As a result, charter rates in the containership industry have decreased significantly, with the average daily charter rate of a 4,400 TEU containership, which represents the approximate average TEU capacity of our vessels, having decreased from \$36,000 in May 2008 to \$6,900 in May 2009.

Recent Developments

Delayed Contracted Newbuilding Vessel Deliveries. In the first quarter of 2009, we came to an agreement with China Shipbuilding Trading Company (Shanghai Jiangnan) to delay the delivery date of the five 8,530 TEU containerships under construction by an average of approximately two hundred days each. In addition, we have come to an agreement with Hanjin Heavy Industries & Construction Company to delay the delivery date of the five 6,500 TEU and the five 3,400 TEU containerships under construction by approximately ninety days each. In the second quarter of 2009, we came to an agreement with Hyundai Samho Heavy Industries Co. Ltd. to delay the delivery date of the five 12,600 TEU containerships under construction by approximately one year each. Finally, we have come to an agreement with Sungdong Shipping and Marine Engineering Co. Ltd. to delay the delivery of five 6,500 TEU containerships under construction for a period ranging from two to six months. As of June 30, 2009, we expect to take delivery of four vessels during the remainder of 2009, twelve in 2010, seven in 2011 and five in 2012.

Credit Facility Covenant Breaches and Waivers. As of December 31, 2008, we were not in compliance with collateral coverage ratios, corporate leverage ratios and net worth covenants, as applicable, contained in certain of our loan agreements governing \$1.8 billion of our outstanding indebtedness due to the severe drop in interest rates which resulted in negative valuations of our interest rate swaps accounted for as cash flow hedges, as well as the drop in our vessels' fair market values. As a result, we have entered into agreements which waive until January 31, 2010 (other than with respect to our KEXIM-Fortis credit facility, for which covenant compliance will be evaluated within 180 days of December 31, 2009 (upon delivery of our audited financial statements for the year ended December 31, 2009) and with respect to our HSH Nordbank, Aegean Baltic Bank-HSH Nordbank-Piraeus Bank, Deutsche

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Bank and Credit Suisse credit facilities for which the waiver period extends through October 1, 2010) such prior breaches of such covenants and any subsequent breaches of such covenants. Our lenders have agreed not to exercise their right to demand repayment of any amounts due under the respective loan agreements as a result of the breaches as of December 31, 2008 and any subsequent breaches of the abovementioned covenants until January 31, 2010.

As of June 30, 2009, we were in breach of (i) the collateral coverage ratio covenant contained in our credit facility with Credit Suisse, which was not covered by the waiver obtained in relation to the December 31, 2008 covenant breaches thereunder, (ii) the collateral coverage ratio covenant contained in our credit facility with Deutsche Bank, which was not covered by the waiver obtained in relation to the December 31, 2008 covenant breaches thereunder, (iii) the corporate leverage ratio and collateral coverage ratio covenants contained in our credit facility with Fortis Bank-Lloyds TSB-National Bank of Greece, which had an outstanding balance of \$253.2 million as of June 30, 2009, and (iv) the corporate leverage ratio covenant under our KEXIM-Fortis credit facility, which was not covered by the waiver obtained in relation to December 31, 2008 covenant breaches thereunder, which had an outstanding balance of \$118.7 million as of June 30, 2009. In July 2009, we entered into an agreement with Credit Suisse to extend the waiver of breaches of the corporate leverage ratio and net worth covenants obtained for the period ended December 31, 2008, as well as any subsequent breach of such covenants, up to October 1, 2010 and to reduce the collateral coverage ratio to 100% from 125% (at which revised collateral coverage ratio we would have been in compliance as of June 30, 2009) in respect of the period ended June 30, 2009 and through October 1, 2010, with an increase in the interest rate margin by 1.225 percentage points per annum for the waiver period and a one-time fee of \$50,000. In August 2009, we entered into an agreement with Deutsche Bank to extend the waiver of the breach of the corporate leverage ratio covenant obtained for the period ended December 31, 2008, as well as any subsequent breaches of such covenant, through October 1, 2010 and waiving the breach of the collateral coverage ratio covenant identified as of June 30, 2009, and any subsequent breaches, through October 1, 2010, with an increase in the interest rate margin by 1.315 percentage points per annum for the waiver period and 0.815 percentage points per annum thereafter, as well as a one-time fee of \$0.4 million. Under the terms of these waivers, during the waiver period we are not permitted to pay dividends without the consent of our lenders under our credit facility with Credit Suisse or our credit facility with Deutsche Bank. We are currently in discussions to obtain a written waiver covering the breaches of covenants in our Fortis Bank-Lloyds TSB-National Bank of Greece credit facility and the additional breach under our KEXIM-Fortis credit facility as of June 30, 2009 for a period through October 1, 2010, as well as extending the previously obtained waiver through October 1, 2010. We have reached an agreement in principle with the banks, subject to final written formalization of such agreements and approval from the lenders' committees. To the extent that we are unable to finalize formalization of these waivers, we will be required to classify as current debt an amount of \$360.7 million, which is currently classified as long term debt, reflecting our lenders' ability to demand payment of that debt at any time at their option. In the event that Fortis Bank-Lloyds TSB-National Bank of Greece or KEXIM-Fortis demand payment of our debt under the respective credit facility before its maturity, as a result of the June 30, 2009 breaches, we may elect to use our cash generated from operations, available cash and cash equivalents and undrawn availability under our other credit facilities to make such payments.

Corporate Information

We are a corporation domesticated in the Republic of The Marshall Islands on October 7, 2005 after having been incorporated as a Liberian company in 1998 in connection with the consolidation of our assets under Danaos Holdings Limited. In connection with our

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domestication in the Marshall Islands we changed our name from Danaos Holdings Limited to Danaos Corporation. Our manager, Danaos Shipping, was founded by Dimitris Coustas in 1972 and since that time it has continuously provided seaborne transportation services under the management of the Coustas family. Dr. John Coustas, our chief executive officer, assumed responsibility for our management in 1987. Dr. Coustas has focused our business on chartering containerships to liner companies and has overseen the expansion of our fleet from three multi-purpose vessels in 1987 to the 41 containerships comprising our current containership fleet.

Our address is c/o Danaos Shipping Co. Ltd, 14 Akti Kondyli, 185 45 Piraeus, Greece. Our telephone number at that address is + 30 210 419 6480. Our website address is www.danaos.com. Information on, or accessible through, our website does not form part of this prospectus.

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The Offering

Common stock offered by us	shares. shares, if the underwriters exercise their overallotment option in full.
Common stock outstanding immediately after this offering (1)	shares.
Use of proceeds	We estimate that the net proceeds of this offering will be \$ million (\$ million if the underwriters exercise their over-allotment option in full) based on an assumed public offering price of \$ per share of common stock, the last reported sales price of our common stock on the New York Stock Exchange on , 2009, and after deducting the underwriting discount and the estimated expenses payable by us related to this offering. We intend to use the net proceeds of this offering to fund a portion of our newbuilding program and for general corporate purposes. See "Use of Proceeds."
NYSE listing	Our common stock is listed on the New York Stock Exchange under the symbol "DAC."
Risk factors	Please read and consider the information set forth under the heading "Risk Factors" and all other information set forth in or incorporated by reference into this prospectus before investing in our common stock.

(1) Excludes shares issuable upon exercise of the underwriters' overallotment option and accrued rights to receive, in the first quarter of 2010, 9,763 shares of common stock under our Directors' Share Payment Plan as of June 30, 2009.

Each share of our common stock includes one right that, under certain circumstances, will entitle the holder to purchase from us a unit consisting of one-thousandth of a preferred share at a purchase price of \$25.00 per unit, subject to specified adjustments.

Unless we indicate otherwise or the context otherwise requires, all information in this prospectus assumes that the underwriters do not exercise their overallotment option.

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The summary consolidated financial data set forth below as of December 31, 2007 and 2008 and for the years ended December 31, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements which are included elsewhere in this prospectus. The summary consolidated financial data set forth below as of December 31, 2004, 2005 and 2006 and for the years ended December 31, 2004 and 2005 have been derived from our audited consolidated financial statements, which are not included in or incorporated by reference into this prospectus.

This information should be read together with, and is qualified in its entirety by, our consolidated financial statements and the notes thereto included herein. You should also read "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	In Thousands, Except Per Share Amounts				
STATEMENT OF INCOME					
Operating revenues	\$ 298,905	\$ 258,845	\$ 205,177	\$ 175,886	\$ 148,718
Income from operations	148,960	128,694	108,774	96,734	82,079
Net income	\$ 115,238	\$ 215,264	\$ 101,082	\$ 122,850	\$ 116,459
PER SHARE DATA (1) (2)					
Basic and diluted net income per share of common stock	\$ 2.11	\$ 3.95	\$ 2.16	\$ 2.77	\$ 2.63
Basic and diluted weighted average number of shares	54,557	54,558	46,751	44,308	44,308
CASH FLOW DATA					
Net cash provided by operating activities	\$ 135,489	\$ 158,270	\$ 151,578	\$ 162,235	\$ 129,056
Net cash used in investing activities	(511,986)	(687,592)	(330,099)	(40,538)	(154,747)
Net cash provided by/ (used in) financing activities	433,722	549,742	183,596	(180,705)	45,133
Net increase/(decrease) in cash and cash equivalents	57,225	20,420	5,075	(59,008)	19,442
BALANCE SHEET DATA (at period end)					
Total assets	2,828,464	2,071,791	1,297,190	945,758	1,005,981
Total long-term debt, including current portion	2,107,678	1,356,546	662,316	666,738	601,400
Total stockholders' equity	219,034	624,904	565,852	262,725	384,468
OTHER DATA					
EBITDA from continuing operations (3)	\$ 206,576	\$ 186,901	\$ 117,710	\$ 117,912	\$ 111,358
EBITDA from discontinued operations (3)	(1,822)	93,113	46,103	53,044	47,812
EBITDA (3)	\$ 204,754	\$ 280,014	\$ 163,813	\$ 170,956	\$ 159,170

(1)

As adjusted for 88,615-for-1 stock split effected on September 18, 2006.

(2)

As adjusted for 15,000 shares repurchased during December 2008 and held by us and reported as treasury stock as of December 31, 2008.

(3)

EBITDA represents net income before interest, income tax expense, depreciation and amortization. However, EBITDA is not a recognized measurement under U.S. generally accepted accounting principals, or "GAAP." We believe that the presentation of 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 EBITDA is useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financings, income taxes (to the extent applicable) 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.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;

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EBITDA does not reflect changes in or cash requirements for our working capital needs; and

other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally.

The following table sets forth a reconciliation of net cash from operating activities and net income to EBITDA (unaudited) for the periods presented.

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	In Thousands				
Reconciliation of Net Cash from Operating Activities to EBITDA (unaudited)					
Net Cash provided by Operating Activities	\$135,489	\$158,270	\$151,578	\$162,235	\$129,056
Net Increase / (Decrease) in Current Assets	2,296	9,230	4,100	(17,993)	12,200
Net (Increase) / Decrease in Current Liabilities	(6,465)	110	(34,402)	3,301	(2,559)
Net Finance cost add back	31,190	17,441	26,195	17,070	8,921
Amortization of finance costs	(220)	(164)	(135)	(101)	
Written off amount of drydocking / special survey	(181)	(337)	(385)		
Written off finance costs	(128)	(284)	(396)		
Payments for dry-docking / special survey	10,625	7,592	8,037	4,505	5,159
Gain / (Loss) on sale of vessels	16,901	88,349	14,954		7,667
Stock based compensation	(85)				
Change in fair value of derivative instruments	15,332	(193)	(5,733)	1,939	(1,274)
EBITDA (unaudited)	\$204,754	\$280,014	\$163,813	\$170,956	\$159,170

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	In Thousands				
Reconciliation of Net Income to EBITDA (unaudited)					
Net income	\$117,060	\$123,098	\$ 65,419	\$ 79,489	\$ 74,306
Depreciation	51,025	40,622	27,304	22,940	27,520
	7,301	6,113	4,127	2,638	1,747

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Amortization of deferred drydocking
and special survey costs

Interest income	(6,544)	(4,861)	(3,605)	(6,345)	(2,638)
Interest expense	37,734	21,929	24,465	19,190	10,423
EBITDA (unaudited) from continuing operations	\$206,576	\$186,901	\$117,710	\$117,912	\$111,358
EBITDA (unaudited) from discontinued operations	(1,822)	93,113	46,103	53,044	47,812
EBITDA (unaudited)	\$204,754	\$280,014	\$163,813	\$170,956	\$159,170

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RISK FACTORS

Any investment in our common stock involves a high degree of risk. You should consider carefully the following risk factors, as well as the other information contained in or incorporated by reference into this prospectus, before making an investment in our common stock. Any of the risk factors described below could significantly and negatively affect our business, financial condition or operating results. You may lose all or part of your investment.

Risks Inherent in Our Business

Our business, and an investment in our common stock, involves a high degree of risk, including risks relating to the downturn in the container shipping market, which has had and may continue to have an adverse effect on our earnings, affect our compliance with our loan covenants and adversely affect the containership charter market.

The abrupt and dramatic downturn in the containership charter market, from which we derive all of our revenues, has severely affected the container shipping industry and has adversely affected our business. The average daily charter rate of a 4,400 TEU containership, which represents the approximate average TEU capacity of our vessels, decreased from \$36,000 in May 2008 to \$6,900 in May 2009. The decline in charter rates is due to various factors, including the reduced availability of trade financing for purchases of containerized cargo carried by sea, which has resulted in a significant decline in the volume of cargo shipments, and the level of global trade, including exports from China to Europe and the United States. The decline in charter rates in the containership market also affects the value of our vessels, which follow the trends of freight rates and containership charter rates, and earnings on our charters, and similarly, affects our cash flows, liquidity and compliance with the covenants contained in our loan agreements. The decline in the containership charter market has had and may continue to have additional adverse consequences for our industry including an absence of financing for vessel acquisitions, the absence of an active secondhand market for the sale of vessels, charterers seeking to renegotiate the rates for existing time charters and widespread loan covenant defaults in the container shipping industry.

We are in breach of financial covenants contained in certain of our credit facilities and the current low containership charter rates and containership vessel values and any future declines in these rates and values will affect our ability to comply with various covenants in our credit facilities.

Our credit facilities, which are secured by mortgages on our vessels, require us to maintain specified collateral coverage ratios and satisfy financial covenants, including requirements based on the market value of our containerships and our net worth. The market value of containerships is sensitive to, among other things, changes in the charter markets with vessel values deteriorating in times when charter rates are falling and improving when charter rates are anticipated to rise. The current low in charter rates in the containership market coupled with the prevailing difficulty in obtaining financing for vessel purchases have adversely affected containership values. These conditions have led to a significant decline in the fair market values of our vessels and the extremely low prevailing interest rates have led to significant declines in the fair value of our interest rate swap agreements. As a result, we were in breach of covenants contained in certain of our loan agreements as of December 31, 2008 and June 30, 2009, for each of which we have obtained waivers in 2009, other than with respect to the June 30, 2009 breach of the corporate leverage ratio covenant contained in our KEXIM-Fortis credit facility, under which \$118.7 million was outstanding as of June 30, 2009, and the corporate leverage ratio and collateral coverage ratio covenants contained in our

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Fortis Bank-Lloyds TSB-National Bank of Greece credit facility, under which \$253.2 million was outstanding as of June 30, 2009.

In 2009, we entered into waivers and amendments to certain of our credit facilities to waive the prior breaches, as of December 31, 2008, and in some cases, as of June 30, 2009, resulting from the decrease in the market value of our vessels and the decline in the fair value of our interest rate swaps, of covenants to maintain minimum ratios of the fair market value of our vessels securing a particular credit facility to the aggregate outstanding indebtedness under such credit facility, a maximum ratio of total liabilities to market value adjusted total assets and minimum net worth, including on a market adjusted basis, requirements contained in our applicable credit facilities, as well any subsequent breaches of these covenants, through January 31, 2010 (other than with respect to our KEXIM-Fortis credit facility for which compliance with the net worth and corporate leverage ratio covenants breached as of December 31, 2008 will be evaluated within 180 days of December 31, 2009 (upon delivery of our audited financial statements for the year ended December 31, 2009) and with respect to our HSH Nordbank, Aegean Baltic Bank-HSH Nordbank-Piraeus Bank, Deutsche Bank and Credit Suisse credit facilities for which the waiver period extends through October 1, 2010), or in two instances reducing the collateral coverage ratio covenant requirement during such period. Such waivers and covenants do not, however, cover other covenants contained in our credit facilities. If the current low charter rates in the containership charter market and low vessel values continue, including continuing beyond the period covered by the waivers we obtained in 2009, we may not be in compliance with these covenants or other covenants not covered by waivers, and would have to seek additional waivers of compliance from our lenders and/or raise additional funds through asset sales, equity infusions or similar transactions. Our amended loan agreements contain additional restrictions, including the requirement that we obtain prior written consent of certain of our lenders before paying any dividends and caps on the per share and aggregate dividend that we may pay with respect to 2009 pursuant to the terms of our other credit facilities.

To the extent that we are unable to finalize formalization of the waivers of the breaches, as of June 30, 2009, of the corporate leverage ratio contained in our KEXIM-Fortis credit facility and the breach of the corporate leverage ratio and collateral coverage ratio covenants contained in our Fortis Bank-Lloyds TSB-National Bank of Greece credit facility, we will be required to classify as current debt an amount of \$360.7 million, which is currently classified as long term debt, reflecting our lenders' ability to demand payment of that debt at any time at their option. If we fail to obtain these waivers under our KEXIM-Fortis and Fortis Bank-Lloyds TSB-National Bank of Greece credit facilities or if we fail to comply with our other covenants and are not able to obtain covenant waivers or modifications with respect to such non-compliance, our lenders could require us to make prepayments or provide additional collateral sufficient to bring us into compliance with such collateral coverage covenants, and if we fail to do so or with respect to other covenants in any event, our lenders could accelerate our indebtedness and foreclose on the vessels in our fleet, which would impair our ability to continue to conduct our business. In addition, if we were unable to obtain waivers, we could be required to reclassify all of our affected indebtedness as current liabilities, and our auditors may give either an unqualified opinion with an explanatory paragraph relating to the disclosure in the notes to our financial statements as to the substantial doubt of our ability to continue as a going concern, or a qualified, adverse or disclaimer of opinion. Certain of these events could in turn lead to additional defaults under our loan agreements, and the consequent acceleration of the indebtedness thereunder and the commencement of similar foreclosure proceedings by other lenders. If our indebtedness were accelerated in full or in part, it would be very difficult in the current financing environment for us to refinance our debt or obtain additional financing and we could lose our vessels if our lenders foreclose their

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liens, which would adversely affect our ability to continue our business. Any default by or the failure of our charterers to honor their obligations to us under our charter agreements would reduce the likelihood that our lenders would be willing to provide waivers or covenant modifications or other accommodations.

Moreover, in connection with any waivers and/or amendments to our loan agreements, our lenders may impose additional operating and financial restrictions on us and/or modify the terms of our existing loan agreements. These restrictions may limit our ability to, among other things, pay dividends, make capital expenditures and/or incur additional indebtedness, including through the issuance of guarantees. In addition, our lenders may require the payment of additional fees, require prepayment of a portion of our indebtedness to them, accelerate the amortization schedule for our indebtedness and increase the interest rates they charge us on our outstanding indebtedness, all of which could adversely affect our profitability and cash flows.

Although we have arranged charters for each of our 28 contracted newbuilding vessels, we are dependent on the ability and willingness of the charterers to honor their commitments under such charters as it would be difficult to redeploy such vessels at equivalent rates, or at all, if charter markets continue to experience weakness.

We are dependent on the ability and willingness of the charterers to honor their commitments under the multi-year time charters we have arranged for each of our 28 contracted newbuilding vessels. The combination of a reduction of cash flow resulting from declines in world trade, a reduction in borrowing bases under credit facilities and the lack of availability of debt or equity financing may result in a significant reduction in the ability of our charterers to make charter payments to us. Furthermore, the surplus of containerships available at lower charter rates and lack of demand for our customers' liner services could negatively affect our charterers' willingness to perform their obligations under the time charters for our newbuildings, which provide for charter rates significantly above current market rates. In addition, if we fail to obtain financing for any of our newbuilding containerships or otherwise fail to timely deliver such containerships to their respective charterers, such charterers may cancel their charter contracts with us. The combination of the current surplus of containership capacity, and the expected significant increase in the size of the world containership fleet over the next few years, as the high volume of containerships currently being constructed are delivered, would make it difficult to secure substitute employment for any of our newbuilding containerships if our counterparties failed to perform their obligations under the currently arranged time charters, and any new charter arrangements we were able to secure would be at lower rates given currently depressed charter rates. As a result, we could sustain significant losses which would have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as our ability to pay dividends, if any, in the future, and comply with the covenants in our credit facilities. If the charterers do not honor their commitments under these charters, we may have rights for certain claims, subject to the terms and conditions of each charter. However, pursuing these claims may be time consuming, uncertain and ultimately insufficient to compensate us for any failure of the charterers to honor their commitments.

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No financing has been arranged for the acquisition of 12 of our 28 newbuilding containerships under construction, which 12 containerships are expected to be delivered to us at various times in 2010, 2011 and 2012, and the current state of global financial markets and current economic conditions may adversely impact our ability to obtain financing on acceptable terms which may hinder or prevent us from fulfilling our obligations under our agreements to complete the construction of these newbuilding containerships.

We currently have contracts for the construction of 28 newbuilding containerships, with aggregate remaining installment payments of \$2.1 billion as of June 30, 2009. Of these 28 newbuilding containerships, 4, 12, 7 and 5 vessels are expected to be delivered to us in the remainder of 2009, in 2010, 2011 and 2012, respectively. We will need to procure significant additional financing in order to fund the remaining installment payments for these newbuildings and, currently, have no financing arranged for the acquisition of 12 of the newbuilding containerships expected to be delivered to us at various times in 2010, 2011 and 2012. Our ability to obtain financing in the current economic environment, particularly for the acquisition of containerships, which are experiencing low charter rates and depressed vessel values, may be limited and unless we are successful in obtaining debt financing, and our cash flow from operations remains stable or increases, we may not be able to complete these transactions. The loss of an existing charter for any of these contracted newbuilding vessels would further exacerbate the difficulty in obtaining financing for such vessels, which have contracted construction prices well above the current charter-free market value of such vessels. If we were not able to complete any of these transactions, we could lose our deposit money, which amounted to \$1.1 billion as of June 30, 2009, and we may incur additional liability and costs. In addition, prevailing conditions in the global financial markets may preclude us from raising additional equity capital or issuing equity at prices which would not be dilutive to existing stockholders.

Our profitability and growth depend on the demand for containerships and the recent changes in general economic conditions, and the impact on consumer confidence and consumer spending, has resulted and may continue to result in a decrease in containerized shipping volume, driving charter rates to significantly lower levels than the historical highs of the past few years. Charter hire rates for containerships may continue to experience volatility or settle at depressed levels, which would, in turn, adversely affect our profitability.

Demand for our vessels depends on demand for the shipment of cargoes in containers and, in turn, containerships. The ocean-going container shipping industry is both cyclical and volatile in terms of charter hire rates and profitability. In the second half of 2008 and the first half of 2009, the ocean-going container shipping industry has experienced severe declines, with charter rates at significantly lower levels than the historical highs of the past few years. Variations in containership charter rates result from changes in the supply and demand for ship capacity and changes in the supply and demand for the major products transported by containerships. The factors affecting the supply and demand for containerships and supply and demand for products shipped in containers are outside of our control, and the nature, timing and degree of changes in industry conditions are unpredictable. The recent global economic slowdown and disruptions in the credit markets have significantly reduced demand for products shipped in containers and, in turn, containership capacity.

Factors that influence demand for containership capacity include:

- supply and demand for products suitable for shipping in containers;
- changes in global production of products transported by containerships;
- the distance that container cargo products are to be moved by sea;
- the globalization of manufacturing;

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global and regional economic and political conditions;

developments in international trade;

changes in seaborne and other transportation patterns, including changes in the distances over which containerized cargoes are transported;

environmental and other regulatory developments; and

currency exchange rates.

Factors that influence the supply of containership capacity include:

the number of new building deliveries;

the scrapping rate of older containerships;

the price of steel and other raw materials;

changes in environmental and other regulations that may limit the useful life of containerships;

the number of containerships that are out of service; and

port congestion.

Consumer confidence and consumer spending have deteriorated significantly over the past year, and could remain depressed for an extended period. Consumer purchases of discretionary items, many of which are transported by sea in containers, generally decline during periods where disposable income is adversely affected or there is economic uncertainty and, as a result, liner company customers may ship fewer containers or may ship containers only at reduced rates. This decrease in shipping volume could adversely impact our liner company customers and, in turn, demand for containerships. As a result, charter rates and vessel values in the containership sector have decreased significantly and the counterparty risk associated with the charters for our vessels has increased.

Our ability to recharter our containerships upon the expiration or termination of their current charters and the charter rates payable under any renewal or replacement charters will depend upon, among other things, the prevailing state of the charter market for containerships. If the charter market is depressed, as it has been in the latter half of 2008 and in 2009, when our vessels' charters expire, with the next vessels up for rechartering being eight containerships in 2010, we may be forced to recharter the containerships, if we are able to recharter such vessels at all, at sharply reduced rates and even possibly at a rate whereby we incur a loss, which may reduce our earnings or make our earnings volatile. The same issues will exist if we acquire additional containerships, if we are able to recharter such vessels at all, and attempt to obtain multi-year charter arrangements as part of an acquisition and financing plan.

Disruptions in world financial markets and the resulting governmental action in the United States and in other parts of the world could have a further material adverse impact on our results of operations, financial condition and cash flows, and could cause the market price of our common stock to further decline.

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The United States and other parts of the world have exhibited weak economic trends and have been in a recession. For example, the credit markets in the United States have experienced significant contraction, de-leveraging and reduced liquidity, and the United States federal government and state governments have implemented and are considering a broad variety of governmental action and/or new regulation of the financial markets. Securities and futures markets and the credit markets are subject to comprehensive statutes, regulations and other requirements. The U.S. Securities and Exchange Commission, or the SEC, other

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regulators, self-regulatory organizations and exchanges are authorized to take extraordinary actions in the event of market emergencies, and may effect changes in law or interpretations of existing laws.

Global financial markets and economic conditions have been, and continue to be, severely disrupted and volatile. Credit markets and the debt and equity capital markets have been exceedingly distressed. These issues, along with the re-pricing of credit risk and the difficulties being experienced by financial institutions have made, and will likely continue to make, it difficult to obtain financing. As a result of the disruptions in the credit markets, the cost of obtaining bank financing has increased as many lenders have increased interest rates, enacted tighter lending standards, required more restrictive terms, including higher collateral ratios for advances, shorter maturities and smaller loan amounts, refused to refinance existing debt at maturity at all or on terms similar to our current debt. Furthermore, certain banks that have historically been significant lenders to the shipping industry have announced an intention to reduce or cease lending activities in the shipping industry. Although we have not experienced any difficulties drawing on committed facilities to date, we may be unable to fully draw on the available capacity under our existing credit facilities in the future if our lenders are unwilling or unable to meet their funding obligations. We cannot be certain that financing will be available on acceptable terms or at all. If financing is not available when needed, or is available only on unfavorable terms, we may be unable to meet our obligations, including under our newbuilding contracts, as they come due. Our failure to obtain the funds for these capital expenditures would have a material adverse effect on our businesses, results of operations and financial condition. In the absence of available financing, we also may be unable to take advantage of business opportunities or respond to competitive pressures, any of which could have a material adverse effect on our revenues and results of operations.

We face risks attendant to changes in economic environments, changes in interest rates, and instability in the banking and securities markets around the world, among other factors. Major market disruptions and the current adverse changes in market conditions and the regulatory climate in the United States and worldwide may adversely affect our business or impair our ability to borrow amounts under our credit facilities or any future financial arrangements. We cannot predict how long the current market conditions will last. However, these recent and developing economic and governmental factors, together with the concurrent decline in charter rates and vessel values, may have a material adverse effect on our results of operations, financial condition or cash flows, have caused the price of our common stock to decline and could cause the price of our common stock to decline further.

Weak economic conditions throughout the world, and particularly in the Asia Pacific region, could have a material adverse effect on our business, financial condition and results of operations.

Negative trends in the global economy that emerged in 2008 have continued in 2009. The deterioration in the global economy has caused, and may continue to cause, a decrease in worldwide demand for certain goods and, thus, container shipping. Continuing economic instability could have a material adverse effect on our financial condition and results of operations. In particular, we anticipate a significant number of the port calls made by our vessels will continue to involve the loading or unloading of containers in ports in the Asia Pacific region. As a result, negative changes in economic conditions in any Asia Pacific country, and particularly in China, may exacerbate the effect of the significant downturns in the economies of the United States and the European Union and may have a material adverse effect on our business, financial position and results of operations, as well as our future prospects. In recent years, China has been one of the world's fastest growing economies in terms of gross domestic product, which has had a significant impact on shipping demand. In

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2008, growth in China's gross domestic product declined from its 2007 growth rate, and we believe that China and other countries in the Asia Pacific region may continue to experience slowed or even negative economic growth in the future. Moreover, the current economic slowdown in the economies of the United States, the European Union and other Asian countries may further adversely affect economic growth in China and elsewhere. Our business, financial condition, results of operations, ability to pay dividends, if any, as well as our future prospects, will likely be materially and adversely affected by a further economic downturn in any of these countries.

Demand for the seaborne transport of products in containers has decreased dramatically in recent months, placing significant financial pressure on liner companies and, in turn, decreasing demand for containerships and increasing our charter counterparty risk.

The sharp decline in global economic activity in the second half of 2008 and in 2009 has resulted in a substantial decline in the demand for the seaborne transportation of products in containers, reaching the lowest levels in decades. Consequently, the cargo volumes and freight rates achieved by liner companies, with which all of the existing and contracted newbuilding vessels in our fleet are chartered, have declined sharply, reducing liner company profitability and, at times, failing to cover the costs of liner companies operating vessels on their shipping lines. In response to such reduced cargo volume and freight rates, the number of vessels being actively deployed by liner companies has decreased, with over 10% of the world containership fleet estimated to be out of service as of May 2009. Moreover, newbuilding containerships with an aggregate capacity of 5.7 million TEUs, representing approximately 45% of the world's fleet capacity as of April 1, 2009, were under construction, which may exacerbate the surplus of containership capacity further reducing charterhire rates.

The reduced demand and resulting financial challenges faced by our liner company customers has significantly reduced demand for containerships and may increase the likelihood of one or more of our customers being unable or unwilling to pay us the contracted charterhire rates, which are generally significantly above prevailing charter rates, under the charters for our vessels. We generate all of our revenues from these charters and if our charterers fail to meet their obligations to us, we would sustain significant losses which could materially adversely affect our business and results of operations, as well as our ability to comply with covenants in our credit facilities.

We are dependent on the ability and willingness of our charterers to honor their commitments to us for all of our revenues and the failure of our counterparties to meet their obligations under our time charter agreements, or under our shipbuilding contracts, could cause us to suffer losses or otherwise adversely affect our business.

We derive all of our revenues from the payment of charter hire by our charterers. Our 41 containerships are currently employed under time charters with 10 customers, with 74% of our revenues in 2008 generated from four customers. We have also arranged long-term time charters for each of our 28 contracted newbuilding containerships. We could lose a charterer or the benefits of a time charter if:

the charterer fails to make charter payments to us because of its financial inability, disagreements with us, defaults on a payment or otherwise;

the charterer exercises certain specific limited rights to terminate the charter;

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we do not take delivery of a contracted newbuilding containership at the agreed time; or

the charterer terminates the charter because the ship fails to meet certain guaranteed speed and fuel consumption requirements and we are unable to rectify the situation or otherwise reach a mutually acceptable settlement.

If we lose a time charter, we may be unable to re-deploy the related vessel on terms as favorable to us. We would not receive any revenues from such a vessel while it remained unchartered, but we may be required to pay expenses necessary to maintain the vessel in proper operating condition, insure it and service any indebtedness secured by such vessel.

The time charters on which we deploy our containerships generally provide for charter rates that are significantly above current market rates. The ability and willingness of each of our counterparties to perform its obligations under their time charters with us will depend on a number of factors that are beyond our control and may include, among other things, general economic conditions, the condition of the container shipping industry, which has experienced severe declines in the second half of 2008 and in 2009, and the overall financial condition of the counterparty. Furthermore, the combination of a reduction in cash flow resulting from declines in world trade, a reduction in borrowing bases under credit facilities and the reduced availability of debt and equity financing may result in a significant reduction in the ability of our charterers to make charter payments to us. For example, Senator Lines, the charterer of one of our vessels defaulted on its charter due to its insolvency in the first quarter of 2009 and the replacement charter we were able to arrange was at a reduced rate. In addition, as part of an announced restructuring, the charterer of six of our vessels is seeking a significant reduction in the charter rates payable to us under the existing charters for these vessels. The likelihood of a charterer seeking to renegotiate or defaulting on its charter with us may be heightened to the extent such customers are not able to utilize the vessels under charter from us, and instead leave such chartered vessels idle. Should a counterparty fail to honor its obligations under agreements with us, it may be difficult to secure substitute employment for such vessel, and any new charter arrangements we secure would be at lower rates given currently depressed charter rates. If our charterers fail to meet their obligations to us or attempt to renegotiate our charter agreements, we could sustain significant losses which would have a material adverse effect on our business, financial condition, results of operations and cash flows, as well as our ability to pay dividends, if any, in the future, and comply with the covenants in our credit facilities.

The charterer of six of our containerships is seeking a significant reduction in the charter rates payable under the charters for such vessels and any agreed reduction or a failure by such charterer to meet its obligations under these charters would adversely affect our business and results of operations.

As part of its announced restructuring efforts, the charterer of six of our containerships, ZIM Israel Integrated Shipping Services, or ZIM, is seeking a significant reduction in the charter rates payable to us under the charters for these six containerships. We understand that ZIM is seeking comparable charter rate reductions from other vessel-owners from which ZIM charters vessels as part of its restructuring efforts. If ZIM were unable to successfully complete its announced restructuring, including securing charter rate reductions, it is possible that ZIM may seek to reject, or otherwise fail to meet its obligations under, the charters for our six vessels. These charters represent a significant amount of revenue and the principal source of funds for repayment of our indebtedness secured by these vessels under certain of our credit facilities and there is no assurance that we could recharter such vessels at similar charter rates or at all. Other charterers may also seek to renegotiate charter rates from time to time. Any agreed reduction or a failure by ZIM to perform its obligations under these charters would likely adversely affect our business, financial condition, results of operations and cash flows.

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We depend upon a limited number of customers for a large part of our revenues. The loss of these customers could adversely affect our financial performance.

Our customers in the containership sector consist of a limited number of liner operators. The percentage of our revenues derived from these customers has varied in past years. In the past several years APL-NOL, Hanjin Shipping, CMA-CGM, Yang Ming and HMM Korea have represented substantial amounts of our revenue. In 2008, approximately 74% of our revenues from continuing operations were generated by four customers, China Shipping, CMA-CGM, HMM Korea and Yang Ming, and in 2007 these four customers generated approximately 55% of our revenues from continuing operations. We expect that a limited number of liner companies may continue to generate a substantial portion of our revenues. If these liner operators cease doing business or do not fulfill their obligations under their charters for our vessels, due to the increasing financial pressure on these liner companies from the significant decreases in demand for the seaborne transport of containerized cargo or otherwise, our results of operations and cash flows could be adversely affected. Further, if we encounter any difficulties in our relationships with these charterers, our results of operations, cash flows and financial condition could be adversely affected.

An over-supply of containership capacity may prolong or further depress the current low charter rates and adversely affect our ability to recharter our containerships at profitable rates or at all and, in turn, reduce our profitability.

While the size of the containership order book has declined from historic highs over the last 12 months, as of April 1, 2009 newbuilding containerships with an aggregate capacity of 5.7 million TEUs, were under construction representing approximately 45.5% of existing global fleet capacity as of April 1, 2009. The size of the orderbook is large relative to historic levels and, although some orders will likely be cancelled or delayed, will result in a significant increase in the size of the world containership fleet over the next few years. An over-supply of containership capacity, particularly in conjunction with the currently low level of demand for the seaborne transport of containers, could exacerbate the recent decrease in charter rates or prolong the period during which low charter rates prevail. We do not hedge against our exposure to changes in charter rates, due to increased supply of containerships or otherwise. As such, if the current low charter rate environment persists, or a further reduction occurs, during a period when the current charters for our containerships expire or are terminated, with the next vessels up for rechartering being eight containerships in 2010, we may only be able to recharter those containerships at reduced or unprofitable rates or we may not be able to charter those vessels at all.

Our profitability and growth depends on our ability to expand relationships with existing charterers and to obtain new time charters, for which we will face substantial competition from established companies with significant resources and new entrants.

One of our objectives over the mid- to long-term is, when market conditions warrant, to acquire additional containerships in conjunction with entering into additional multi-year, fixed-rate time charters for these vessels. We employ our vessels in highly competitive markets that are capital intensive and highly fragmented, with a highly competitive process for obtaining new multi-year time charters that generally involves an intensive screening process and competitive bids, and often extends for several months. Generally, we compete for charters based on price, customer relationship, operating expertise, professional reputation and the size, age and condition of our vessels. In recent months, in light of the dramatic downturn in the containership charter market, other containership owners, including many of the KG-model shipping entities, have chartered their vessels to liner companies at extremely low rates, including at unprofitable levels, increasing the price pressure when competing to secure

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employment for our containerships. Container shipping charters are awarded based upon a variety of factors relating to the vessel operator, including:

shipping industry relationships and reputation for customer service and safety;

container shipping experience and quality of ship operations (including cost effectiveness);

quality and experience of seafaring crew;

the ability to finance containerships at competitive rates and financial stability in general;

relationships with shipyards and the ability to get suitable berths;

construction management experience, including the ability to obtain on-time delivery of new ships according to customer specifications;

willingness to accept operational risks pursuant to the charter, such as allowing termination of the charter for force majeure events; and

competitiveness of the bid in terms of overall price.

We face substantial competition from a number of experienced companies, including state-sponsored entities and major shipping companies. Some of these competitors have significantly greater financial resources than we do, and can therefore operate larger fleets and may be able to offer better charter rates. We anticipate that other marine transportation companies may also enter the containership sector, including many with strong reputations and extensive resources and experience. This increased competition may cause greater price competition for time charters and, in stronger market conditions, for secondhand vessels and newbuildings.

In addition, a number of our competitors in the containership sector, including several that are among the largest charter owners of containerships in the world, have been established in the form of a German KG (Kommanditgesellschaft), which provides tax benefits to private investors. Although the German tax law was amended to significantly restrict the tax benefits to taxpayers who invest after November 10, 2005, the tax benefits afforded to all investors in the KG-model shipping entities continue to be significant, and such entities will continue to be attractive investments. Their focus on these tax benefits allows the KG-model shipping entities more flexibility in offering lower charter rates to liner companies. Further, since the charter rate is generally considered to be one of the principal factors in a charterer's decision to charter a vessel, the rates offered by these sizeable competitors can have a depressing effect throughout the charter market.

As a result of these factors, we may be unable to compete successfully with established companies with greater resources or new entrants for charters at a profitable level, or at all, which would have a material adverse effect on our business, results of operations and financial condition.

We may have more difficulty entering into multi-year, fixed-rate time charters if a more active short-term or spot container shipping market develops.

One of our principal strategies is to enter into multi-year, fixed-rate containership time charters particularly in strong charter rate environments, although in weaker charter rate environments, such as in the first half of 2009, we would generally expect to target somewhat shorter charter terms of three to six years or even shorter periods. As more vessels become available for the spot or short-term market, we may have difficulty entering into additional

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multi-year, fixed-rate time charters for our containerships due to the increased supply of containerships and the possibility of lower rates in the spot market and, as a result, our cash flows may be subject to instability in the long-term. A more active short-term or spot market may require us to enter into charters based on changing market rates, as opposed to contracts based on a fixed rate, which could result in a decrease in our cash flows and net income in periods when the market for container shipping is depressed, as it is currently, or insufficient funds are available to cover our financing costs for related containerships.

Delays in deliveries of our additional 28 contracted newbuilding vessels could harm our operating results.

The 28 contracted newbuilding vessels in our contracted fleet are expected to be delivered to us at various times between the third quarter of 2009 and June 2012. Delays in the delivery of these vessels, or any other newbuilding containerships we may order or any secondhand vessels we may agree to acquire, would delay our receipt of revenues under the arranged time charters and could possibly result in the cancellation of those time charters or other liabilities under such charters, and therefore adversely affect our anticipated results of operations. In the first half of 2009, we came to an agreement to delay the delivery dates of five 8,530 TEU containerships under construction by an average of approximately two hundred days each, five 6,500 TEU and five 3,400 TEU containerships under construction by approximately ninety days each, five 12,600 TEU containerships under construction by approximately one year each and five 6,500 TEU containerships under construction for periods ranging from two to six months. As of June 30, 2009, we expect to take delivery of four vessels during the remainder of 2009, twelve in 2010, seven in 2011 and five in 2012. Our remaining scheduled expenditures for installment payments on these new buildings are approximately \$332 million for the second half of 2009, \$909 million for 2010, \$374 million for 2011 and \$449 million for 2012. Although the delivery delays arranged in 2009 will delay our funding requirements for the installment payments to purchase these vessels, it will also delay our receipt of contracted revenues under the charters for such vessels.

The delivery of the newbuilding containerships could also be delayed because of, among other things:

work stoppages or other labor disturbances or other events that disrupt the operations of the shipyard building the vessels;

quality or engineering problems;

changes in governmental regulations or maritime self-regulatory organization standards;

lack of raw materials;

bankruptcy or other financial crisis of the shipyard building the vessel;

our inability to obtain requisite financing or make timely payments;

a backlog of orders at the shipyard building the vessel;

hostilities or political or economic disturbances in the countries where the containerships are being built;

weather interference or catastrophic event, such as a major earthquake or fire;

our requests for changes to the original vessel specifications;

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requests from the liner companies, with which we have arranged charters for such vessels, to delay construction and delivery of such vessels due to weak economic

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conditions and container shipping demand, in addition to those delayed deliveries we have already arranged;

shortages of or delays in the receipt of necessary construction materials, such as steel;

our inability to obtain requisite permits or approvals; or

a dispute with the shipyard building the vessel.

The shipbuilders with which we have contracted for our 28 newbuildings may be affected by the ongoing instability of the financial markets and other market conditions, including with respect to the fluctuating price of commodities and currency exchange rates. In addition, the refund guarantors under our newbuilding contracts, which are banks, financial institutions and other credit agencies, may also be affected by financial market conditions in the same manner as our lenders and, as a result, may be unable or unwilling to meet their obligations under their refund guarantees. If our shipbuilders or refund guarantors are unable or unwilling to meet their obligations to us, this will impact our acquisition of vessels and may materially and adversely affect our operations and our obligations under our credit facilities.

The delivery of any secondhand containership we may agree to acquire could be delayed because of, among other things, hostilities or political disturbances, non-performance of the purchase agreement with respect to the vessels by the seller, our inability to obtain requisite permits, approvals or financing or damage to or destruction of the vessels while being operated by the seller prior to the delivery date.

Certain of the containerships in our contracted fleet are subject to purchase options held by the charterers of the respective vessels, which, if exercised, could reduce the size of our containership fleet and reduce our future revenues.

The chartering arrangements with respect to the *HN S4001*, the *HN S4002*, the *HN S4003*, the *HN S4004* and the *HN S4005* include options for the charterer, CMA-CGM, to purchase the vessels eight years after the commencement of their respective charters, which, based on the respective expected delivery dates for these vessels, is expected to fall in September 2017, December 2017, December 2017, January 2018 and February 2018, respectively, each for \$78.0 million. The option exercise prices with respect to these vessels reflect an estimate of market prices, which are in excess of the vessels' book values net of depreciation, at the time the options become exercisable. If CMA-CGM were to exercise these options with respect to any or all of these vessels, the expected size of our combined containership fleet would be reduced and, if there were a scarcity of secondhand containerships available for acquisition at such time and because of the delay in delivery associated with commissioning newbuilding containerships, we could be unable to replace these vessels with other comparable vessels, or any other vessels, quickly or, if containership values were higher than currently anticipated at the time we were required to sell these vessels, at a cost equal to the purchase price paid by CMA-CGM. Consequently, if these purchase options were to be exercised, the expected size of our combined containership fleet would be reduced, and as a result our anticipated level of revenues would be reduced.

Containership values have recently decreased significantly, and may remain at these depressed levels, or decrease further, and over time may fluctuate substantially. If these values are low at a time when we are attempting to dispose of a vessel, we could incur a loss.

Due to the sharp decline in world trade and containership charter rates, the market values of the containerships in our fleet are currently significantly lower than prior to the downturn in the second half of 2008. Containership values may remain at current low, or lower, levels

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for a prolonged period of time and can fluctuate substantially over time due to a number of different factors, including:

prevailing economic conditions in the markets in which containerships operate;

changes in and the level of world trade;

the supply of containership capacity;

prevailing charter rates; and

the cost of retrofitting or modifying existing ships, as a result of technological advances in vessel design or equipment, changes in applicable environmental or other regulations or standards, or otherwise.

In the future, if the market values of our vessels experience further deterioration or we lost the benefits of the existing charter arrangements for any of our vessels and could not replace such arrangements with charters at comparable rates, we may be required to record an impairment charge in our financial statements, which could adversely affect our results of operations. If a charter expires or is terminated, we may be unable to re-charter the vessel at an acceptable rate and, rather than continue to incur costs to maintain and finance the vessel, may seek to dispose of it. Our inability to dispose of the containership at a reasonable price could result in a loss on its sale and adversely affect our results of operations and financial condition.

Our board of directors has recently determined to suspend the payment of cash dividends as a result of market conditions in the shipping industry, and until such market conditions significantly improve, it is unlikely that we will reinstate the payment of dividends and, if reinstated, it is likely that any dividend payments would be at reduced levels.

We previously paid regular cash dividends on a quarterly basis. Our board of directors has recently determined to suspend the payment of cash dividends as a result of market conditions in the international shipping industry and in particular the sharp decline in charter rates and vessel values in the containership sector. Until such market conditions significantly improve, it is unlikely that we will reinstate the payment of dividends and if reinstated, it is likely that any dividend payments would be at reduced levels. Under the waivers and amendments to our credit facilities agreed in 2009, we will need to obtain the consent of certain of our lenders to make future dividend payments, if any, during the period covered by such waivers.

We are a holding company and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations and, if reinstated, to make dividend payments in the future.

We are a holding company and our subsidiaries conduct all of our operations and own all of our operating assets. We have no significant assets other than the equity interests in our subsidiaries. As a result, our ability to pay our contractual obligations and, if reinstated, to make any dividend payments in the future depends on our subsidiaries and their ability to distribute funds to us. The ability of a subsidiary to make these distributions could be affected by a claim or other action by a third party, including a creditor, or by the law of their respective jurisdictions of incorporation which regulates the payment of dividends by companies. If we are unable to obtain funds from our subsidiaries, even if we would otherwise have reinstated dividend payments, our board of directors may exercise its discretion not to declare or pay dividends. If we reinstate dividend payments in the future, we

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do not intend to seek to obtain funds from other sources to make such dividend payments, if any.

Our credit facilities impose operating and financial restrictions on us, and if we receive waivers and/or amendments to our loan agreements, our lenders may impose additional operating and financial restrictions on us and/or modify the terms of our existing loan agreements.

Our credit facilities and the covenant waiver agreements we obtained in 2009 impose, and our future financing arrangements, as well as any future waivers which may need to be obtained, may impose, operating and financial restrictions on us. These restrictions may limit our ability to:

incur additional indebtedness;

create liens on our assets;

sell capital stock of our subsidiaries;

make investments;

engage in mergers or acquisitions;

pay dividends; or

make capital expenditures.

Certain of our credit facilities require us to maintain specified financial ratios and satisfy financial covenants. These financial ratios and covenants include requirements that we:

maintain a market value adjusted net worth of at least \$400.0 million and stockholders' equity of at least \$250.0 million;

ensure that the aggregate market value of our vessels in our fleet exceeds 145.0% of our net consolidated debt at all times under our KEXIM-Fortis credit facility;

ensure that the ratio of the aggregate market value of the vessels in our fleet securing the applicable loan to our outstanding indebtedness under such loan at all times exceeds (i) 115% under our Emporiki Bank credit facility and (ii) a range from 120% to 125% under our other credit facilities (reduced to 100% under our RBS credit facility and our Credit Suisse credit facility during the applicable waiver period);

maintain adjusted stockholders' equity in excess of 30.0% of our total market value adjusted assets;

ensure that our total liabilities (after deducting cash and cash equivalents), at all times, will be no more than 70.0% (or 75% under one of our credit facilities) of our total market value adjusted assets;

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maintain aggregate cash and cash equivalents of no less than the higher of (a) \$30 million and (b) 3% of our total indebtedness until November 14, 2011 and 4% of our total indebtedness at all times thereafter; and

maintain a ratio of EBITDA to net interest expense of no less than 2.5 to 1.0.

As a result of low containership charter rates and vessel values, as well as the reduced fair value of our interest rate swaps due to low prevailing interest rates, we are in breach of covenants under certain of our credit facilities as of December 31, 2008 and June 30, 2009. We have obtained waivers covering all of these breached covenants other than with respect to the breaches identified as of June 30, 2009 of a corporate leverage ratio covenant under our

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KEXIM-Fortis credit facility, under which \$118.7 million was outstanding as of June 30, 2009 and of the corporate leverage ratio and collateral coverage ratio covenants contained in our credit facility with Fortis Bank-Lloyds TSB-National Bank of Greece, under which \$253.2 million was outstanding as of June 30, 2009. Such waivers do not, however, cover any covenants not previously breached. If we do not obtain the waivers under our KEXIM-Fortis and Fortis Bank-Lloyds TSB-National Bank of Greece credit facilities which we are discussing with our lenders, or any other failure to meet our payment or covenant compliance obligations under our secured credit facilities, either with respect to those covenants not covered by waivers or any covenants after their applicable waiver periods expire, could lead to defaults under our credit facilities. Our lenders could then accelerate our indebtedness and foreclose on the vessels in our fleet securing those credit facilities, which could result in cross-defaults under our other credit facilities, and the consequent acceleration of the indebtedness thereunder and the commencement of similar foreclosure proceedings by other lenders. The loss of these vessels would have a material adverse effect on our operating results and financial condition.

We may be unable to draw down the full amount of our credit facilities, and may have difficulty obtaining other financing, if the market values of our vessels further decline.

There are restrictions on the amount of cash that can be advanced to us under our credit facilities based on the market value of the vessel or vessels in respect of which the advance is being made. If the market value of our fleet, which has experienced substantial recent declines, declines further, we may not be able to draw down the full amount of certain of our committed credit facilities, obtain other financing or incur debt on terms that are acceptable to us, or at all. We may also not be able to refinance our debt or obtain additional financing, particularly for our newbuilding vessels which have remaining installment payments well in excess of their current charter-free market value.

Substantial debt levels could limit our flexibility to obtain additional financing and pursue other business opportunities.

As of June 30, 2009, we had outstanding indebtedness of \$2.3 billion and we expect to incur substantial additional indebtedness as we finance the \$2.1 billion aggregate remaining purchase price for our 28 newbuilding containerships and, as market conditions warrant over the medium to long-term, further grow our fleet. This level of debt could have important consequences to us, including the following:

our ability to obtain additional financing, if necessary, for working capital, capital expenditures, acquisitions or other purposes may be impaired or such financing may be unavailable on favorable terms;

we may need to use a substantial portion of our cash from operations to make principal and interest payments on our debt, reducing the funds that would otherwise be available for operations, future business opportunities and, if reinstated, dividends to our stockholders;

our debt level could make us more vulnerable than our competitors with less debt to competitive pressures or a downturn in our business or the economy generally; and

our debt level may limit our flexibility in responding to changing business and economic conditions.

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Our ability to service our debt will depend upon, among other things, our future financial and operating performance, which will be affected by prevailing economic conditions and financial, business, regulatory and other factors, some of which are beyond our control. If our operating income is not sufficient to service our current or future indebtedness, we will be forced to take actions such as reducing or delaying our business activities, acquisitions, investments or capital expenditures, selling assets, restructuring or refinancing our debt or seeking additional equity capital. We may not be able to effect any of these remedies on satisfactory terms, or at all. In addition, a lack of liquidity in the debt and equity markets could hinder our ability to refinance our debt or obtain additional financing on favorable terms in the future.

The derivative contracts we have entered into to hedge our exposure to fluctuations in interest rates could result in higher than market interest rates and reductions in our stockholders' equity, as well as charges against our income.

We have entered into interest rate swaps generally for purposes of managing our exposure to fluctuations in interest rates applicable to indebtedness under our credit facilities which were advanced at floating rates based on LIBOR, as well as two interest rate swap agreements, in an aggregate notional amount of \$122.9 million, converting fixed interest rate exposure under our credit facilities advanced at a fixed rate of interest to floating rates based on LIBOR. Our hedging strategies, however, may not be effective and we may incur substantial losses if interest rates move materially differently from our expectations.

To the extent our existing interest rate swaps do not, and future derivative contracts may not, qualify for treatment as hedges for accounting purposes we would recognize fluctuations in the fair value of such contracts in our income statement. In addition, changes in the fair value of our derivative contracts, even those that qualify for treatment as hedges for accounting and financial reporting purposes, are recognized in "Accumulated Other Comprehensive Loss" on our balance sheet, and can affect compliance with the net worth covenant requirements in our credit facilities. For example, due to the decline in interest rates, the fair value of our cash flow hedge interest rate swaps at December 31, 2008 amounted to an unrealized loss of approximately \$408.0 million resulting in our failure to comply with the net worth requirements of our credit facility covenants as of December 31, 2008.

Our financial condition could also be materially adversely affected to the extent we do not hedge our exposure to interest rate fluctuations under our financing arrangements under which loans have been advanced at a floating rate based on LIBOR. Any hedging activities we engage in may not effectively manage our interest rate exposure or have the desired impact on our financial conditions or results of operations.

Because we generate all of our revenues in United States dollars but incur a significant portion of our expenses in other currencies, exchange rate fluctuations could hurt our results of operations.

We generate all of our revenues in United States dollars and for the year ended December 31, 2008, we incurred approximately 56% of our vessels' expenses in currencies other than United States dollars. This difference could lead to fluctuations in net income due to changes in the value of the United States dollar relative to the other currencies, in particular the Euro. Expenses incurred in foreign currencies against which the United States dollar falls in value could increase, thereby decreasing our net income. We have not hedged our currency exposure and, as a result, our U.S. dollar-denominated results of operations and financial condition could suffer.

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Due to our lack of diversification following the sale of our drybulk carriers, adverse developments in the containership transportation business could reduce our ability to meet our payment obligations and our profitability.

In August 2006, we agreed to sell the six drybulk carriers in our fleet, with an aggregate capacity of 342,158 deadweight tons, or dwt, for an aggregate of \$143.5 million. In the first quarter of 2007, we delivered five of these vessels to the purchaser, which is not affiliated with us, for an aggregate of \$118.0 million and the remaining vessel to the purchaser for \$25.5 million when its charter expired in the second quarter of 2007. Subject to market conditions, including the availability of suitably configured vessels, we may reinvest in the drybulk sector of the shipping industry. Unless we acquire replacement drybulk carriers, we will rely exclusively on the cash flows generated from our charters that operate in the containership sector of the shipping industry. Due to our lack of diversification, adverse developments in the container shipping industry have a significantly greater impact on our financial condition and results of operations than if we maintained more diverse assets or lines of business.

We may have difficulty properly managing our growth through acquisitions of additional vessels and we may not realize the expected benefits from these acquisitions, which may have an adverse effect on our financial condition and performance.

To the extent market conditions warrant, we intend to grow our business over the medium to long-term by ordering newbuilding containerships and through selective acquisitions of additional vessels. Future growth will primarily depend on:

locating and acquiring suitable vessels;

identifying and consummating vessel acquisitions or joint ventures relating to vessel acquisitions;

enlarging our customer base;

developments in the charter markets in which we operate that make it attractive for us to expand our fleet;

managing any expansion;

the operations of the shipyard building any newbuilding containerships we may order; and

obtaining required financing on acceptable terms.

Although charter rates and vessel values have recently declined significantly, along with the availability of debt to finance vessel acquisitions, during periods in which charter rates are high, vessel values generally are high as well, and it may be difficult to acquire vessels at favorable prices. In addition, growing any business by acquisition presents numerous risks, such as managing relationships with customers and integrating newly acquired assets into existing infrastructure. We cannot give any assurance that we will be successful in executing our growth plans or that we will not incur significant expenses and losses in connection with our future growth efforts.

Under the terms of a plea agreement, our manager pled to one count of negligent discharge of oil from the *Henry* (ex *APL Guatemala*) and one count of obstruction of justice, based on a charge of attempted concealment of the source of the discharge. Any violation of the terms of the plea agreement, or any penalties or heightened environmental compliance plan requirements imposed as a result of any alleged discharge from any other vessel in our fleet calling at U.S. ports could negatively affect our operations and business.

In the summer of 2001, one of our vessels, the *Henry* (ex *APL Guatemala*), experienced engine damage at sea that resulted in an accumulation of oil and oily water in the vessel's

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engine room. The U.S. Coast Guard found oil in the overboard discharge pipe from the vessel's oily water separator. Subsequently, on July 2, 2001, when the vessel was at anchor in Long Beach, California, representatives of our manager notified authorities of the presence of oil on the water on the starboard side of the vessel. On July 3, 2001, oil was found in an opening through which seawater is taken in to cool the vessel's engines. In connection with these events, our manager entered into a plea agreement with the U.S. Attorney, on behalf of the government, which was filed with the U.S. District Court on June 20, 2006, pursuant to which our manager agreed to plead guilty to one count of negligent discharge of oil and one count of obstruction of justice, based on a charge of attempted concealment of the source of the discharge. Consistent with the government's practice in similar cases, our manager agreed to develop and implement a third-party consultant monitored environmental compliance plan and to designate an internal corporate compliance manager. This compliance plan would require our manager to prepare an environmental compliance plan manual for approval by such third-party environmental consultant and the U.S. government. The program would also require our manager to arrange for, fund and complete a series of audits of its fleet management offices and of waste streams of the vessels it manages, including all of the vessels in our fleet that call at U.S. ports, as well as an independent, third-party focused environmental compliance plan audit. Our manager also agreed to a probation period of three years under the plea agreement. Our manager further agreed to pay an aggregate of \$500,000 in penalties in connection with the charges of negligent discharge and obstruction of justice under the plea agreement, with half of the penalties to be applied to community service projects that will benefit, restore or preserve the environment and ecosystems in the central California area. On August 14, 2006, the court accepted our manager's guilty plea to the two counts and, on December 4, 2006, sentenced our manager in accordance with the terms of the plea agreement. Our manager has developed and is implementing the environmental compliance plan. Any violation of this environmental compliance plan or of the terms of our manager's probation or any penalties, restitution or heightened environmental compliance plan requirements that are imposed relating to alleged discharges in any other action involving our fleet or our manager could negatively affect our operations and business.

We are subject to regulation and liability under environmental laws that could require significant expenditures and affect our cash flows and net income.

Our business and the operation of our vessels are materially affected by environmental regulation in the form of international, national, state and local laws, regulations, conventions and standards in force in international waters and the jurisdictions in which our vessels operate, as well as in the country or countries of their registration, including those governing the management and disposal of hazardous substances and wastes, the cleanup of oil spills and other contamination, air emissions, water discharges and ballast water management. Because such conventions, laws, and regulations are often revised, we cannot predict the ultimate cost of complying with such requirements or their impact on the resale price or useful life of our vessels. Additional conventions, laws and regulations may be adopted that could limit our ability to do business or increase the cost of doing business and which may materially and adversely affect our operations. We are required by various governmental and quasi-governmental agencies to obtain certain permits, licenses, certificates and financial assurances with respect to our operations. Many environmental requirements are designed to reduce the risk of pollution, such as oil spills, and our compliance with these requirements can be costly.

Environmental requirements can also affect the resale value or useful lives of our vessels, could require a reduction in cargo capacity, ship modifications or operational changes or restrictions, could lead to decreased availability of insurance coverage for environmental matters or could result in the denial of access to certain jurisdictional waters or ports or detention in certain ports. Under local, national and foreign laws, as well as international

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treaties and conventions, we could incur material liabilities, including cleanup obligations and natural resource damages liability, in the event that there is a release of petroleum or other hazardous material from our vessels or otherwise in connection with our operations. We could also become subject to personal injury or property damage claims relating to the release of hazardous materials associated with our existing or historic operations. Violations of, or liabilities under, environmental requirements can result in substantial penalties, fines and other sanctions, including, in certain instances, seizure or detention of our vessels.

The operation of our vessels is also affected by the requirements set forth in the International Maritime Organization's, or IMO's, International Management Code for the Safe Operation of Ships and Pollution Prevention, or the ISM Code. The ISM Code requires shipowners and bareboat charterers to develop and maintain an extensive "Safety Management System" that includes the adoption of a safety and environmental protection policy setting forth instructions and procedures for safe operation and describing procedures for dealing with emergencies. Failure to comply with the ISM Code may subject us to increased liability, may decrease available insurance coverage for the affected ships, and may result in denial of access to, or detention in, certain ports.

In addition, in complying with existing environmental laws and regulations and those that may be adopted, we may incur significant costs in meeting new maintenance and inspection requirements and new restrictions on air emissions from our containerships, in developing contingency arrangements for potential spills and in obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental requirements, can be expected to become stricter in the future and could require us to incur significant capital expenditures to keep our vessels in compliance, or even to scrap or sell certain vessels altogether. As a result of accidents such as the November 2002 oil spill relating to the loss of the m.t. Prestige, a 26-year old single-hull product tanker unrelated to us, we believe that regulation of the shipping industry will continue to become more stringent and more expensive for us and our competitors. Substantial violations of applicable requirements or a catastrophic release of bunker fuel from one of our vessels could have a material adverse impact on our financial condition, results of operations and our ability to pay dividends to our stockholders.

Increased inspection procedures, tighter import and export controls and new security regulations could cause disruption of our containership business.

International container shipping is subject to security and customs inspection and related procedures in countries of origin, destination, and certain trans-shipment points. These inspection procedures can result in cargo seizure, delays in the loading, offloading, trans-shipment, or delivery of containers, and the levying of customs duties, fines or other penalties against exporters or importers and, in some cases, charterers and charter owners.

Since the events of September 11, 2001, U.S. authorities have more than doubled container inspection rates to over 5% of all imported containers. Government investment in non-intrusive container scanning technology has grown and there is interest in electronic monitoring technology, including so-called "e-seals" and "smart" containers, that would enable remote, centralized monitoring of containers during shipment to identify tampering with or opening of the containers, along with potentially measuring other characteristics such as temperature, air pressure, motion, chemicals, biological agents and radiation. Also, as a response to the events of September 11, 2001, additional vessel security requirements have been imposed including the installation of security alert and automatic information systems on board vessels.

It is unclear what changes, if any, to the existing inspection and security procedures will ultimately be proposed or implemented, or how any such changes will affect the industry. It is possible that such changes could impose additional financial and legal obligations, including

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additional responsibility for inspecting and recording the contents of containers and complying with additional security procedures on board vessels, such as those imposed under the ISPS Code. Changes to the inspection and security procedures and container security could result in additional costs and obligations on carriers and may, in certain cases, render the shipment of certain types of goods by container uneconomical or impractical. Additional costs that may arise from current inspection or security procedures or future proposals that may not be fully recoverable from customers through higher rates or security surcharges.

Governments could requisition our vessels during a period of war or emergency, resulting in loss of earnings.

A government of a ship's registry could requisition for title or seize our vessels. Requisition for title occurs when a government takes control of a ship and becomes the owner. Also, a government could requisition our containerships for hire. Requisition for hire occurs when a government takes control of a ship and effectively becomes the charterer at dictated charter rates. Generally, requisitions occur during a period of war or emergency. Government requisition of one or more of our vessels may negatively impact our revenues and results of operations.

Terrorist attacks and international hostilities could affect our results of operations and financial condition.

Terrorist attacks such as the attacks on the United States on September 11, 2001 and more recent attacks in other parts of the world, and the continuing response of the United States and other countries to these attacks, as well as the threat of future terrorist attacks, continue to cause uncertainty in the world financial markets and may affect our business, results of operations and financial condition. The conflicts in Iraq and Afghanistan may lead to additional acts of terrorism, regional conflict and other armed conflicts around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect our ability to obtain additional financing on terms acceptable to us, or at all.

Terrorist attacks targeted at sea vessels, such as the October 2002 attack in Yemen on the VLCC Limburg, a ship not related to us, may in the future also negatively affect our operations and financial condition and directly impact our containerships or our customers. Future terrorist attacks could result in increased volatility of the financial markets in the United States and globally and could result in an economic recession affecting the United States or the entire world. Any of these occurrences could have a material adverse impact on our operating results, revenue and costs.

Changing economic, political and governmental conditions in the countries where we are engaged in business or where our vessels are registered could affect us. In addition, future hostilities or other political instability in regions where our vessels trade could also affect our trade patterns and adversely affect our operations and performance.

Acts of piracy on ocean-going vessels have recently increased in frequency, which could adversely affect our business.

Acts of piracy have historically affected ocean-going vessels trading in regions of the world such as the South China Sea and in the Gulf of Aden off the coast of Somalia. In 2008 and 2009, the frequency of piracy incidents has increased significantly, particularly in the Gulf of Aden off the coast of Somalia. For example, in November 2008, the M/V Sirius Star, a tanker vessel not affiliated with us, was captured by pirates in the Indian Ocean while carrying crude oil estimated to be worth \$100 million, and was released in January 2009 upon a ransom payment of \$3 million. In addition, crew costs, including due to employing onboard security guards, could increase in such circumstances. We may not be adequately insured to

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cover losses from these incidents, which could have a material adverse effect on us. In addition, any detention hijacking as a result of an act of piracy against our vessels, or an increase in cost, or unavailability, of insurance for our vessels, could have a material adverse impact on our business, financial condition, results of operations and ability to pay dividends.

Risks inherent in the operation of ocean-going vessels could affect our business and reputation, which could adversely affect our expenses, net income and stock price.

The operation of ocean-going vessels carries inherent risks. These risks include the possibility of:

marine disaster;

environmental accidents;

grounding, fire, explosions and collisions;

cargo and property losses or damage;

business interruptions caused by mechanical failure, human error, war, terrorism, political action in various countries, or adverse weather conditions;

work stoppages or other labor problems with crew members serving on our vessels, substantially all of whom are unionized and covered by collective bargaining agreements; and

piracy.

Such occurrences could result in death or injury to persons, loss of property or environmental damage, delays in the delivery of cargo, loss of revenues from or termination of charter contracts, governmental fines, penalties or restrictions on conducting business, higher insurance rates, and damage to our reputation and customer relationships generally. Any of these circumstances or events could increase our costs or lower our revenues, which could result in reduction in the market price of our shares of common stock. The involvement of our vessels in an environmental disaster may harm our reputation as a safe and reliable vessel owner and operator.

Our insurance may be insufficient to cover losses that may occur to our property or result from our operations due to the inherent operational risks of the shipping industry.

The operation of any vessel includes risks such as mechanical failure, collision, fire, contact with floating objects, property loss, cargo loss or damage and business interruption due to political circumstances in foreign countries, hostilities and labor strikes. In addition, there is always an inherent possibility of a marine disaster, including oil spills and other environmental mishaps. There are also liabilities arising from owning and operating vessels in international trade. We procure insurance for our fleet against risks commonly insured against by vessel owners and operators. Our current insurance includes (i) hull and machinery insurance covering damage to our vessels' hull and machinery from, among other things, contact with free and floating objects, (ii) war risks insurance covering losses associated with the outbreak or escalation of hostilities and (iii) protection and indemnity insurance (which includes environmental damage and pollution insurance) covering third-party and crew liabilities such as expenses resulting from the injury or death of crew members, passengers and other third parties, the loss or damage to cargo, third-party claims arising from collisions with other vessels, damage to other third-party property, pollution arising from oil or other substances and salvage, towing and other related costs and loss of hire insurance for the *CSCL Europe*, the *MSC Baltic* (ex *CSCL America*), the *CSCL Pusan* (ex *HN 1559*) and the *CSCL Le Havre* (ex *HN 1561*).

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We can give no assurance that we are adequately insured against all risks or that our insurers will pay a particular claim. Even if our insurance coverage is adequate to cover our losses, we may not be able to obtain a timely replacement vessel in the event of a loss. Under the terms of our credit facilities, we will be subject to restrictions on the use of any proceeds we may receive from claims under our insurance policies. Furthermore, in the future, we may not be able to obtain adequate insurance coverage at reasonable rates for our fleet. We may also be subject to calls, or premiums, in amounts based not only on our own claim records but also the claim records of all other members of the protection and indemnity associations through which we receive indemnity insurance coverage for tort liability. Our insurance policies also contain deductibles, limitations and exclusions which, although we believe are standard in the shipping industry, may nevertheless increase our costs.

In addition, we do not carry loss of hire insurance (other than for the *CSCL Europe*, the *MSC Baltic* (ex *CSCL America*), the *CSCL Pusan* (ex *HN 1559*) and the *CSCL Le Havre* (ex *HN 1561*) to satisfy our loan agreement requirements). Loss of hire insurance covers the loss of revenue during extended vessel off-hire periods, such as those that occur during an unscheduled drydocking due to damage to the vessel from accidents. Accordingly, any loss of a vessel or any extended period of vessel off-hire, due to an accident or otherwise, could have a material adverse effect on our business, results of operations and financial condition and our ability to pay dividends to our stockholders.

Maritime claimants could arrest our vessels, which could interrupt our cash flows.

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lienholder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of our vessels could interrupt our cash flows and require us to pay large sums of money to have the arrest lifted.

In addition, in some jurisdictions, such as South Africa, under the "sister ship" theory of liability, a claimant may arrest both the vessel that is subject to the claimant's maritime lien and any "associated" vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert "sister ship" liability against one vessel in our fleet for claims relating to another of our ships.

The aging of our fleet may result in increased operating costs in the future, which could adversely affect our earnings.

In general, the cost of maintaining a vessel in good operating condition increases with the age of the vessel. As our fleet ages, we may incur increased costs. Older vessels are typically less fuel efficient and more costly to maintain than more recently constructed vessels due to improvements in engine technology. Cargo insurance rates also increase with the age of a vessel, making older vessels less desirable to charterers. Governmental regulations and safety or other equipment standards related to the age of a vessel may also require expenditures for alterations or the addition of new equipment to our vessels, and may restrict the type of activities in which our vessels may engage. Although our current fleet of 41 containerships had an average age (weighted by TEU capacity) of approximately 9.9 years as of June 30, 2009, we cannot assure you that, as our vessels age, market conditions will justify such expenditures or will enable us to profitably operate our vessels during the remainder of their expected useful lives.

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Compliance with safety and other requirements imposed by classification societies may be very costly and may adversely affect our business.

The hull and machinery of every commercial vessel must be classed by a classification society authorized by its country of registry. The classification society certifies that a vessel is safe and seaworthy in accordance with the applicable rules and regulations of the country of registry of the vessel and the Safety of Life at Sea Convention, and all vessels must be awarded ISM certification.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special survey, a vessel's machinery may be on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Each of the vessels in our fleet is on a special survey cycle for hull inspection and a continuous survey cycle for machinery inspection.

If any vessel does not maintain its class or fails any annual, intermediate or special survey, and/or loses its certification, the vessel will be unable to trade between ports and will be unemployable, and we could be in violation of certain covenants in our loan agreements. This would negatively impact our operating results and financial condition.

Our business depends upon certain employees who may not necessarily continue to work for us.

Our future success depends to a significant extent upon our chief executive officer, Dr. John Coustas, and certain members of our senior management and that of our manager. Dr. Coustas has substantial experience in the container shipping industry and has worked with us and our manager for many years. He and others employed by us and our manager are crucial to the execution of our business strategies and to the growth and development of our business. If the individuals were no longer to be affiliated with us or our manager, or if we were to otherwise cease to receive advisory services from them, we may be unable to recruit other employees with equivalent talent and experience, and our business and financial condition may suffer as a result.

The provisions in our employment arrangements with our chief executive officer restricting his ability to compete with us, like restrictive covenants generally, may not be enforceable.

In connection with his employment agreement with us, Dr. Coustas, our chief executive officer, has entered into a restrictive covenant agreement with us under which he is precluded during the term of his employment and for one year thereafter from owning and operating drybulk ships or containerships larger than 2,500 TEUs and from acquiring or investing in a business that owns or operates such vessels. Courts generally do not favor the enforcement of such restrictions, particularly when they involve individuals and could be construed as infringing on their ability to be employed or to earn a livelihood. Our ability to enforce these restrictions, should it ever become necessary, will depend upon the circumstances that exist at the time enforcement is sought. We cannot be assured that a court would enforce the restrictions as written by way of an injunction or that we could necessarily establish a case for damages as a result of a violation of the restrictive covenants.

We depend on our manager to operate our business.

Pursuant to the management agreement and the individual ship management agreements, our manager and its affiliates may provide us with certain of our officers and will provide us with technical, administrative and certain commercial services (including vessel maintenance, crewing, purchasing, shipyard supervision, insurance, assistance with regulatory

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compliance and financial services). Our operational success will depend significantly upon our manager's satisfactory performance of these services. Our business would be harmed if our manager failed to perform these services satisfactorily. In addition, if the management agreement were to be terminated or if its terms were to be altered, our business could be adversely affected, as we may not be able to immediately replace such services, and even if replacement services were immediately available, the terms offered could be less favorable than the ones currently offered by our manager. Our management agreement with any new manager may not be as favorable.

Our ability to compete for and enter into new time charters and to expand our relationships with our existing charterers depends largely on our relationship with our manager and its reputation and relationships in the shipping industry. If our manager suffers material damage to its reputation or relationships, it may harm our ability to:

renew existing charters upon their expiration;

obtain new charters;

successfully interact with shipyards during periods of shipyard construction constraints;

obtain financing on commercially acceptable terms or at all;

maintain satisfactory relationships with our charterers and suppliers; or

successfully execute our business strategies.

If our ability to do any of the things described above is impaired, it could have a material adverse effect on our business and affect our profitability.

Our manager is a privately held company and there is little or no publicly available information about it.

The ability of our manager to continue providing services for our benefit will depend in part on its own financial strength. Circumstances beyond our control could impair our manager's financial strength, and because it is a privately held company, information about its financial strength is not available. As a result, our stockholders might have little advance warning of problems affecting our manager, even though these problems could have a material adverse effect on us. As part of our reporting obligations as a public company, we will disclose information regarding our manager that has a material impact on us to the extent that we become aware of such information.

We are a Marshall Islands corporation, and the Marshall Islands does not have a well developed body of corporate law.

Our corporate affairs are governed by our articles of incorporation and bylaws and by the Marshall Islands Business Corporations Act, or BCA. The provisions of the BCA are similar to provisions of the corporation laws of a number of states in the United States. However, there have been few judicial cases in the Republic of The Marshall Islands interpreting the BCA. The rights and fiduciary responsibilities of directors under the law of the Republic of The Marshall Islands are not as clearly established as the rights and fiduciary responsibilities of directors under statutes or judicial precedent in existence in certain U.S. jurisdictions. Stockholder rights may differ as well. While the BCA does specifically incorporate the non-statutory law, or judicial case law, of the State of Delaware and other states with substantially similar legislative provisions, our public stockholders may have more difficulty in protecting their interests in the face of actions by the management, directors or controlling stockholders than would stockholders of a corporation incorporated in a U.S. jurisdiction.

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It may be difficult to enforce service of process and enforcement of judgments against us and our officers and directors.

We are a Marshall Islands corporation, and our registered office is located outside of the United States in the Marshall Islands. A majority of our directors and officers reside outside of the United States, and a substantial portion of our assets and the assets of our officers and directors are located outside of the United States. As a result, you may have difficulty serving legal process within the United States upon us or any of these persons. You may also have difficulty enforcing, both in and outside of the United States, judgments you may obtain in the U.S. courts against us or these persons in any action, including actions based upon the civil liability provisions of U.S. federal or state securities laws.

There is also substantial doubt that the courts of the Marshall Islands would enter judgments in original actions brought in those courts predicated on U.S. federal or state securities laws. Even if you were successful in bringing an action of this kind, the laws of the Marshall Islands may prevent or restrict you from enforcing a judgment against our assets or our directors and officers.

Tax Risks

We may have to pay tax on U.S.-source income, which would reduce our earnings.

Under the United States Internal Revenue Code of 1986, as amended, 50% of the gross shipping income of a ship owning or chartering corporation, such as ourselves, that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States is characterized as U.S.-source shipping income and as such is subject to a 4% U.S. federal income tax without allowance for deduction, unless that corporation qualifies for exemption from tax under Section 883 of the Code and the Treasury Regulations promulgated thereunder.

Other than with respect to four of our vessel-owning subsidiaries, as to which we are uncertain whether they qualify for this statutory tax exemption, we believe that we and our subsidiaries currently qualify for this statutory tax exemption and we currently intend to take that position for U.S. federal income tax reporting purposes. However, there are factual circumstances beyond our control that could cause us or our subsidiaries to fail to qualify for the benefit of this tax exemption and thus to be subject to U.S. federal income tax on U.S.-source shipping income. There can be no assurance that we or any of our subsidiaries will qualify for this tax exemption for any year. For example, even assuming, as we expect will be the case, that our shares are regularly and primarily traded on an established securities market in the United States, if shareholders, each of whom owns, actually or under applicable attribution rules, 5% or more of our shares own, in the aggregate, 50% or more of our shares, then we and our subsidiaries will generally not be eligible for the Section 883 exemption unless we can establish, in accordance with specified ownership certification procedures, either (i) that a sufficient number of the shares in the closely-held block are owned, directly or under the applicable attribution rules, by "qualified shareholders" (generally, individuals resident in certain non-U.S. jurisdictions) so that the shares in the closely-held block that are not so owned could not constitute 50% or more of our shares for more than half of the days in the relevant tax year or (ii) that qualified shareholders owned more than 50% of our shares for at least half of the days in the relevant taxable year. There can be no assurance that we will be able to establish such ownership by qualified shareholders for any tax year. In connection with the four vessel-owning subsidiaries referred to above, we note that qualification under Section 883 will depend in part upon the ownership, directly or under the

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applicable attribution rules, of preferred shares issued by such subsidiaries as to which we are not the direct or indirect owner of record.

If we or our subsidiaries are not entitled to the exemption under Section 883 for any taxable year, we or our subsidiaries would be subject for those years to a 4% U.S. federal income tax on our gross U.S.-source shipping income. The imposition of this taxation could have a negative effect on our business and would result in decreased earnings available for distribution to our stockholders. A number of our charters contain provisions that obligate the charterers to reimburse us for the 4% gross basis tax on our U.S.-source shipping income.

If we were treated as a "passive foreign investment company," certain adverse U.S. federal income tax consequences could result to U.S. stockholders.

A foreign corporation will be treated as a "passive foreign investment company," or PFIC, for U.S. federal income tax purposes if at least 75% of its gross income for any taxable year consists of certain types of "passive income," or at least 50% of the average value of the corporation's assets produce or are held for the production of those types of "passive income." For purposes of these tests, "passive income" includes dividends, interest, and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties that are received from unrelated parties in connection with the active conduct of a trade or business. For purposes of these tests, income derived from the performance of services does not constitute "passive income." In general, U.S. stockholders of a PFIC are subject to a disadvantageous U.S. federal income tax regime with respect to the distributions they receive from the PFIC, and the gain, if any, they derive from the sale or other disposition of their shares in the PFIC. If we are treated as a PFIC for any taxable year, we will provide information to U.S. stockholders to enable them to make certain elections to alleviate certain of the adverse U.S. federal income tax consequences that would arise as a result of holding an interest in a PFIC.

While there are legal uncertainties involved in this determination, including as a result of a recent decision of the United States Court of Appeals for the Fifth Circuit in *Tidewater Inc. and Subsidiaries; Tidewater Foreign Sales Corporation v. United States*, No. 08-30268 (5th Cir., April 13, 2009) which held that income derived from certain time chartering activities should be treated as rental income rather than services income for purposes of the foreign sales corporation rules under the U.S. Internal Revenue Code, we believe we should not be treated as a PFIC for the taxable year ended December 31, 2008. However, if the principles of the *Tidewater* decision were applicable to our time charters, we would likely be treated as a PFIC. Moreover, there is no assurance that the nature of our assets, income and operations will not change or that we can avoid being treated as a PFIC for subsequent years.

The enactment of proposed legislation could affect whether dividends paid by us constitute qualified dividend income eligible for the preferential rate.

Legislation has been introduced that would deny the preferential rate of U.S. federal income tax currently imposed on qualified dividend income with respect to dividends received from a non-U.S. corporation, unless the non-U.S. corporation either is eligible for benefits of a comprehensive income tax treaty with the United States or is created or organized under the laws of a foreign country which has a comprehensive income tax system. Because the Marshall Islands has not entered into a comprehensive income tax treaty with the United States and imposes only limited taxes on corporations organized under its laws, it is unlikely that we could satisfy either of these requirements. It is not possible at this time to predict with certainty whether or in what form the proposed legislation will be enacted.

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If the regulations regarding the exemption from Liberian taxation for non-resident corporations issued by the Liberian Ministry of Finance were found to be invalid, the net income and cash flows of our Liberian subsidiaries and therefore our net income and cash flows, would be materially reduced.

A number of our subsidiaries are incorporated under the laws of the Republic of Liberia. The Republic of Liberia enacted a new income tax act effective as of January 1, 2001 (the "New Act") which does not distinguish between the taxation of "non-resident" Liberian corporations, such as our Liberian subsidiaries, which conduct no business in Liberia and were wholly exempt from taxation under the income tax law previously in effect since 1977, and "resident" Liberian corporations which conduct business in Liberia and are, and were under the prior law, subject to taxation.

In 2004, the Liberian Ministry of Finance issued regulations exempting non-resident corporations engaged in international shipping, such as our Liberian subsidiaries, from Liberian taxation under the New Act retroactive to January 1, 2001. It is unclear whether these regulations, which ostensibly conflict with the express terms of the New Act adopted by the Liberian legislature, are valid. However, the Liberian Ministry of Justice issued an opinion that the new regulations are a valid exercise of the regulatory authority of the Ministry of Finance. The Liberian Ministry of Finance has not at any time since January 1, 2001 sought to collect taxes from any of our Liberian subsidiaries.

If our Liberian subsidiaries were subject to Liberian income tax under the New Act, they would be subject to tax at a rate of 35% on their worldwide income. As a result, their, and subsequently our, net income and cash flows would be materially reduced. In addition, as the ultimate stockholder of the Liberian subsidiaries, we would be subject to Liberian withholding tax on dividends paid by our Liberian subsidiaries at rates ranging from 15% to 20%, which would limit our access to funds generated by the operations of our subsidiaries and further reduce our income and cash flows.

Risks Relating to Our Common Stock and This Offering

The market price of our common stock has fluctuated widely and the market price of our common stock may fluctuate in the future.

The market price of our common stock has fluctuated widely since our initial public offering in October 2006 and may continue to do so as a result of many factors, including our actual results of operations and perceived prospects, the prospects of our competition and of the shipping industry in general and in particular the containership sector, differences between our actual financial and operating results and those expected by investors and analysts, changes in analysts' recommendations or projections, changes in general valuations for companies in the shipping industry, particularly the containership sector, changes in general economic or market conditions and broad market fluctuations.

If the market price of our common stock remains below \$5.00 per share, under stock exchange rules, our stockholders will not be able to use such shares as collateral for borrowing in margin accounts. This inability to use shares of our common stock as collateral may depress demand as certain institutional investors are restricted from investing in shares priced below \$5.00 and may lead to sales of such shares creating downward pressure on and increased volatility in the market price of our common stock.

In addition, under the rules of The New York Stock Exchange, listed companies are required to maintain a share price of at least \$1.00 per share and if the share price declines below \$1.00 for a period of 30 consecutive business days, then the listed company would

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have a cure period of 180 days to regain compliance with the \$1.00 per share minimum. In the event that our share price declines below \$1.00, we may be required to take action, such as a reverse stock split, in order to comply with the New York Stock Exchange rules that may be in effect at the time in order to avoid delisting of our common stock and the associated decrease in liquidity in the market for our common stock.

We cannot be assured that we will be able to raise equity and debt financing sufficient to meet our future capital and operating needs and future issuances of equity or equity-linked securities may result in significant dilution and adversely affect the market price of our common stock.

We expect that the net proceeds of this offering will be \$ million, based on the last reported sales price of our common stock of \$ per share reported on the New York Stock Exchange on , 2009 and the sale of the number of shares specified on the cover of this prospectus, and that this offering will result in a % increase in the number of outstanding shares of our common stock. Even if we raise these net proceeds, we cannot be assured that the proceeds will be sufficient to meet our capital and operating needs, particularly if the charter rates in the containership charter market remain low for a prolonged period of time.

We may have to attempt to sell additional shares in the future to satisfy our capital and operating needs. Lenders may be unwilling to provide future financing or may provide future financing only at significantly increased rates. If we sell shares in the future, the prices at which we sell these future shares will vary, and these variations may be significant. Our existing stockholders, including investors in this offering, will experience dilution, which could be significant, if we sell these future shares at prices below the price at which such previous stockholders invested.

We cannot predict the effect that future sales of our common stock or other equity-related securities would have on the market price of our common stock.

Future sales of our common stock could cause the market price of our common stock to decline.

Sales of a substantial number of shares of our common stock in the public market, or the perception that these sales could occur, may depress the market price for our common stock. Such sales could also impair our ability to raise additional capital through the sale of our equity securities in the future. We may issue additional shares of our common stock in the future, which if made at prevailing prices would be significantly dilutive of existing stockholders, and our stockholders may elect to sell large numbers of shares held by them from time to time.

We filed with the SEC a shelf registration statement on Form F-3 registering under the Securities Act 44,318,500 shares of our common stock for resale on behalf of selling stockholders, including our executive officers, in addition to securities issuable by us. In the aggregate these 44,318,500 shares represent approximately 81% of our outstanding common stock as of June 30, 2009. These shares may be sold in registered transactions and may also be resold subject to the holding period, volume, manner of sale and notice requirements of Rule 144 under the Securities Act. Sales or the possibility of sales of substantial amounts of our common stock by these shareholders in the public markets could adversely affect the market price of our common stock.

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The Coustas Family Trust, our principal existing stockholder, controls the outcome of matters on which our stockholders are entitled to vote and its interests may be different from yours.

The Coustas Family Trust, under which our chief executive officer is both a beneficiary, together with other members of the Coustas Family, and the protector (which is analogous to a trustee), through Danaos Investments Limited, a corporation wholly-owned by Dr. Coustas, owns, directly or indirectly, approximately 80% of our outstanding common stock and after this offering is expected to own approximately % of our outstanding common stock. This stockholder is able to control the outcome of matters on which our stockholders are entitled to vote, including the election of our entire board of directors and other significant corporate actions. The interests of this stockholder may be different from yours.

We are a "controlled company" under the New York Stock Exchange rules, and as such we are entitled to exemptions from certain New York Stock Exchange corporate governance standards, and you may not have the same protections afforded to stockholders of companies that are subject to all of the New York Stock Exchange corporate governance requirements.

We are a "controlled company" within the meaning of the New York Stock Exchange corporate governance standards. Under the New York Stock Exchange rules, a company of which more than 50% of the voting power is held by another company or group is a "controlled company" and may elect not to comply with certain New York Stock Exchange corporate governance requirements, including (1) the requirement that a majority of the board of directors consist of independent directors, (2) the requirement that the nominating committee be composed entirely of independent directors and have a written charter addressing the committee's purpose and responsibilities, (3) the requirement that the compensation committee be composed entirely of independent directors and have a written charter addressing the committee's purpose and responsibilities and (4) the requirement of an annual performance evaluation of the nominating and corporate governance and compensation committees. We may utilize these exemptions. As a result, non-independent directors, including members of our management who also serve on our board of directors, may serve on the compensation or the nominating and corporate governance committees of our board of directors which, among other things, fix the compensation of our management, make stock and option awards and resolve governance issues regarding us. Accordingly, you may not have the same protections afforded to stockholders of companies that are subject to all of the New York Stock Exchange corporate governance requirements.

The requirements of being a public company may strain our resources and distract management.

As a public company, we are subject to the reporting requirements of the Securities Exchange Act of 1934, as amended, and the Sarbanes-Oxley Act of 2002, or the Sarbanes-Oxley Act. These requirements may place a burden on our systems and resources. The Securities Exchange Act of 1934, as amended, requires that we file annual and current reports with respect to our business and financial condition. The Sarbanes-Oxley Act, among other things, requires that we maintain effective disclosure controls and procedures and internal controls for financial reporting. In order to maintain and improve the effectiveness of our disclosure controls and procedures and internal control over financial reporting, significant resources and management oversight are required. This may divert management's attention from other business concerns, which could have a material adverse effect on our business, financial condition, results of operations and cash flows.

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In addition, if we fail to maintain effective controls and procedures, we may be unable to provide the financial information that publicly traded companies are required to provide in a timely and reliable fashion. Any such delays or deficiencies could limit our ability to obtain financing, either in the public capital markets or from private sources, and could thereby impede our ability to implement our strategies. In addition, any such delays or deficiencies could result in failure to meet the requirements for continued listing of our common stock on the New York Stock Exchange, which would adversely affect the liquidity of our common stock.

Anti-takeover provisions in our organizational documents could make it difficult for our stockholders to replace or remove our current board of directors or could have the effect of discouraging, delaying or preventing a merger or acquisition, which could adversely affect the market price of the shares of our common stock.

Several provisions of our articles of incorporation and bylaws could make it difficult for our stockholders to change the composition of our board of directors in any one year, preventing them from changing the composition of our management. In addition, the same provisions may discourage, delay or prevent a merger or acquisition that stockholders may consider favorable.

These provisions:

authorize our board of directors to issue "blank check" preferred stock without stockholder approval;

provide for a classified board of directors with staggered, three-year terms;

prohibit cumulative voting in the election of directors;

authorize the removal of directors only for cause and only upon the affirmative vote of the holders of at least 66²/₃% of the outstanding stock entitled to vote for those directors;

prohibit stockholder action by written consent unless the written consent is signed by all stockholders entitled to vote on the action;

establish advance notice requirements for nominations for election to our board of directors or for proposing matters that can be acted on by stockholders at stockholder meetings; and

restrict business combinations with interested stockholders.

We have adopted a stockholder rights plan pursuant to which our board of directors may cause the substantial dilution of the holdings of any person that attempts to acquire us without the approval of our board of directors.

These anti-takeover provisions, including the provisions of our stockholder rights plan, could substantially impede the ability of public stockholders to benefit from a change in control and, as a result, may adversely affect the market price of our common stock and your ability to realize any potential change of control premium.

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FORWARD-LOOKING STATEMENTS

Our disclosure and analysis in this prospectus, and the documents incorporated into this prospectus by reference, concerning our operations, cash flows, and financial position include forward-looking statements as defined in Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. We have based these forward-looking statements on our current expectations and projections about future events, including:

future operating or financial results;

pending acquisitions and dispositions, business strategies and expected capital spending;

operating expenses, availability of crew, number of off-hire days, drydocking requirements and insurance costs;

general market conditions and shipping market trends, including charter rates, vessel values and factors affecting supply and demand;

our financial condition and liquidity, including our ability to obtain financing in the future to fund capital expenditures, acquisitions and other general corporate activities and comply with covenants in our financing arrangements;

the availability of ships to purchase, the time that it may take to construct new ships, or the useful lives of our ships;

performance by our charterers of their obligations;

our continued ability to enter into multi-year, fixed-rate period charters with our customers;

our willingness and ability to make any future dividend payments;

our ability to leverage to our advantage our manager's relationships and reputation in the containership shipping sector of the international shipping industry;

changes in governmental rules and regulations or actions taken by regulatory authorities;

potential liability from future litigation; and

other factors discussed in the section entitled "Risk Factors".

The words "anticipate," "believe," "estimate," "expect," "forecast," "intend," "potential," "may," "plan," "project," "predict," and "should" and similar expressions as they relate to us are intended to identify such forward-looking statements, but are not the exclusive means of identifying such statements. We may also from time to time make forward-looking statements in our periodic reports that we file with the U.S. Securities and Exchange Commission ("SEC"), other information sent to our security holders, and other written materials. Such statements reflect our current views and assumptions and all forward-looking statements are subject to various risks and uncertainties that could cause actual results to differ materially from expectations. We caution readers of this prospectus, and the documents incorporated into this prospectus

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by reference, not to place undue reliance on these forward-looking statements, which speak only as of their dates. We undertake no obligation to publicly update or revise any forward-looking statements.

Table of Contents**COMMON STOCK PRICE RANGE AND DIVIDENDS**

Since our initial public offering in the United States in October 2006, our common stock has been listed on the New York Stock Exchange under the symbol "DAC." The following table shows the high and low closing sales prices for our common stock during the indicated periods and the dividends paid per share of our common stock.

	High	Low	Cash Dividends Paid
2006 (Annual) (1)	\$ 24.10	\$ 19.61	
2007 (Annual)	\$ 40.26	\$ 21.55	
First Quarter	26.95	21.55	\$ 0.44
Second Quarter	33.55	26.11	\$ 0.44
Third Quarter	40.26	29.02	\$ 0.44
Fourth Quarter	37.50	26.35	\$ 0.465
2008 (Annual)	\$ 29.96	\$ 3.18	
First Quarter	29.96	23.23	\$ 0.465
Second Quarter	27.18	21.98	\$ 0.465
Third Quarter	24.94	14.84	\$ 0.465
Fourth Quarter	14.05	3.18	\$ 0.465
2009			
First Quarter	\$ 10.16	\$ 3.07	
January	10.16	7.05	
February	7.41	4.07	
March	4.47	3.07	
Second Quarter	5.00	2.91	
April	5.00	3.35	
May	4.66	3.67	
June	4.27	2.99	
Third Quarter (through August 5, 2009)	4.06	2.93	
July	4.06	2.93	
August (through August 5, 2009)	3.91	3.84	

(1)

For the period from October 6, 2006, the date on which our common stock began trading on the NYSE, until the end of the period.

The last reported sale price of our common stock on the New York Stock Exchange on August 5, 2009 was \$3.84 per share. On June 30, 2009, there were 54,550,858 shares of our common stock outstanding held by approximately nine record holders, not including beneficial owners of shares registered in nominee or street name.

Our board of directors has recently determined to suspend the payment of cash dividends as a result of market conditions in the international shipping industry. Declaration and payment of any future dividend is subject to the discretion of our board of directors. The timing and amount of dividend payments will be dependent upon our earnings, financial condition, cash requirements and availability, fleet renewal and expansion, restrictions in our credit facilities, the provisions of Marshall Islands law affecting the payment of distributions to stockholders and other factors. Under the waiver agreements we entered into with certain of our lenders in 2009, our payment of any dividend is subject to the approval of certain of our lenders during periods covered by the waivers and is subject to caps on the dividends that we may pay pursuant to the terms of waivers from certain of our other lenders. We are a holding company, and we depend on the ability of our subsidiaries to distribute funds to us in order to satisfy our financial obligations and to make dividend payments. See "Risk Factors Risks Inherent in Our Business" for a discussion of the risks related to our ability to pay dividends.

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USE OF PROCEEDS

We estimate that the net proceeds from this offering will be \$ million (\$ million if the underwriters exercise their over-allotment option in full) based on an assumed public offering price of \$ per share, the last reported sales price of our common stock on The New York Stock Exchange on , and after deducting the underwriting discount and the estimated expenses payable by us related to this offering. The net proceeds from this offering are expected to be used to fund a portion of our newbuilding program and for general corporate purposes.

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CAPITALIZATION

The following table sets forth our cash and cash equivalents, restricted cash and consolidated capitalization as of December 31, 2008, on an:

actual basis,

as adjusted basis for (i) additional borrowings of \$181.2 million and scheduled principal repayments of \$16.1 million on our outstanding indebtedness, as well as change in the fair value of hedged debt of \$3.9 million in the period from January 1, 2009 to June 30, 2009, (ii) the distribution during the first half of 2009 of 8,358 shares of common stock from our treasury stock as stock awards and directors fee payments of \$49 thousand, as well as directors fees in the form of common stock of \$32 thousand, (iii) changes in the fair value of interest rate swaps of \$180.6 million as of June 30, 2009 resulting from increases in prevailing interest rates, as well as realized losses on cash flow hedges deferred and amortized over the life of the newbuildings of \$14.7 million in the period from January 1, 2009 to June 30, 2009 and (iv) retained earnings of \$35.9 million in respect of the period from January 1, 2009 to June 30, 2009; and

as further adjusted basis, giving effect to the issuance and sale of the shares of common stock offered hereby (assuming no exercise of the underwriters' over-allotment option) at an assumed public offering price of \$ per share, the last reported sales price of our common stock on the New York Stock Exchange on , 2009 and the application of the net proceeds of this offering as described in "Use of Proceeds".

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There has been no material change in our capitalization between December 31, 2008 and the date of this prospectus as adjusted as described above. This information should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operation" and our consolidated financial statements and the related notes included elsewhere in this prospectus.

	As of December 31, 2008		
	Actual	As Adjusted (unaudited)	As Further Adjusted (unaudited)
	In thousands		
Cash and cash equivalents	\$ 120,720	\$ 120,720	\$
Restricted cash	\$ 251,542	\$ 251,542	\$
Debt:			
Total secured debt (including current portion) (1)	\$2,107,678	\$ 2,268,939	\$
Stockholders' equity:			
Common stock, par value \$0.01 per share; 200,000,000 shares authorized on an actual basis, as adjusted basis and as further adjusted basis; 54,557,500 shares and 54,542,500 shares issued and outstanding on an actual basis, respectively; 54,557,500 shares and 54,550,858 shares issued and outstanding on an as adjusted basis, respectively; and shares and shares issued and outstanding on an as further adjusted basis (2)	546	546	
Additional paid-in capital	288,615	288,598	
Treasury stock	(88)	(39)	
Accumulated other comprehensive loss	(474,514)	(308,640)	
Retained earnings	404,475	440,374	
Total stockholders' equity	219,034	420,839	
Total capitalization	\$2,326,712	\$ 2,689,778	\$

(1)

To the extent that we are unable to finalize formalization of the waivers of the breaches, as of June 30, 2009, of the corporate leverage ratio contained in our KEXIM-Fortis credit facility and the corporate leverage ratio and collateral coverage ratio covenants contained in our Fortis Bank-Lloyds TSB-National Bank of Greece credit facility, we will be required to classify as current debt an amount of \$360.7 million, which is currently classified as long term debt, reflecting our lenders' ability to demand payment of that debt at any time at their option. In the event that Fortis Bank-Lloyds TSB-National Bank of Greece and KEXIM-Fortis demand payment of our debt under the respective credit facility before its maturity, as a result of the June 30, 2009 breaches, we may elect to use our cash generated from operations, available cash and cash equivalents and undrawn availability under our other credit facilities to make such payments.

(2)

Issued and outstanding common stock does not reflect accrued rights to receive, in the first quarter of 2010, 9,763 shares of common stock under our Directors' Share Payment Plan as of June 30, 2009.

Table of Contents**SELECTED CONSOLIDATED FINANCIAL DATA**

The selected consolidated financial data set forth below as of December 31, 2007 and 2008 and for the years ended December 31, 2006, 2007 and 2008 have been derived from our audited consolidated financial statements which are included elsewhere in this prospectus. The selected consolidated financial data set forth below as of December 31, 2004, 2005 and 2006 and for the years ended December 31, 2004 and 2005 have been derived from our audited consolidated financial statements, which are not included in or incorporated by reference into this prospectus.

This information should be read together with, and is qualified in its entirety by, our consolidated financial statements and the notes thereto included elsewhere in this prospectus. You should also read "Management's Discussion and Analysis of Financial Condition and Results of Operations."

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	In Thousands, Except Per Share Amounts				
STATEMENT OF INCOME					
Operating revenues	\$ 298,905	\$ 258,845	\$ 205,177	\$ 175,886	\$ 148,718
Voyage expenses	(7,476)	(7,498)	(5,423)	(3,883)	(3,194)
Vessel operating expenses	(89,246)	(65,676)	(52,991)	(45,741)	(38,395)
Depreciation	(51,025)	(40,622)	(27,304)	(22,940)	(27,520)
Amortization of deferred drydocking and special survey costs	(7,301)	(6,113)	(4,127)	(2,638)	(1,747)
Bad debt expense	(181)	(1)	(145)	(36)	(422)
General and administrative expenses	(11,617)	(9,955)	(6,413)	(3,914)	(3,028)
Gain/(loss) on sale of vessels	16,901	(286)			7,667
Income from operations	148,960	128,694	108,774	96,734	82,079
Interest income	6,544	4,861	3,605	6,345	2,638
Interest expense	(37,734)	(21,929)	(24,465)	(19,190)	(10,423)
Other finance (expenses)/income, net	(2,047)	(2,779)	2,049	(6,961)	1,424
Other (expenses)/income, net	(1,060)	14,560	(18,476)	(270)	813
Gain/(loss) on fair value of derivatives	2,397	(309)	(6,068)	2,831	(2,225)
Total other expenses, net	(31,900)	(5,596)	(43,355)	(17,245)	(7,773)
Net income from continuing operations	\$ 117,060	\$ 123,098	\$ 65,419	\$ 79,489	\$ 74,306
Net (loss)/income from discontinued operations (1)	(1,822)	\$ 92,166	\$ 35,663	\$ 43,361	\$ 42,153
Net income	\$ 115,238	\$ 215,264	\$ 101,082	\$ 122,850	\$ 116,459
PER SHARE DATA (2) (3)					
Basic and diluted net income per share of common stock from continuing operations	\$ 2.15	\$ 2.26	\$ 1.40	\$ 1.79	\$ 1.68
Basic and diluted net (loss)/income per share of common stock from discontinued operations	\$ (0.04)	\$ 1.69	\$ 0.76	\$ 0.98	\$ 0.95

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Basic and diluted net income per share of common stock	\$ 2.11	\$ 3.95	\$ 2.16	\$ 2.77	\$ 2.63
Basic and diluted weighted average number of shares	54,557	54,558	46,751	44,308	44,308
CASH FLOW DATA					
Net cash provided by operating activities	\$ 135,489	\$ 158,270	\$ 151,578	\$ 162,235	\$ 129,056
Net cash used in investing activities	(511,986)	(687,592)	(330,099)	(40,538)	(154,747)
Net cash provided by/ (used in) financing activities	433,722	549,742	183,596	(180,705)	45,133
Net increase/(decrease) in cash and cash equivalents	57,225	20,420	5,075	(59,008)	19,442
BALANCE SHEET DATA (at period end)					
Total current assets	\$ 250,194	\$ 92,038	\$ 59,700	\$ 64,012	\$ 129,540
Total assets	2,828,464	2,071,791	1,297,190	945,758	1,005,981
Total current liabilities	122,215	51,113	45,714	70,484	77,602
Total long-term debt, including current portion	2,107,678	1,356,546	662,316	666,738	601,400
Total stockholders' equity	219,034	624,904	565,852	262,725	384,468
Common stock (2) (3)	54,543	54,558	54,558	44,308	44,308
Share capital (2)	546	546	546	443	443
OTHER DATA					
EBITDA from continuing operations (4)	\$ 206,576	\$ 186,901	\$ 117,710	\$ 117,912	\$ 111,358
EBITDA from discontinued operations (4)	(1,822)	93,113	46,103	53,044	47,812
EBITDA (4)	\$ 204,754	\$ 280,014	\$ 163,813	\$ 170,956	\$ 159,170

- (1) As detailed in Note 25, Discontinued Operations, in the notes to our consolidated financial statements included elsewhere in this prospectus, we have determined that the operations of the drybulk carriers we previously owned and operated should be reflected as discontinued operations.

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- (2) As adjusted for 88,615-for-1 stock split effected on September 18, 2006.
- (3) As adjusted for 15,000 shares repurchased during December 2008 and held by us and reported as treasury stock as of December 31, 2008.
- (4) EBITDA represents net income before interest, income tax expense, depreciation and amortization. However, EBITDA is not a recognized measurement under U.S. generally accepted accounting principals, or "GAAP." We believe that the presentation of 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 EBITDA is useful in evaluating our operating performance and liquidity position compared to that of other companies in our industry because the calculation of EBITDA generally eliminates the effects of financings, income taxes (to the extent applicable) 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.

EBITDA has limitations as an analytical tool, and you should not consider it in isolation, or as a substitute for analysis of our results as reported under GAAP. Some of these limitations are:

EBITDA does not reflect our cash expenditures or future requirements for capital expenditures or contractual commitments;

EBITDA does not reflect the interest expense or the cash requirements necessary to service interest or principal payments on our debt;

EBITDA does not reflect changes in or cash requirements for our working capital needs; and

other companies in our industry may calculate EBITDA differently than we do, limiting its usefulness as a comparative measure.

Because of these limitations, EBITDA should not be considered a measure of discretionary cash available to us to invest in the growth of our business. We compensate for these limitations by relying primarily on our GAAP results and using EBITDA only supplementally.

The following table sets forth a reconciliation of net cash operating activities and net income to EBITDA (unaudited) for the periods presented.

	2008	Year Ended December 31,			2004
		2007	2006	2005	
		In Thousands			
Reconciliation of Net Cash from Operating Activities to EBITDA (unaudited)					

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Net Cash provided by Operating Activities	\$ 135,489	\$ 158,270	\$ 151,578	\$ 162,235	\$ 129,056
Net Increase / (Decrease) in Current Assets	2,296	9,230	4,100	(17,993)	12,200
Net (Increase) / Decrease in Current Liabilities	(6,465)	110	(34,402)	3,301	(2,559)
Net Finance cost add back	31,190	17,441	26,195	17,070	8,921
Amortization of finance costs	(220)	(164)	(135)	(101)	
Written off amount of drydocking / special survey	(181)	(337)	(385)		
Written off finance costs	(128)	(284)	(396)		
Payments for dry-docking / special survey	10,625	7,592	8,037	4,505	5,159
Gain / (Loss) on sale of vessels	16,901	88,349	14,954		7,667
Stock based compensation	(85)				
Change in fair value of derivative instruments	15,332	(193)	(5,733)	1,939	(1,274)
EBITDA (unaudited)	\$ 204,754	\$ 280,014	\$ 163,813	\$ 170,956	\$ 159,170

	Year Ended December 31,				
	2008	2007	2006	2005	2004
	In Thousands				
Reconciliation of Net Income to EBITDA (unaudited)					
Net income	\$ 117,060	\$ 123,098	\$ 65,419	\$ 79,489	\$ 74,306
Depreciation	51,025	40,622	27,304	22,940	27,520
Amortization of deferred drydocking and special survey costs	7,301	6,113	4,127	2,638	1,747
Interest income	(6,544)	(4,861)	(3,605)	(6,345)	(2,638)
Interest expense	37,734	21,929	24,465	19,190	10,423
EBITDA (unaudited) from continuing operations	\$ 206,576	\$ 186,901	\$ 117,710	\$ 117,912	\$ 111,358
EBITDA (unaudited) from discontinued operations	(1,822)	93,113	46,103	53,044	47,812
EBITDA (unaudited)	\$ 204,754	\$ 280,014	\$ 163,813	\$ 170,956	\$ 159,170

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**MANAGEMENT'S DISCUSSION AND ANALYSIS OF
FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The following discussion of our financial condition and results of operations should be read in conjunction with our consolidated financial statements and the related notes, and the financial and other information incorporated by reference into and included elsewhere in this prospectus. Among other things, those financial statements include more detailed information regarding the basis of presentation for the following information. The financial statements have been prepared in accordance with U.S. generally accepted accounting principles, or GAAP, and are presented in U.S. dollars.

This discussion contains forward-looking statements based on assumptions about our future business. Our actual results may differ from those contained in the forward-looking statements and such differences may be material. Please read "Forward-Looking Statements."

Overview

Our business is to provide international seaborne transportation services by operating vessels in the containership sector of the shipping industry. Our fleet, as of June 30, 2009, consisted of 41 containerships and, as described below, as of that date we had newbuilding contracts for an additional 28 containerships, which we currently expect will be delivered to us by the end of June 2012.

We deploy our containerships on multi-year, fixed-rate charters to take advantage of the stable cash flows and high utilization rates typically associated with multi-year charters. As of June 30, 2009, all of the 41 containerships in our fleet were employed on time charters. Our containerships are generally deployed on multi-year charters to large liner companies that charter-in vessels on a multi-year basis as part of their business expansion strategies.

The average number of containerships in our fleet for the years ended December 31, 2008, 2007 and 2006 was 37.7, 32.3 and 26.3, respectively. As of June 30, 2009, we had newbuilding contracts with Hyundai Samho, Hanjin, Shanghai Jiangnan and Sungdong for an additional 28 containerships with an aggregate capacity of 217,950 TEUs, with scheduled deliveries to us from the third quarter of 2009 through the end of June 2012. After delivery of these 28 containerships, our containership fleet of 68 vessels will have a total capacity of 382,179 TEUs, assuming we do not acquire any additional vessels or dispose of any of our vessels, other than one vessel that is over 30 years of age, which is planned to be scrapped.

As of June 30, 2009, our containership fleet was under period charters with ten charterers: China Shipping, CMA-CGM, Hanjin, Hyundai, Maersk, MISC, MSC, UASC, Yang Ming and Zim Integrated Shipping Services. In addition, we have arranged time charters ranging from 10 to 15 years with CMA CGM, Yang Ming and two other accredited charterers for 26 of our contracted newbuilding vessels and arranged 18-year bareboat charters with an accredited charterer for our other two contracted newbuilding vessels.

Our operations are managed by Danaos Shipping, our manager, under the supervision of our officers and our board of directors. We have a management agreement pursuant to which our manager and its affiliates provide us and our subsidiaries with technical, administrative and certain commercial services. The initial term of this agreement expired on December 31, 2008, and the agreement now renews each year for a one-year term for the next 12 years unless we give a one-year notice of non-renewal.

Our results of operations depend primarily on the number of vessels in our fleet and the charter hire rates for these vessels that we are able to realize. Charter hire rates paid for

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containerships are primarily a function of the underlying balance between vessel supply and demand and respective charter-party details. The demand for containerships is determined by the underlying demand for goods which are transported in containerships.

The sharp decline in global economic activity in the second half of 2008 and in 2009 has resulted in a substantial decline in the demand for the seaborne transportation of products in containers, reaching the lowest levels in decades. Consequently, the cargo volumes and freight rates achieved by liner companies, with which all of the existing and contracted newbuilding vessels in our fleet are chartered, have declined sharply, reducing liner company profitability and, at times, failing to cover the costs of liner companies operating vessels on their shipping lines. In response to such reduced cargo volume and freight rates, the number of vessels being actively deployed by liner companies has decreased, with over 10% of the world containership fleet estimated to be out of service as of May 2009. Moreover, newbuilding containerships with an aggregate capacity of 5.7 million TEUs, representing approximately 45% of the world's existing fleet capacity as of April 1, 2009, were under construction, which may exacerbate the surplus of containership capacity further reducing charterhire rates. The reduced demand and resulting financial challenges faced by our liner company customers has significantly reduced demand for containerships, despite some limited stabilization in the second quarter of 2009, and, in turn, reduced prevailing containership charter rates and may increase the likelihood of one or more of our customers being unable or unwilling to pay us the contracted charterhire rates, which are generally significantly above prevailing charter rates, under the charters for our vessels.

Absent significant unforeseen changes in supply of and demand for containerships, charter rates are expected to remain weak for the remainder of 2009. As of June 30, 2009, we did not have any containerships without charter arrangements or with charter arrangements expiring within 2009, resulting in a 100% contracted charter coverage for the remainder of 2009.

Results of Operations

The following discussion solely reflects results from continuing operations (containerships), unless otherwise noted. As described in Note 25, Discontinued Operations, in the Notes to our Consolidated Financial Statements certain reclassifications have been made to reflect the discontinued operations treatment of our Drybulk Business.

Year ended December 31, 2008 compared to the year ended December 31, 2007

During the year ended December 31, 2008, we had an average of 37.7 containerships in our fleet. During the year ended December 31, 2007, we had an average of 32.3 containerships in our fleet. We took delivery of three 2,200 TEU containerships, on February 11, 2008, March 18, 2008 and March 20, 2008, respectively, and three 4,253 TEU containerships on July 4, 2008, September 22, 2008 and November 3, 2008, respectively. We also sold one 5,506 TEU containership on January 15, 2008 and four 3,101 TEU containerships, on January 25, 2008, May 20, 2008, October 26, 2008 and December 10, 2008, respectively.

Operating Revenue

Operating revenue increased 15.5%, or \$40.1 million, to \$298.9 million in the year ended December 31, 2008, from \$258.8 million in the year ended December 31, 2007. The increase was partly attributable to the addition to our fleet of six vessels, which collectively contributed revenues of \$22.0 million in 2008. In addition, two 4,300 TEU containerships, the *YM Colombo* and the *YM Singapore*, which were added to our fleet on March 12, 2007 and October 9, 2007,

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respectively, five 2,200 TEU containerships, the *Hyundai Vladivostok*, the *Hyundai Advance*, the *Hyundai Stride*, the *Hyundai Future* and the *Hyundai Sprinter*, which were added to our fleet on July 23, 2007, August 20, 2007, September 5, 2007, October 2, 2007 and October 15, 2007, respectively, and two 4,253 TEU containerships, the *YM Seattle* and the *YM Vancouver*, which were added to our fleet on September 10, 2007 and November 27, 2007, respectively, contributed incremental revenues of \$44.5 million in the year ended December 31, 2008 compared to the year ended December 31, 2007. These additional contributions to revenue were offset in part by our sale of eight vessels in 2008 and 2007, which vessels, as a result, contributed \$23.6 million less revenue in the year ended December 31, 2008 than in the year ended December 31, 2007. We also had a further decrease in revenues of \$2.8 million attributed to more off-hire days and re-chartering of certain vessels at lower charter rates during the year ended December 31, 2008 compared to the year ended December 31, 2007.

Voyage Expenses

Voyage expenses remained stable at \$7.5 million in the year ended December 31, 2008 and December 31, 2007. Voyage expenses mainly relate to commissions paid to our manager on vessels acquired and sold in accordance with our management agreement and commissions on gross revenue, address and brokerage commissions.

Vessel Operating Expenses

Vessel operating expenses increased 35.8% or \$23.5 million, to \$89.2 million in the year ended December 31, 2008, from \$65.7 million in the year ended December 31, 2007. The increase was mainly due to the increase in the average number of our vessels in our fleet under time charter during the year ended December 31, 2008 compared to the year ended December 31, 2007.

Our daily operating expenses per vessel increased by 4.0% in the year ended December 31, 2008 compared to the year ended December 31, 2007. The increase was mainly due to higher crew wages and total repair and maintenance costs.

Amortization of Deferred Drydocking and Special Survey Costs

Amortization of deferred drydocking and special survey costs expense increased 19.7%, or \$1.2 million, to \$7.3 million in the year ended December 31, 2008, from \$6.1 million in the year ended December 31, 2007. The increase reflects higher dry-docking costs incurred, which were subject to amortization during the year ended December 31, 2008 as compared to 2007.

Depreciation

Depreciation expense increased 25.6%, or \$10.4 million, to \$51.0 million in the year ended December 31, 2008, from \$40.6 million in the year ended December 31, 2007. The increase in depreciation expense was due to the increased average number of vessels in our fleet during the year ended December 31, 2008 compared to 2007.

General and administrative expenses

General and administrative expenses increased 16.0%, or \$1.6 million, to \$11.6 million in the year ended December 31, 2008, from \$10.0 million in 2007. The increase was principally a result of increased fees of \$1.3 million paid to our Manager in the year ended December 31, 2008 compared to 2007, attributed to the increase in the average number of our vessels in our

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fleet. Moreover, other administrative expenses were higher by \$0.3 million in the year ended December 31, 2008 compared with the year ended December 31, 2007.

Interest expense, interest income, and other finance (expenses) income, net

Interest expense increased 72.1%, or \$15.8 million, to \$37.7 million in the year ended December 31, 2008, from \$21.9 million in the year ended December 31, 2007. The change in interest expense was due to the increase in our average debt by \$882.8 million to \$1,715.4 million in the year ended December 31, 2008 from \$832.6 million in the year ended December 31, 2007. Our extensive newbuilding program resulted in interest capitalization, rather than such interest being recognized as an expense, of \$36.9 million for the year ended December 31, 2008 as opposed to \$22.9 million of capitalized interest for the year ended December 31, 2007.

Interest income increased 32.7%, or \$1.6 million, to \$6.5 million in the year ended December 31, 2008, from \$4.9 million in the year ended December 31, 2007. The increase in interest income is mainly attributed to higher average cash deposits, in particular restricted cash as described below, partially offset by lower interest rates, during the year ended December 31, 2008, as opposed to the year ended December 31, 2007. Restricted cash increased by \$205.3 million, to \$251.5 million as of December 31, 2008, from \$46.2 million as of December 31, 2007. The restricted cash is mainly attributed to cash borrowed under our revolving credit facilities designated to finance certain of our newbuildings and is expected to be gradually utilized to fund progress payments of these new buildings up to their deliveries through the third quarter of 2011.

Other finance income (expenses), net, decreased by \$0.8 million, to an expense of \$2.0 million in the year ended December 31, 2008, from an expense of \$2.8 million in the year ended December 31, 2007. The change in other finance income (expenses), net, was mainly due to the first drawdown facility fees of \$1.0 million expensed in 2007 in relation to the agreements with HSH Nordbank and The Royal Bank of Scotland, our revolving credit facilities of up to \$700 million each.

Gain/(loss) on sale of vessels

The gain on sale of vessels for the year ended December 31, 2008, reflects the sale of the *APL Belgium*, the *Winterberg*, the *Maersk Constantia*, the *Asia Express* and the *Sederberg* for \$44.5 million, \$11.2 million, \$15.8 million, \$10.2 million and \$4.9 million, respectively, resulting in an aggregate net gain of \$16.9 million during the year ended December 31, 2008. The loss on sale of vessels for the year ended December 31, 2007, reflects the sale of the *APL England*, *APL Scotland* and *APL Holland* to APL, following the exercise of the purchase options APL had for these vessels, for \$44.5 million each, resulting in an aggregate net loss of \$(0.3) million during the year ended December 31, 2007.

Other income/(expenses), net

Other income/(expenses), net, decreased by \$15.7 million, to an expense of \$(1.1) million for the year ended December 31, 2008, from an income of \$14.6 million in the year ended December 31, 2007. The decrease in other income/(expenses) is mainly attributed to a non-recurring net gain of \$15.9 million related to restructuring of our leasing arrangements for the *CSCL Europe*, the *MSC Baltic*, the *Bunga Raya Tiga* (ex *Maersk Derby*), the *Maersk Deva*, the *CSCL Pusan* and the *CSCL Le Havre* and their subsequent restructuring entered into in 2007, as detailed in Note 12(a) in the notes to the consolidated financial statements included herein. In addition, during the fourth quarter of 2008, we recorded a non-recurring expense of \$1.6

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million in relation to insurance for the years of 2006 and 2007, reflecting the contribution of our insurer to the exposure of the International Group of Protection & Indemnity Clubs and our insurer's assessment to us of a portion of such contribution.

Gain/(loss) on derivatives

Gain/(loss) on derivatives increased by \$2.7 million, to a \$2.4 million gain in the year ended December 31, 2008, from a \$(0.3) million loss in the year ended December 31, 2007. This increase is mainly a result of \$1.3 million of forward contracts that expired and cash settled in April 2008, as well as, a \$1.1 million of fair value interest rate swaps net ineffectiveness recorded in "Gain/(loss) on derivatives" in 2008.

Discontinued Operations

Net income from discontinued operations decreased by \$94.0 million, to a loss of \$(1.8) million in the year ended December 31, 2008 from a gain of \$92.2 million in the year ended December 31, 2007, primarily reflecting an expense of \$(1.5) million recorded during 2008 following an unfavorable outcome of a lawsuit regarding the operation of one of the dry bulk vessels (sold in May 2007) compared to a gain of \$88.6 million on the sale of six dry bulk carriers during 2007. As discussed in Note 25 to our Consolidated Financial Statements included herein, we have determined that our Drybulk Business should be reflected as discontinued operations.

Year ended December 31, 2007 compared to the year ended December 31, 2006

During the year ended December 31, 2007, we had an average of 32.3 containerships in our fleet. During the year ended December 31, 2006, we had an average of 26.3 containerships in our fleet. We took delivery of one 4,300 TEU containership on March 12, 2007, one 2,200 TEU containership on July 23, 2007, one 2,200 TEU containership on August 20, 2007, one 2,200 TEU containership on September 5, 2007, one 4,253 TEU containership on September 10, 2007, one 2,200 TEU containership on October 2, 2007, one 4,300 TEU containership on October 9, 2007, one 2,200 TEU containership on October 15, 2007, and one 4,253 TEU containership on November 27, 2007. We also sold three 5,506 TEU containerships in our fleet to APL-NOL, on March 7, 2007, June 22, 2007 and August 3, 2007, respectively.

Operating Revenue

Operating revenue increased 26.1%, or \$53.6 million, to \$258.8 million in the year ended December 31, 2007, from \$205.2 million in the year ended December 31, 2006. The increase was partly attributable to the addition to our fleet of nine vessels, which collectively contributed revenues of \$23.4 million in 2007. In addition, a 4,651 TEU containership, the *MOL Confidence*, which was added to our fleet on March 23, 2006, three 4,814 TEU containerships, the *Maersk Marathon*, the *Maersk Messologi* and the *Maersk Mytilini*, which were added to our fleet on December 13, 2006, December 18, 2006 and December 22, 2006, respectively, and two 9,580 TEU containerships, the *CSCL Pusan* and the *CSCL Le Havre*, which were added to our fleet on September 8, 2006 and November 20, 2006, respectively, contributed incremental revenues of \$45.8 million in the year ended December 31, 2007 compared to the year ended December 31, 2006. These additional contributions to revenue were offset in part by our sale of three vessels in 2007, which vessels, as a result, contributed \$16.0 million less revenue in the year ended December 31, 2007 than in the year ended December 31, 2006.

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Voyage Expenses

Voyage expenses were \$7.5 million in the year ended December 31, 2007, representing an increase of \$2.1 million, or 38.9%, from \$5.4 million in the year ended December 31, 2006. The increase in voyage expenses was mainly due to commissions paid to our manager of \$2.1 million for the 12 vessels acquired and sold in accordance with our management agreement in the year ended December 31, 2007 as opposed to \$0.8 million of such commissions in the year ended December 31, 2006. The remaining increase of \$0.8 million is attributed to higher commissions on gross revenue, address and brokerage commissions and other voyage expenses, due to the increase in the average number of containerships in our fleet in the year ended December 31, 2007, compared with the year ended December 31, 2006.

Vessel Operating Expenses

Vessel operating expenses increased 24.0%, or \$12.7 million, to \$65.7 million in the year ended December 31, 2007, from \$53.0 million in the year ended December 31, 2006. This increase was due to the increase in the average number of containerships in our fleet by 6.0 vessels, or 22.8%, to 32.3 containerships in the year ended December 31, 2007 from 26.3 containerships in the year ended December 31, 2006.

Amortization of Deferred Drydocking and Special Survey Costs

Amortization of deferred drydocking and special survey costs expense increased 48.8%, or \$2.0 million, to \$6.1 million in the year ended December 31, 2007, from \$4.1 million in the year ended December 31, 2006. The increase resulted from more drydockings in 2007 than 2006.

Depreciation

Depreciation expense increased 48.7%, or \$13.3 million, to \$40.6 million in the year ended December 31, 2007, from \$27.3 million for the year ended December 31, 2006. The increase in depreciation expense was due to the increase in the average number of vessels in our fleet as well as the higher acquisition cost of such additional vessels compared to those sold during the year ended December 31, 2007.

General and administrative expenses

General and administrative expenses increased 56.3%, or \$3.6 million, to \$10.0 million in the year ended December 31, 2007, from \$6.4 million in the year ended December 31, 2006. The increase was mainly a result of expenses related to being a public company which applied to the three months ended December 31, 2006 as compared to all of 2007. Such expenses related to being a public company increased \$2.0 million in the year ended December 31, 2007 as they were in effect for the entire year compared with the year ended December 31, 2006 during which such costs applied only to the fourth quarter. Moreover, fees paid to our manager increased \$1.1 million as a result of an increase in the average number of vessels in our fleet in the year ended December 31, 2007 as opposed to those in the same period of 2006. The remaining \$0.5 million of the increase represents various other administrative expenses which were not applicable in the year ended December 31, 2006.

Interest expense, interest income, and other finance (expenses) income, net

Interest expense decreased 10.6%, or \$2.6 million, to \$21.9 million in the year ended December 31, 2007, from \$24.5 million in the year ended December 31, 2006. Our newbuilding

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program resulted in interest capitalization, rather than such interest being recognized as an expense, of \$22.9 million for the year ended December 31, 2007 as opposed to \$8.6 million of capitalized interest for the year ended December 31, 2006. This was offset in part by a \$12.8 million increase in interest relating to a 39.4% increase in our average indebtedness, with no change in the weighted average effective interest rate to which our indebtedness was subject. Interest income increased \$1.3 million, or 36.1%, to \$4.9 million in the year ended December 31, 2007, from \$3.6 million in the year ended December 31, 2006, due to increased average bank deposits.

Other finance income (expenses), net, decreased \$4.8 million, to a cost of \$(2.8) million in the year ended December 31, 2007, from income of \$2.0 million in the year ended December 31, 2006. The change in other finance income (expenses), net, was mainly due to foreign exchange rate fluctuations between the pound sterling and the U.S. dollar in connection with the leasing arrangements for the *CSCL Europe*, the *MSC Baltic* (ex *CSCL America*), the *Bunga Raya Tiga* (ex *Maersk Derby*), the *Maersk Deva* (ex *Vancouver Express*), the *CSCL Pusan* and the *CSCL Le Havre*, as well as the agreements which we entered into with HSH Nordbank on November 14, 2006 and with The Royal Bank of Scotland on February 20, 2007, for revolving credit facilities of up to \$700 million each, which resulted in higher finance fees in the year ended December 31, 2007 compared to the year ended December 31, 2006.

Gain/(loss) on sale of vessels

Loss on sale of vessels of \$(0.3) million represents a loss on sale of three containerships during the year ended December 31, 2007.

Other income/(expenses)

Other income (expenses), improved \$33.1 million to \$14.6 million for the year ended December 31, 2007 from \$(18.5) million in the year ended December 31, 2006. The change was primarily due to a non-recurring gain of \$15.9 million for 2007 compared to a non-recurring loss of \$(18.7) million in 2006, both attributable to the leasing arrangements for the *CSCL Europe*, the *MSC Baltic*, the *Bunga Raya Tiga* (ex *Maersk Derby*), the *Maersk Deva*, the *CSCL Pusan* and the *CSCL Le Havre* and the subsequent restructuring of such arrangements in October 2007, as detailed in note 12a in the notes to the consolidated financial statements included herein.

Gain/(loss) on derivatives

Gain/(loss) on derivatives increased \$5.8 million to \$(0.3) million loss in the year ended December 31, 2007, from a \$(6.1) million loss in the year ended December 31, 2006. This change was a result of the initiation of hedge accounting from the third quarter of 2006, resulting in unrealized gains or losses ceasing to be recognized in our income statement.

Discontinued Operations

Net income from discontinued operations increased \$56.5 million, or 158.3%, to \$92.2 million in the year ended December 31, 2007 from \$35.7 million in the year ended December 31, 2006, primarily reflecting the gain of \$88.6 million on the sale of six drybulk carriers during 2007 compared to the sale of one drybulk carrier during 2006 with a gain of \$15.0 million. As discussed in note 25 to our consolidated financial statements included herein, we have determined that our Drybulk Business should be reflected as discontinued operations.

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Liquidity and Capital Resources

Historically, our principal source of funds has been equity provided by our stockholders, operating cash flows, including from vessel sales, and long-term bank borrowings, as well as proceeds from our initial public offering in October 2006. Our principal uses of funds have been capital expenditures to establish, grow and maintain our fleet, comply with international shipping standards, environmental laws and regulations and to fund working capital requirements.

Our primary short-term liquidity needs are to fund our vessel operating expenses, loan amortization and interest payments. Our medium-term liquidity needs primarily relate to the purchase of the 28 additional containerships for which we have contracted and for which we had scheduled future payments through the scheduled delivery of the final contracted vessel during 2012 aggregating \$2.1 billion as of June 30, 2009. Our long-term liquidity needs primarily relate to additional vessel acquisitions in the containership sector and debt repayment. We anticipate that our primary sources of funds will be cash from our existing credit facilities and additional credit facilities we will seek to arrange, cash from operations and equity and equity-linked financings. We believe that currently contracted sources of funds will be sufficient to meet our liquidity needs through the first quarter of 2010, since our contracted revenue together with our committed credit facilities, including our new credit facility with Deutsche Schiffsbank-Credit Suisse-Emporiki Bank that we entered into during the first quarter of 2009, will be sufficient to meet our currently projected liquidity needs for that period.

In the first half of 2009, we came to an agreement to delay the delivery dates of five 8,530 TEU containerships under construction by approximately two hundred days each on average, five 6,500 TEU and five 3,400 TEU containerships under construction by approximately one quarter each, five 12,600 TEU containerships under construction by approximately one year each and five 6,500 TEU containerships under construction for a period ranging from two to six months. As of June 30, 2009, we expect to take delivery of four vessels during the remainder of 2009, twelve in 2010, seven in 2011 and five in 2012. As of June 30, 2009, the remaining capital expenditure installments for these vessels were approximately \$332 million for the remainder of 2009, \$909 million for 2010, \$374 million for 2011 and \$449 million for 2012. In addition to our available borrowing capacity under committed credit facilities as of June 30, 2009, we would be required to procure additional financing of approximately \$1.4 billion in order to fund these remaining installment payments, to the extent such installment payments are not funded with cash generated by our operations. Accordingly, as of June 30, 2009, we have no financing arranged for the acquisition of 12 of the newbuilding containerships expected to be delivered to us in 2010, 2011 and 2012. Our ability to obtain financing in the current economic environment, particularly for the acquisition of containerships, which are experiencing low charter rates and depressed vessel values, may be limited.

Restricted cash increased by \$205.3 million, to \$251.5 million as of December 31, 2008, from \$46.2 million as of December 31, 2007. The increase in restricted cash is mainly attributed to additional cash which we borrowed under our revolving credit facilities during the third quarter of 2008. These funds are now designated to finance certain of our newbuildings and will be utilized to fund progress payments of these new buildings through their scheduled deliveries from December 2009 to the third quarter of 2011.

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Under our existing multi-year charters as of December 31, 2008, we had contracted revenues of \$320.2 million for 2009, \$402.9 million for 2010 and, thereafter, approximately \$6.3 billion, of which amounts \$22.6 million, \$136.9 million and \$5.1 billion, respectively, are associated with charters from our contracted newbuildings, some of which have not been financed. See "Risk Factors."

As of June 30, 2009, we had approximately \$474 million of undrawn availability under our credit facilities and \$220 million of restricted cash designated for newbuilding progress payments. Our board of directors has determined to suspend the payment of further cash dividends as a result of market conditions in the international shipping industry, and in particular the sharp decline in charter rates and vessel values in the containership sector.

In 2009, we obtained waivers from lenders, with which we had \$1.8 billion of indebtedness, as of December 31, 2008, to cover for 2008 and up to January 31, 2010 (other than with respect to our KEXIM-Fortis credit facility, for which compliance with the net worth and corporate leverage ratio covenants will be evaluated within 180 days of December 31, 2009 (upon delivery of our audited financial statements for the year ending December 31, 2009) and with respect to our HSH Nordbank, Aegean Baltic Bank-HSH Nordbank-Piraeus Bank, Deutsche Bank and Credit Suisse credit facilities for which the waiver period extends through October 1, 2010) breaches of our loan agreement covenants in relation to the collateral coverage ratios, corporate leverage ratios and the minimum net worth requirements, which we were not in compliance with as of December 31, 2008. As of June 30, 2009, we were in breach of the collateral coverage ratio covenants contained in our credit facility with Credit Suisse and in our credit facility with Deutsche Bank which were not covered by the respective waivers obtained in relation to the December 31, 2008 breaches thereunder, and, in the second half of 2009, we entered into an agreement with Credit Suisse reducing the collateral coverage ratio to 100% from 125% (at which revised collateral coverage ratio we would have been in compliance as of June 30, 2009) in respect of the period ended June 30, 2009 and through October 1, 2010 and an agreement with Deutsche Bank waiving such breach identified as of June 30, 2009, as well as any subsequent breach of such covenant, through October 1, 2010. In addition, as of June 30, 2009, we were in breach of the corporate leverage ratio and collateral coverage ratio covenants contained in our credit facility with Fortis Bank-Lloyds TSB-National Bank of Greece, which had an outstanding balance of \$253.2 million as of June 30, 2009, and of the corporate leverage ratio covenant under our KEXIM-Fortis credit facility, which was not covered by the waiver obtained in relation to the covenant breaches thereunder as of December 31, 2008, which had an outstanding balance of \$118.7 million as of June 30, 2009. We are currently in discussions to obtain a written waiver covering breaches of the corporate leverage ratio and collateral coverage ratio covenants in our Fortis Bank-Lloyds TSB-National Bank of Greece credit facility identified as of June 30, 2009, of the additional breach of the corporate leverage ratio under our KEXIM-Fortis credit facility as of June 30, 2009, as well as extending the previously obtained waiver through October 1, 2010. We have agreed in principle with the banks, subject to final written formalization of such agreements and approval from the lenders' committees. To the extent that we are unable to finalize formalization of these waivers, we will be required to classify as current debt an amount of \$360.7 million, which is currently classified as long term debt, reflecting our lenders' ability to demand payment of that debt at any time at their option. If, however, the current low charter rates in the containership market and low vessels values continue or decrease further, our ability to comply with these and other covenants in our loan agreements may be adversely affected and we may not be able to draw down the full amount of certain of our committed credit facilities, which contain restrictions on the amount of cash that can be advanced to us under our credit facilities based on the market value of the vessel or vessels in respect of which the advance is being made.

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On January 15, 2008 we sold the *APL Belgium*, a 5,506 TEU containership, to APL-NOL for \$44.3 million net proceeds pursuant to the terms of a purchase option contained in the charter of the vessel. In addition, we sold the *Winterberg*, on January 25, 2008, the *Maersk Constantia*, on May 20, 2008, the *Asia Express*, on October 26, 2008, and the *Sederberg*, on December 10, 2008, for net proceeds of \$10.2 million, \$14.6 million, \$9.4 million and \$4.5 million, respectively.

In August 2006, we agreed to sell the six drybulk carriers in our fleet, with an aggregate capacity of 342,158 dwt, for an aggregate sale price of \$143.5 million. We used the proceeds from this sale to fund contracted vessel acquisitions. We received payment of 10% of the aggregate sale price of the six drybulk vessels upon entering into the sales agreements and the remaining 90% of the sale price was paid to us upon delivery of each vessel to the purchaser upon expiration of the vessel's then-existing charter. We delivered all six of these vessels to the purchaser upon expiration of their charters during 2007, after which we account for the drybulk carriers we have owned since 2002 as discontinued operations.

The following table summarizes the cash flows from our continuing operations and our discontinued operations for each of the years ended December 31, 2008, 2007 and 2006:

	Combined Containership and Drybulk Carrier Fleet Year Ended December 31,			Discontinued Operations Year Ended December 31,			Continuing Operations Year Ended December 31,		
	2008	2007	2006	2008	2007	2006	2008	2007	2006
	(In Thousands)								
Net Cash from Operating Activities	\$ 135,489	\$ 158,270	\$ 151,578	\$	\$ 4,537	\$ 24,628	\$ 135,489	\$ 153,733	\$ 126,950
Net Cash (used in)/provided by Investing Activities	(511,986)	(687,592)	(330,099)		142,301	26,798	(511,986)	(829,893)	(356,897)
Net Cash provided by/(used in) Financing Activities *	433,722	549,742	183,596		(146,838)	(51,426)	433,722	696,580	235,022

*

Financing items in this line include deemed transactions or movements between vessel-owning subsidiaries and the parent company resulting from centralized treasury operations.

We believe that the sale of the drybulk carrier fleet and the subsequent loss of the net cash from operating activities attributed to it will be partially offset by cash flows from the containerships we have added to our fleet since the disposal of the drybulk carrier fleet. Furthermore, the drybulk carrier fleet's proportional contribution to our cash flows from operating activities had been decreasing during the years from 2005 to 2007 mainly as a result of the growth of our containership fleet. We did not have any drybulk carriers in 2008.

Net cash from investing activities attributed to the discontinued operations was \$142.3 million in 2007, representing the sale proceeds from the sale of the drybulk carrier fleet, the *Fivos*, the *Alexandra I*, the *Dimitris C*, the *Roberto C*, the *Maria C* and the *MV Achilleas*. Net cash from investing activities attributed to the discontinued operations was \$26.8 million in 2006, representing the sale proceeds from the sale of one of our drybulk carriers, the *Sofia III*. Net cash used in financing activities attributed to the drybulk carrier fleet reflects the payments of long-term debt, offset in part by funds provided by borrowings under our credit facilities that were attributable to the drybulk carriers as well as cash distributions from our drybulk carrier-owning subsidiaries attributable to activities other than operating activities, during each of the years ended December 31, 2007 and 2006.

Table of Contents**Cash Flows**

The discussion of our cash flows below includes cash flows attributable to both our containership fleet and the discontinued operations of the drybulk carriers for all periods discussed which is consistent with the presentation of our consolidated statement of cash flows included herein.

Net Cash Provided by Operating Activities

Net cash flows provided by operating activities decreased 14.4%, or \$22.8 million, to \$135.5 million in the year ended December 31, 2008 compared to \$158.3 million in the year ended December 31, 2007. The decrease was primarily the result of a one-time cash benefit of \$15.4 million relating to lease arrangements that was recognized in 2007, as described in Note 12, Lease Arrangements, in the notes to our consolidated financial statements included herein and the increase in the payments for drydockings in 2008 as opposed to 2007, partially offset by increased cash received from operations in 2008 compared to 2007 due to the increase in the average number of vessels in our fleet. Net cash flows provided by operating activities increased 4.4%, or \$6.7 million, to \$158.3 million in the year ended December 31, 2007 compared to \$151.6 million in the year ended December 31, 2006. For the year ended December 31, 2007, the increase was primarily the result of a change in working capital requirements by \$6.3 million and decreased payments of \$0.4 million attributed to drydockings in 2007 as opposed to 2006.

Net Cash Used in Investing Activities

Net cash flows used in investing activities decreased 25.5%, or \$175.6 million, to \$512.0 million in the year ended December 31, 2008 compared to \$687.6 million in the year ended December 31, 2007. Net cash flows used in investing activities increased 108.3%, or \$357.5 million, to \$687.6 million in the year ended December 31, 2007 compared to \$330.1 million in the year ended December 31, 2006. The difference between the years ended December 31, 2008 and 2007 primarily reflects the funds used to acquire secondhand vessels of \$93.4 million in 2008 as opposed to \$266.6 million in 2007, cash received of \$16.9 million on March 7, 2008 in respect of certain lease arrangements (refer to Note 12, Lease Arrangements, in the notes to our consolidated financial statements included herein) that partially offset the cash used to acquire vessels, installment payments for newbuildings of \$518.5 million in 2008 as opposed to \$696.8 million during the year ended December 31, 2007 and proceeds from sale of vessels of \$83.0 million in 2008 as opposed to \$275.8 million in 2007. The difference between the years ended December 31, 2007 and 2006 primarily reflects the funds used to acquire secondhand vessels of \$266.6 million in 2007 as opposed to \$171.7 million in 2006, installment payments for newbuildings of \$696.8 million in 2007 as opposed to \$185.1 million during the year ended December 31, 2006 and proceeds from sale of vessels of \$275.8 million in 2007 as opposed to \$26.8 million in 2006.

Net Cash Provided by/(Used in) Financing Activities

Net cash flows provided by financing activities decreased 21.1%, or \$116.0 million, to \$433.7 million in the year ended December 31, 2008 compared to \$549.7 million in the year ended December 31, 2007. Net cash flows provided by financing activities increased by \$366.1 million, to \$549.7 million in the year ended December 31, 2007 compared to \$183.6 million in the year ended December 31, 2006. The decrease in 2008 is primarily due to the net proceeds from long-term debt of \$745.1 million during the year ended December 31, 2008 as opposed to \$691.7 million in the year ended December 31, 2007, dividend payments of \$101.5 million during the year ended December 31, 2008 as opposed to \$97.4 million during the year ended

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December 31, 2007 and \$205.4 million of restricted cash in 2008 as opposed to \$43.7 million in 2007. The increase in 2007 is primarily due to the net proceeds from long-term debt of \$691.7 million during the year ended December 31, 2007 as opposed to \$(12.8) million in the year ended December 31, 2006, dividend payments of \$97.4 million during the year ended December 31, 2007 as opposed to no dividend payments for 2006, no public offering proceeds in 2007 as opposed to \$201.3 million in 2006 and \$43.7 million of restricted cash in 2007 as opposed to \$1.8 million in 2006.

Credit Facilities

We, as guarantor, and certain of our subsidiaries, as borrowers, have entered into a number of credit facilities in connection with financing the acquisition of certain vessels in our fleet. We also have entered into guarantee facility agreements with HSH Nordbank and The Royal Bank of Scotland, which are described in Note 19 to our audited financial statements included herein. The following summarizes certain terms of our credit facilities:

Lender	Remaining Available Principal Amount (in millions) (1)	Outstanding Principal Amount (in millions) (1)	Interest Rate	Maturity	Repayment Schedule
The Royal Bank of Scotland (2)	\$ 56.3	\$ 640.4	LIBOR + margin	Due September 2021	Concerns a revolving credit facility of up to \$700.0 million for the purpose of financing existing vessels or part of the newbuilding program. Refer to "Item 10. Additional Information Material Contracts" in our Annual Report on Form 20-F for the year ended December 31, 2008 incorporated by reference into this prospectus for details on the amortization schedule.
HSH Nordbank (3)	\$	\$ 41.0	LIBOR + margin	Due March 2014	21 quarterly instalments of \$1.0 million; balloon payment of \$20.0 million.
KEXIM (4)	\$	\$ 80.8	Fixed	Due	30 quarterly instalments of \$2.6

				November million; plus 2016 instalments of \$1.0 million, \$1.3 million and \$0.69 million payable in August 2016, September 2016 and November 2016, respectively.
KEXIM-Fortis				20 semi-annual
(5)	\$	\$	124.4	Due instalments of
			\$115.4 million	October \$5.625 million; plus
			Fixed; and \$9.0	2018 and instalments of \$2.14
			million:	January million and \$0.7
			LIBOR + margin	2019 million plus a
				balloon payment of
				\$9.0 million payable
				in October 2018 and
				January 2019,
				respectively.

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Lender	Remaining Available Principal Amount (in millions) (1)	Outstanding Principal Amount (in millions) (1)	Interest Rate	Maturity	Repayment Schedule
Aegean Baltic Bank-HSH Nordbank-Piraeus Bank (6)	\$ 25.0	\$ 675.0	LIBOR + margin	Due November 2016	Concerns a revolving credit facility of up to \$700.0 million in order to partially finance existing vessels and the construction of new vessels. Repayment schedule, as amended in July 2009 will be based on quarterly installments as well as a balloon payment at the end. Refer to "Item 10. Additional Information Material Contracts" in our Annual Report on Form 20-F for the year ended December 31, 2008 incorporated by reference into this prospectus for further details on the loan amortization.
Emporiki Bank of Greece S.A. (7)	\$ 85.8	\$ 71.0	LIBOR + margin	Due June 2021	Concerns a loan facility of up to \$156.8 million advanced to the vessel owning subsidiaries in order to partially finance the construction of new vessels. The credit facility will be repaid over a 12 year period, with two years' grace period, in 20 equal

consecutive
semi-annual
instalments of \$4.25
million and a
balloon payment of
\$71.8 million along
with the final
instalment.

Deutsche Bank (8)

\$ \$ 180.0 LIBOR + margin

32 quarterly
Due instalments of \$2.5
October million and a final
2018 balloon payment of
\$100.0 million
payable with the last
such instalment. The
first installment is
due on December
31, 2010.

Credit Suisse (9)

\$ 190.5 \$ 31.1 LIBOR + margin

28 quarterly
Due instalments of \$3.99
December million each, with
2019 the first instalment
due March 31, 2013
and a final balloon
payment of \$109.35
million payable with
the 28th installment.

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Lender	Remaining Available Principal Amount (in millions) (1)	Outstanding Principal Amount (in millions) (1)	Interest Rate	Maturity	Repayment Schedule
Fortis Bank-Lloyds TSB-National Bank of Greece (10)	\$	\$ 253.2	LIBOR + margin	Due July 2018	16 semi-annual instalments of \$8.6 million, with the first instalment due on July 29, 2010; and a final balloon payment of \$115.2 million on July 29, 2018.

(1) As of December 31, 2008.

(2) Our credit facility with RBS was, as of December 31, 2008 and as subsequently amended, collateralized by mortgages for existing vessels and refund guarantees for newbuildings relating to the *Hyundai Progress*, the *Hyundai Highway*, the *Hyundai Bridge*, the *Hyundai Federal* (ex *APL Confidence*), the *Zim Monaco*, the *HN N-219*, the *HN N-221*, the *HN N-222*, the *HN S-4005* the *HN H1022A*, the *HN N-218*, the *HN-S458*, the *HN S-459*, the *HN S-460* and the *HN S-461*.

(3) Our credit facility with HSH Nordbank AG was, as of December 31, 2008, collateralized by mortgages and other security relating to the *Maersk Deva* (ex *Vancouver Express*) and the *Bunga Raya Tiga* (ex *Maersk Derby*).

(4) Our KEXIM credit facility was, as of December 31, 2008, collateralized by mortgages and other security relating to the *CSCL Europe* and the *MSC Baltic* (ex *CSCL America*).

(5) Our KEXIM-FORTIS credit facility was, as of December 31, 2008, collateralized by mortgages and other security relating to the *CSCL Pusan* and the *CSCL Le Havre*.

(6) Our credit facility with Aegean Baltic Bank S.A. and HSH Nordbank AG was, as of December 31, 2008, collateralized by mortgages and other security relating to the *CMA CGM Elbe*, the *CMA CGM Kalamata*, the *CMA CGM Komodo*, the *CMA CGM Passiflore*, the *MOL Affinity* (ex *Hyundai Commodore*), the *Hyundai Duke*, the *CMA CGM Vanille*, the *Maersk Marathon*, the *Maersk Messologi*, the *Maersk Mytilini*, the *YM Yantian*, the *Al Rayyan* (ex *Norasia Hamburg*), the *YM Milano*, the *CMA CGM Lotus*, the *Hyundai Vladivostok*, the *Hyundai Advance*, the *Hyundai Stride*, the *Hyundai Future*, the *Hyundai Sprinter*, *Hanjin Montreal* and *MSC Eagle* and assigned refund guarantees related to pre-delivery installments for the *HN*

Z00001, the *HN Z00002*, the *HN Z00003* and the *HN Z00004*. As of July 10, 2009, we agreed to amend the facility by adding additional collateral as follows: (a) newbuilding vessel *HN S-4004* to be provided as security under the facility, (b) second priority mortgages on the *Maersk Deva* (ex *Vancouver Express*) and the *Bunga Raya Tinga* (ex *Maersk Derby*) financed by HSH Nordbank AG and Dresdner Bank and (c) second priority mortgages on the *CSCL Europe* and the *MSC Baltic* (ex *CSCL America*) financed by KEXIM credit facility and the *CSCL Pusan* (ex *HN 1559*) and the *CSCL Le Havre* (ex *HN 1561*) financed by our KEXIM-Fortis credit facility.

(7)

Our Emporiki Bank of Greece credit facility was, as of December 31, 2008, collateralized by refund guarantees relating to vessels *HN S4001* and *HN S4002*, which are currently under construction.

(8)

Our Deutsche Bank credit facility was, as of December 31, 2008, collateralized by mortgages and other security relating to the *Zim Rio Grande*, the *Zim Sao Paolo* and *Zim Kingston*.

(9)

Our Credit Suisse credit facility was, as of December 31, 2008, collateralized by refund guarantees relating to vessels *Zim Luanda*, *HN S4003* and *HN N-214*.

(10)

Our Fortis Bank-Lloyds TSB-National Bank of Greece credit facility was, as of December 31, 2008, collateralized by mortgages and other security relating to the vessels *YM Colombo*, *YM Seattle*, *YM Vancouver* and *YM Singapore*.

During the first half of 2009, we have drawn additional debt of \$181.2 million from our credit facilities with Emporiki Bank (\$15.9 million), Credit Suisse (\$61.8 million) and Deutsche Schiffsbank (\$103.5 million). In addition, during the first half of 2009 we have repaid an aggregate principal amount of \$16.1 million in accordance with the respective amortization schedules of our senior revolving credit facility with RBS, our HSH term loan, our KEXIM credit facility and our KEXIM-Fortis credit facility.

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The weighted average interest rate margin over LIBOR on our credit facilities was 0.67% and 1.26% for the year ended December 31, 2008 and the six months ended June 30, 2009, respectively. The weighted average interest rate margin over LIBOR payable under our credit facilities is estimated to be approximately 1.74% per annum during periods covered by the waivers we obtained in 2009, as described below, and approximately 1.46% per annum after such waiver periods.

As of December 31, 2008, we were not in compliance with collateral coverage ratios, corporate leverage ratios and net worth covenants, as applicable, contained in certain of our loan agreements governing \$1.8 billion of our outstanding indebtedness as of December 31, 2008, as presented above, due to the severe drop in interest rates which resulted in negative valuations of our interest rate swaps accounted for as cash flow hedges, as well as the drop in our vessels' fair market values. As a result, we have entered into agreements which waive until January 31, 2010 (other than with respect to our KEXIM-Fortis credit facility, for which covenant compliance will be evaluated within 180 days of December 31, 2009 (upon delivery of our audited financial statements for the year ended December 31, 2009) and with respect to our HSH Nordbank, Aegean Baltic Bank-HSH Nordbank-Piraeus and Credit Suisse credit facilities for which the waiver period extends to October 1, 2010) all prior breaches of such covenants and any subsequent breaches of such covenants. Our lenders agreed not to exercise their right to demand repayment of any amounts due under the respective loan agreements as a result of the December 31, 2008 and any subsequent breaches of the above-mentioned covenants until January 31, 2010. In July 2009, we entered into an agreement with Credit Suisse to extend the waiver of breaches of the corporate leverage ratio and net worth covenants obtained for the period ended December 31, 2008, as well as any subsequent breach of such covenants, up to October 1, 2010 and reducing the collateral coverage ratio to 100% from 125% (at which revised collateral coverage ratio we would have been in compliance as of June 30, 2009) in respect of the period ended June 30, 2009 and through October 1, 2010, with an increase in the interest rate margin by 1.225 percentage points per annum for the waiver period and a one-time fee of \$50,000. Under the terms of the waiver, during the waiver period we are not permitted to pay dividends without the consent of our lenders under our credit facility with Credit Suisse. We are currently in discussions to obtain a written waiver covering breaches of the corporate leverage ratio and collateral coverage ratio covenants in our Fortis Bank-Lloyds TSB-National Bank of Greece credit facility identified as of June 30, 2009, of the additional breach of the corporate leverage ratio under our KEXIM-Fortis credit facility as of June 30, 2009, as well as extending the previously obtained waiver through October 1, 2010. We have agreed in principle with the banks, subject to final written formalization of such agreements and approval from the lenders' committees. To the extent that we are unable to finalize formalization of these waivers, we will be required to classify as current debt an amount of \$360.7 million, which is currently classified as long term debt, reflecting our lenders' ability to demand payment of that debt at any time at their option.

Our credit facilities, as modified by the waivers and amendments entered into in 2009, contain financial and security covenants requiring us to:

maintain a market value adjusted net worth of at least \$400.0 million and stockholders' equity of at least \$250.0 million;

ensure that the aggregate market value of our vessels in our fleet exceeds 145.0% of our net consolidated debt at all times under our KEXIM-Fortis credit facility;

ensure that the ratio of the aggregate market value of the vessels in our fleet securing the applicable loan to our outstanding indebtedness under such loan at all times exceeds (i) 115% under our Emporiki Bank credit facility and (ii) a range from 120% to

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125% under our other credit facilities (reduced to 100% under our RBS credit facility and our Credit Suisse credit facility during the applicable waiver period as described below);

maintain adjusted stockholders' equity in excess of 30.0% of our total market value adjusted assets;

ensure that our total liabilities (after deducting cash and cash equivalents), will be no more than 70.0% (or 75% under one of our credit facilities) of our total market value adjusted assets;

maintain aggregate cash and cash equivalents of no less than the higher of (a) \$30 million and (b) 3% of our total indebtedness until November 14, 2011 and 4% of our total indebtedness at all times thereafter; and

maintain a ratio of EBITDA to net interest expense of no less than 2.5 to 1.0.

The waivers we have obtained with respect to the corporate leverage ratios described in the fifth bullet point above, cover the period to January 31, 2010 under each of our credit facilities other than under our KEXIM-Fortis credit facility, under which it has been waived for the year ended December 31, 2008 and compliance with the above covenant in respect of the year ending December 31, 2009 will be tested within 180 days following that date, under our Aegean Baltic Bank-HSH Nordbank-Piraeus Bank, Deutsche Bank and Credit Suisse credit facilities for which the waiver period extends to October 1, 2010 and our \$60.0 million credit facility with HSH Nordbank AG, our KEXIM credit facility (for which there was no breach and, therefore, no waiver) and our Fortis Bank-Lloyds TSB-National Bank of Greece credit facility. The waivers we have obtained with respect to the applicable minimum net worth covenants cover the period to January 31, 2010 under each of our credit facilities other than under our KEXIM-Fortis credit facility, under which it is waived for the year ended December 31, 2008 and compliance with the above covenant in respect of the year ending December 31, 2009 will be tested within 180 days following that date, under our HSH Nordbank, Aegean Baltic Bank-HSH Nordbank-Piraeus Bank and Credit Suisse credit facilities for which the waiver period extends to October 1, 2010 and our Deutsche Bank credit facility, KEXIM credit facility, RBS credit facility and Fortis Bank-Lloyds TSB-National Bank of Greece credit facility (for which there was no breach and, therefore, no waiver). The waivers we have obtained with respect to the collateral coverage ratios clauses cover the period to January 31, 2010 under each of our credit facilities, other than with respect to our credit facility with RBS, under which the requirement is 100% through January 31, 2010 and 125% thereafter, our credit facility with Credit Suisse, under which the requirement is 100% through October 1, 2010 and 125% thereafter, our Aegean Baltic Bank-HSH Nordbank-Piraeus Bank and Deutsche Bank credit facilities for which the waiver period is up to October 1, 2010 and our HSH Nordbank AG credit facility, KEXIM credit facility, KEXIM-Fortis credit facility, Emporiki Bank credit facility, Deutsche Schiffsbank credit facility (for which there was no breach and, therefore, no waiver) and our Fortis Bank-Lloyds TSB-National Bank of Greece credit facility in respect of which we are in discussions, as described above, with the lenders for a waiver of the breach of the collateral coverage ratio identified as of June 30, 2009. In addition, we are in discussion with our lenders under our KEXIM-Fortis credit facility for a waiver of the corporate leverage ratio described in the second bullet point above, which is the only credit facility which contains such a covenant.

Our credit facilities also contain other restrictions and customary events of default with respect to us and our applicable subsidiaries, such as a cross-default with respect to financial indebtedness or any adverse change in the financial position or prospects of the vessel-owning subsidiaries or the Company that creates a material risk to our ability to repay such indebtedness and, in some cases, certain changes in the charters for vessels mortgaged under

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the applicable credit facility. In addition, as described below, under the waiver agreements, our payment of any dividend is subject to the approval of certain of our lenders during periods covered by the waivers and is subject to limits on the amount of dividends that we may pay pursuant to terms of waivers from certain of our other lenders.

Set forth below are details of the respective waivers agreed with our lenders in respect of breaches of the loan covenants contained in certain of our credit facilities and our guarantee facility with HSH Nordbank. For additional information relating to our credit facilities, please see "Item 10. Additional Information Material Contracts" and Note 13 to our audited financial statements included herein.

The Royal Bank of Scotland Credit Facility. As of December 31, 2008, we were in breach of the collateral coverage ratio and corporate leverage ratio covenants contained in our \$700.0 million senior revolving credit facility with The Royal Bank of Scotland. We have entered into an agreement waiving the breach of the corporate leverage ratio covenant for the year ended December 31, 2008, as well as any subsequent breach of such covenant, up to January 31, 2010 and reducing the collateral coverage ratio to 100% from 125% (at which revised collateral coverage ratio we would have been in compliance as of December 31, 2008) in respect of the year ended December 31, 2008 and up until January 31, 2010, with an increase in the interest rate margin by 1.5 percentage points per annum for the remaining period of the loan and a one-time fee of \$100,000. In addition, during the period covered by the waiver we are not permitted to make dividend payments without the consent of our lenders under this credit facility.

HSH Nordbank Credit Facility (with Aegean Baltic Bank acting as agent). As of December 31, 2008, we were in breach of the net worth covenant contained in our \$60.0 million credit facility with HSH Nordbank, Dresdner Bank and Aegean Baltic Bank acting as agent, which had an outstanding balance of \$41.0 million as of December 31, 2008. We have entered into an agreement waiving the breach of such covenant for the year ended December 31, 2008, as well as any subsequent breach of such covenant, up to January 31, 2010. Such waiver has been provided by our lender under this credit facility pursuant to the terms and conditions of a commitment letter we have entered into with such lender pursuant to which we have agreed to amend the credit facility to increase the interest rate margin over LIBOR by 1.725 percentage points per annum (or, if lower, an increase in the interest rate margin of 1.225 percentage points and the replacement of LIBOR by the bank's cost of funding) for the waiver period and increase the interest rate margin by 0.975 percentage points per annum for the remaining period of the loan as well as pay a one-time fee of 0.30 percentage points on the facility amount outstanding. As of July 21, 2009, we entered into an agreement with the lenders under this credit facility to extend the waiver period through October 1, 2010, with the above interest rate margin increases covering the revised waiver period.

Aegean Baltic Bank HSH Nordbank Piraeus Bank Credit Facility. As of December 31, 2008, we were in breach of the collateral coverage ratio, corporate leverage ratio and net worth covenants contained in our \$700.0 million senior credit facility with Aegean Baltic Bank S.A., HSH Nordbank AG and Piraeus Bank. We have entered into an agreement waiving breaches of such covenants for the year ended December 31, 2008, as well as any subsequent breach of such covenants, up to January 31, 2010. Such waiver has been provided by our lenders under this credit facility pursuant to the terms and conditions of a commitment letter we have entered into with such lenders pursuant to which we have agreed to amend the credit facility, including to add additional collateral and increase the interest rate margin by 1.8 percentage points per annum for the waiver period and increase the interest rate margin by 1.05 percentage points per annum for the remaining period of the loan, as well as pay a

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one-time fee of \$2.1 million. We have also agreed to use our best efforts to raise additional equity capital, with the participation of our largest stockholder in any such transaction. In addition, during the period covered by the waiver we are not permitted to make dividend payments without the consent of our lenders under this credit facility. As of July 21, 2009, we entered into an agreement with the lenders under this credit facility to extend the waiver period through October 1, 2010, with the above interest rate margin increases covering the revised waiver period, as well as to make \$5.0 million payments on April 30, 2010 and July 31, 2010, plus payments of any additional amounts from funds in the pledged account of income from the mortgaged vessels under the facility (see "Item 10. Additional Information Material Contracts" in our Annual Report on Form 20-F incorporated by reference herein) on January 31, 2010, April 30, 2010, July 31, 2010 and September 30, 2010, as the lenders under this credit facility shall determine.

KEXIM-Fortis Credit Facility. As of December 31, 2008, we were in breach of the corporate leverage ratio and net worth covenants contained in our \$144.0 million credit facility with the Export-Import Bank of Korea, or KEXIM, and Fortis Bank. We have entered into an agreement waiving compliance with such covenants for the year ended December 31, 2008 and providing that compliance with such covenants in respect of the year ended December 31, 2009 will be tested within 180 days following that date. In return, we paid our lenders under this credit facility a one-time fee of \$360,000 and the interest rate margin was increased by 0.5 percentage points for the waiver period.

As of June 30, 2009, we were in breach of an additional corporate leverage ratio covenant, which was not covered by the waiver obtained in relation to December 31, 2008 covenant breaches under our KEXIM-Fortis credit facility. As of June 30, 2009, the credit facility with KEXIM-Fortis had an outstanding balance of \$118.7 million. We are currently in discussions to obtain a written waiver covering the additional breach identified as of June 30, 2009, as well as extending the previously obtained waiver through October 1, 2010. We have agreed in principle with the banks, subject to final written formalization of such an agreement and approval from the lenders' committees. To the extent that we are unable to finalize formalization of this waiver, we will be required to classify as current debt an amount of \$107.5 million, which is currently classified as long term debt, reflecting our lenders' ability to demand payment of that debt at any time at their option. In the event that the banks demand payment of our debt under this credit facility before its maturity, as a result of the June 30, 2009 breaches, we may elect to use our cash generated from operations, available cash and cash equivalents and undrawn availability under our other credit facilities to make such payments.

Emporiki Bank Credit Facility. As of December 31, 2008, we were in breach of the corporate leverage ratio and minimum net worth covenants contained in our \$156.8 million credit facility with Emporiki Bank. We have entered into an agreement waiving breaches of such covenants for the year ended December 31, 2008, as well as any subsequent breach of such covenants, up to January 31, 2010, with an increase in the interest rate margin by 1.65 percentage points per annum for the waiver period and 0.65 percentage points per annum for the period thereafter.

Deutsche Bank Credit Facility. As of December 31, 2008, we were in breach of the corporate leverage ratio covenant contained in our \$180.0 million credit facility with Deutsche Bank. We have entered into an agreement waiving the breach of such covenant for the year ended December 31, 2008, as well as any subsequent breach of such covenant, up to January 31, 2010. In return, we paid to the bank a one-time fee of 0.3% of the loan amount. As of June 30, 2009, we were in breach of the collateral coverage ratio covenant contained in our

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credit facility with Deutsche Bank, which was not covered by the waiver obtained in relation to the December 31, 2008 breach thereunder, which had an outstanding balance of \$180 million as of June 30, 2009. We have entered into an agreement with Deutsche Bank to extend the waiver of the breach of the corporate leverage ratio covenant obtained for the period ended December 31, 2008, as well as any subsequent breaches of such covenant, through October 1, 2010 and waiving the breach of the collateral coverage ratio covenant identified as of June 30, 2009, and any subsequent breaches, through October 1, 2010, with an increase in the interest rate margin by 1.315 percentage points per annum for the waiver period and 0.815 percentage points per annum thereafter, as well as a one-time fee of \$0.4 million. We also agreed to use our best efforts to raise additional equity capital. Under the terms of the waiver, during the waiver period we are not permitted to pay dividends without the consent of our lenders under this credit facility.

Credit Suisse Credit Facility. As of December 31, 2008, we were in breach of the corporate leverage ratio and net worth covenants contained in our credit facility with Credit Suisse. We have entered into an agreement waiving breaches of such covenants for the year ended December 31, 2008, as well as any subsequent breach of such covenants, up to January 31, 2010. As of June 30, 2009, we were in breach of the collateral coverage ratio covenant, which was not covered by the waiver obtained in relation to the December 31, 2008 breaches thereunder, contained in our \$221.1 million credit facility with Credit Suisse, which had an outstanding balance of \$92.6 million as of June 30, 2009. We have entered into an agreement with Credit Suisse to extend the waiver of the breaches of the corporate leverage ratio and net worth covenants obtained for the period ended December 31, 2008, as well as any subsequent breach of such covenants, through October 1, 2010 and reducing the collateral coverage ratio to 100% from 125% (at which revised collateral coverage ratio we would have been in compliance as of June 30, 2009) in respect of the period ended June 30, 2009 and through October 1, 2010, with an increase in the interest rate margin by 1.225 percentage points per annum for the waiver period and a one-time fee of \$50,000. Under the terms of the waiver, during the waiver period we are not permitted to pay dividends without the consent of our lenders under this credit facility.

HSH Nordbank Guarantee Facility (with Aegean Baltic Bank acting as agent). As of December 31, 2008, we were in breach of the corporate leverage ratio and net worth covenants contained in our \$148.0 million guarantee facility with HSH Nordbank, with Aegean Baltic Bank acting as agent. We have entered into an agreement, pursuant to the terms and conditions of a commitment letter, regarding the guarantee facility waiving breaches of such covenants for the year ended December 31, 2008, as well as any subsequent breach of such covenants, up to October 1, 2010. In addition, during the period covered by the waiver we are not permitted to make dividend payments without the consent of our lenders under this facility.

Fortis Bank-Lloyds TSB-National Bank of Greece Credit Facility. As of June 30, 2009, we were in breach of the corporate leverage ratio and collateral coverage ratio covenants contained in our \$253.2 million credit facility with Fortis Bank-Lloyds TSB-National Bank of Greece, which had an outstanding balance of \$253.2 million as of June 30, 2009. We are currently in discussions to obtain a written waiver covering the breaches identified as of June 30, 2009 up to October 1, 2010. We have agreed in principle with the banks, subject to final written formalization of such an agreement and approval from the lenders' committees. To the extent that we are unable to finalize formalization of this waiver, we will be required to classify as current debt an amount of \$253.2 million, which is currently classified as long term debt, reflecting our lenders' ability to demand payment of that debt at any time at their option. In the event that our lenders under this credit facility demand payment of our debt

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under this credit facility before its maturity, as a result of the June 30, 2009 breaches, we may elect to use our cash generated from operations, available cash and cash equivalents and undrawn availability under our other credit facilities to make such payments.

New Credit Facility

On February 2, 2009, we, as borrower, and certain of our vessel-owning subsidiaries, as guarantors, entered into a credit facility with Deutsche Schiffsbank, Credit Suisse and Emporiki Bank of up to \$298.5 million in relation to pre and post-delivery financing for five new-building vessels, the *ZIM Dalian* (a 4,253 TEU vessel), the *HN N-220* and the *HN N-223* (two 3,400 TEU vessels), the *HN N-215* (a 6,500 TEU vessel) and the *HN Z0001* (a 8,530 TEU vessel), which are currently under construction and will be gradually delivered to us from the first quarter of 2009 until the end of the first quarter of 2011, with the *Zim Dalian* having been delivered to us on March 31, 2009. As of June 30, 2009, \$103.6 million was outstanding under this credit facility and \$194.9 million of undrawn availability remained available to us for future borrowings.

The interest rate on the credit facility is LIBOR plus margin. The credit facility will be repaid in 20 consecutive, semi-annual installments of \$8.8 million, with the first installment due on December 30, 2011 and a final balloon payment of \$122.8 million due along with the final installment.

During the first quarter of 2009, we were in breach of the corporate leverage ratio and net worth covenants contained in this credit facility. We have entered into an agreement waiving breaches of such covenants for the year ended December 31, 2008, as well as any subsequent breach of such covenants, up to January 31, 2010. During the waiver period we are not permitted to pay dividends without the consent of our lenders under this credit facility.

Interest Rate Swaps

We have entered into interest rate swap agreements converting floating interest rate exposure into fixed interest rates in order to hedge our exposure to fluctuations in prevailing market interest rates, as well as interest rate swap agreements converting the fixed rate we pay in connection with certain of our credit facilities into floating interest rates in order to economically hedge the fair value of the fixed rate credit facilities against fluctuations in prevailing market interest rates. See "Item 11. Quantitative and Qualitative Disclosures About Market Risk" in our Annual Report on Form 20-F for the year ended December 31, 2008 incorporated by reference herein.

Leasing Arrangements

On March 7, 2008, we exercised our right to have our wholly-owned subsidiaries replace a subsidiary of Lloyds Bank as direct owners of the *CSCL Europe*, the *MSC Baltic* (ex *CSCL America*), the *Bunga Raya Tiga* (ex *Maersk Derby*) (ex *P&O Nedlloyd Caracas*), the *Maersk Deva* (ex *Vancouver Express*), the *CSCL Pusan* (ex *HN 1559*) and the *CSCL Le Havre* (ex *HN 1561*) pursuant to the terms of the leasing arrangements, as restructured on October 5, 2007, we had in place with such subsidiaries of Lloyds Bank, Allco Finance Limited, a U.K.-based financing company, and Allco Finance UK Limited, a U.K.-based financing company. We had during the course of these leasing arrangements, and continue to have, full operational control over these vessels and we consider each of these vessels to be an asset for our financial reporting purposes and each vessel is reflected as such in our consolidated financial statements included herein.

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On July 19, 2006, legislation was enacted in the United Kingdom that was expected to result in a claw-back or recapture of certain of the benefits that were expected to be available to the counterparties to the original leasing transactions at their inception. Accordingly, the put option price that was part of the original leasing arrangements was expected to be increased to compensate the counterparties for the loss of these benefits. In 2006 we recognized an expense of \$12.8 million, which is the amount by which we expected the increase in the put price to exceed the cash benefits we had expected to receive, and had expected to retain, from these transactions. The October 5, 2007 restructuring of these leasing arrangements eliminated this put option and the \$12.8 million expense recorded in 2006, was reversed and recognized in earnings in the fourth quarter of 2007.

Contractual Obligations

Our contractual obligations as of December 31, 2008 were:

	Payments Due by Period				More than 5 Years (After January 1, 2014)
	Total	Less Than 1 Year (2009)	1-3 Years (2010- 2011)	3-5 Years (2012- 2013)	
In Thousands of Dollars					
Long-term debt obligations (1)	\$ 2,096,854	\$ 42,219	\$ 109,744	\$ 469,914	\$ 1,474,977
Interest on long-term debt obligations (1)	1,046,245	134,193	315,905	281,059	315,088
Payments to our manager (2)	18,729	18,729			
Newbuilding contracts (3)	2,250,403	518,978	1,282,777	448,648	
Total	\$5,412,231	\$714,119	\$1,708,426	\$1,199,621	\$1,790,065

(1)

We expect to be obligated to make the interest payments set forth in the above table with respect to our long-term debt obligations. The interest payments give effect to our interest rate swap arrangements as of December 31, 2008, described above under " Interest Rate Swaps" and the credit facility waivers and amendments entered into in 2009 and are based on an assumed LIBOR rate of 1.5% in 2009, 2.5% in 2010 and up to a maximum of 4.0% thereafter, with respect to the HSH Nordbank, Aegean Baltic-HSH Nordbank-Piraeus Bank, RBS, Emporiki Bank, Deutsche Bank, Credit Suisse and Fortis Bank-Lloyds TSB-National Bank of Greece credit facilities. On February 2, 2009, we entered into a credit facility of up to \$298.5 million, of which \$103.6 million was outstanding as of June 30, 2009. These amounts are not reflected in the above table. See " Credit Facilities."

(2)

Under our management agreement with Danaos Shipping effective January 1, 2009, the management fees were adjusted to a fee of \$575 per day for commercial, chartering and administrative services, a fee of \$290 per vessel per day for vessels on bareboat charter and \$575 per vessel per day for vessels on time charter. As of December 31, 2008, we had a fleet of 38 containerships, all of which were on time charters. Three newbuildings were delivered in the first half of 2009, all of which have time charter arrangements, increasing the size of our fleet and expected deliveries of our contracted fleet will further increase the size of our fleet by four newbuildings in 2009 all of which have time charter arrangements. Further, in 2010, 2011 and 2012, our fleet is expected to increase by another twelve containerships (ten have time charter arrangements and two have bareboat charter arrangements), seven containerships (all of which have time charter arrangements) and

five containerships (all of which have time charter arrangements), respectively. These fees will be adjusted annually by agreement between us and our manager. In addition, we also will pay our manager a commission of 0.75% of the gross freight, demurrage and charter hire collected from the employment of our ships, 0.5% of the contract price of any vessels bought or sold on our behalf and, effective January 1, 2009, \$725,000 per newbuilding vessel for the supervision of newbuilding contracts. We expect to be obligated to make the payments set forth in the above table under our management agreement in the year ending December 31, 2009, based on our currently contracted revenue and our currently anticipated vessel acquisitions and dispositions and chartering arrangements described in this prospectus. No interest is payable with respect to these obligations if paid on a timely basis, therefore no interest payments are included in these amounts.

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(3)

Of the \$2.25 billion set forth in the above table, \$38.3 million and \$38.3 million represent the balance of the purchase price for the *Zim Dalian* and *Zim Luanda*, respectively, which remained unpaid as of December 31, 2008. In the first quarter of 2009, the *Zim Dalian* was delivered to us and we paid the remaining aggregate purchase price for such vessel. In the second quarter of 2009, the *Zim Luanda* was delivered to us and we paid the remaining aggregate purchase price for such vessel.

Off-Balance Sheet Arrangements

We do not have any other transactions, obligations or relationships that could be considered material off-balance sheet arrangements.

Critical Accounting Policies

We prepare our consolidated financial statements in accordance with U.S. GAAP, which requires us to make estimates in the application of our accounting policies based on our best assumptions, judgments and opinions. We base these estimates on the information currently available to us and on various other assumptions we believe are reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Following is a discussion of the accounting policies that involve a high degree of judgment and the methods of their application. For a further description of our material accounting policies, please refer to Note 2, Significant Accounting Policies, to our consolidated financial statements included in our Annual Report on Form 20-F for the year ended December 31, 2008 incorporated by reference into this prospectus.

Purchase of Vessels

Vessels are stated at cost, which consists of the contract purchase price and any material expenses incurred upon acquisition (improvements and delivery expenses), less accumulated depreciation. Subsequent expenditures for conversions and major improvements are also capitalized when they appreciably extend the life, increase the earning capacity or improve the efficiency or safety of the vessels. Otherwise we charge these expenditures to expenses as incurred. Our financing costs incurred during the construction period of the vessels are included in vessels' cost.

The vessels that we acquire in the secondhand market are treated as a business combination to the extent that such acquisitions include continuing operations and business characteristics, such as management agreements, employees and customer base, otherwise we treat an acquisition of a secondhand vessel as a purchase of assets. Where we identify any intangible assets or liabilities associated with the acquisition of a vessel purchased on the secondhand market, we record all identified tangible and intangible assets or liabilities at fair value. Fair value is determined by reference to market data and the discounted amount of expected future cash flows. We have in the past acquired certain vessels in the secondhand market. These acquisitions were considered to be acquisitions of assets. Certain vessels in our fleet that were purchased in the secondhand market were acquired with existing charters. We determined that the existing charter contracts for these vessels, other than the charter for the *MOL Confidence*, do not have a material separate fair value and, therefore, we recorded such vessels at their fair value, which equaled the consideration paid. In respect of the existing time charter for the *MOL Confidence*, we identified a liability of \$14.4 million upon its delivery to us in March 2006, which we recorded as unearned revenue in "Current Liabilities - Unearned Revenue" and "Long-Term Liabilities - Unearned Revenue, net of current portion" on our balance sheet for the existing charter, which will be amortized over the remaining period of the time charter.

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The determination of the fair value of acquired assets and assumed liabilities requires us to make significant assumptions and estimates of many variables, including market charter rates, expected future charter rates, future vessel operating expenses, the level of utilization of our vessels and our weighted average cost of capital. The use of different assumptions could result in a material change in the fair value of these items, which could have a material impact on our financial position and results of operations.

Lease Arrangements

We considered six of the containerships in our current fleet, which until March 7, 2008 were subject to leasing arrangements, to be owned by us for financial reporting purposes since the vessels were under our operational control and we retained risks associated with ownership. After March 7, 2008, each of these vessels has been directly owned by wholly-owned subsidiaries. Prior to March 7, 2008, we also reflected the indebtedness under which the vessels were mortgaged as a liability on our balance sheet.

Revenue Recognition

Our revenues and expenses are recognized on the accrual basis. Revenues are generated from bareboat hire and time charters. Bareboat hire revenues are recorded over the term of the hire on a straight-line basis. Time charter revenues are recorded over the term of the charter as service is provided. Unearned revenue includes revenue received in advance, and the amount recorded for an existing time charter acquired in conjunction with the purchase of the *MOL Confidence*, as discussed under the heading " Purchase of Vessels" above.

We have been a member of a pool arrangement with respect to two drybulk carriers, the *Alexandra I* and the *MV Achilleas*, which we have sold and are reflected as discontinued operations. The resulting net revenues of the pool are distributed as time charter hire to each participant in accordance with the pool earning points of the individual vessels in the pool adjusted for any off-hire amount. Distributions of time charter hire to us were made every two weeks according to the pooling arrangement. An amount not exceeding four weeks' time charter hire for each of our vessels in the pool was permitted to be withheld from us as working capital for the pool. For the periods prior to the sale of these vessels, revenue related to the pooling arrangements was recognized only when all contingencies under the agreements are resolved.

Special Survey and Drydocking Costs

We follow the deferral method of accounting for special survey and drydocking costs. Actual costs incurred are deferred and are amortized on a straight-line basis over the period until the next scheduled survey, which is two and a half years. If special survey or drydocking is performed prior to the scheduled date, the remaining unamortized balances are immediately written-off.

Vessel Lives and Estimated Scrap Values

Our vessels represent our most significant assets and we state them at our historical cost, which includes capitalized interest during construction and other construction, design, supervision and predelivery costs, less accumulated depreciation. We depreciate our containerships, and for the periods prior to their sale, our drybulk carriers, on a straight-line basis over their estimated remaining useful economic lives. Historically, we estimated this to be 25 years. As of January 1, 2005, we determined that the estimated useful lives of our containerships are 30 years in line with the industry practice, whereas for drybulk carriers we

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continued to estimate their useful lives to be 25 years. Depreciation is based on cost less the estimated scrap value of the vessels. Should certain factors or circumstances cause us to revise our estimate of vessel service lives in the future or of estimated scrap values, depreciation expense could be materially lower or higher. Such factors include, but are not limited to, the extent of cash flows generated from future charter arrangements, changes in international shipping requirements, and other factors many of which are outside of our control.

Impairment of Long-lived Assets

We evaluate the net carrying value of our vessels for possible impairment when events or conditions exist that cause us to question whether the carrying value of the vessels will be recovered from future undiscounted net cash flows. An impairment charge would be recognized in a period if the fair value of the vessels was less than their carrying value and the carrying value was not recoverable from future undiscounted cash flows. Considerations in making such an impairment evaluation would include comparison of current carrying value to anticipated future operating cash flows, expectations with respect to future operations, and other relevant factors.

As of December 31, 2008, we concluded that events occurred and circumstances had changed, which may trigger the existence of potential impairment of our long-lived assets. These indicators included a significant decline in our stock price, deterioration in the spot market and the potential impact the current marketplace may have on our future operations. As a result, we performed an impairment assessment of our long-lived assets by comparing the undiscounted projected net operating cash flows for each vessel to their carrying value. Our strategy is to charter any vessels under multi-year, fixed rate period charters that range from one to twelve years for vessels in any current fleet and up to 18 years for any contracted newbuilding containerships, providing us with contracted stable cash flows. The significant factors and assumptions we used in our undiscounted projected net operating cash flow analysis included operating revenues, off-hire revenues, dry docking costs, operating expenses and management fees estimates. Revenue assumptions were based on contracted time charter rates up to the end of life of the current contract of each vessel as well as the historical average time charter rates for the remaining life of the vessel after the completion of the current contract. In addition, we used annual operating expenses escalation factor and estimations of scheduled and unscheduled off-hire revenues based on historical experience. All estimates used and assumptions made were in accordance with our internal budgets and historical experience of the shipping industry.

Our assessment concluded that step two of the impairment analysis was not required and no impairment of vessels existed as of December 31, 2008, as the undiscounted projected net operating cash flows per vessel exceeded the carrying value of each vessel.

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BUSINESS

Overview

We are an international owner of containerships, chartering our vessels to many of the world's largest liner companies. As of June 30, 2009, we had a fleet of 41 containerships aggregating 165,933 TEUs, making us among the largest containership charter owners in the world, based on total TEU capacity. Our strategy is to charter our containerships under multi-year, fixed-rate period charters to a diverse group of liner companies, including many of the largest such companies globally, as measured by TEU capacity. As of June 30, 2009, these customers were China Shipping, CMA-CGM, Hanjin, Hyundai, Maersk, MISC, MSC, United Arab Shipping Corporation ("UASC"), Yang Ming and ZIM Israel Integrated Shipping Services. Our containerships are deployed under multi-year, fixed-rate charters with initial terms that range from one to 12 years for vessels in our current fleet and up to 18 years for our contracted newbuilding vessels.

Our Fleet

We deploy our containership fleet principally under multi-year charters with major liner companies that operate regularly scheduled routes between large commercial ports. As of June 30, 2009, our containership fleet was comprised of 41 containerships deployed on time charters. The average age (weighted by TEU) of the 41 vessels in our containership fleet was approximately 9.9 years as of June 30, 2009 and, upon delivery of all of our contracted newbuilding vessels as of the end of the second quarter of 2012, the average age (weighted by TEU) of the 68 vessels in our containership fleet (assuming no other acquisitions or dispositions other than the scrapping of one vessel that is over 30 years of age at the end of its current charter) will be approximately 6.2 years. As of June 30, 2009, the average remaining duration of the charters for our containership fleet, including our 28 contracted newbuilding vessels for each of which we have arranged charters, was 11.5 years (weighted by aggregate contracted charter hire).

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The table below provides additional information about our fleet of 41 cellular containerships as of June 30, 2009.

Vessel Name	Year Built	Vessel Size (TEU)	Time Charter Term (1)	Expiration of Charter (1)	Daily Charter Rate (In Thousands)	Charterer
Post-Panamax						
<i>CSCL Le Havre</i>	2006	9,580	12 years	September 2018	\$ 34.0(2)	China Shipping
<i>CSCL Pusan</i>	2006	9,580	12 years	July 2018	34.0(2)	China Shipping
<i>MSC Baltic (ex CSCL America) (3)</i>	2004	8,468	12 years	September 2016	29.5(4)	China Shipping
<i>CSCL Europe (4)</i>	2004	8,468	12 years	June 2016	29.5(4)	China Shipping
<i>Hyundai</i>						
<i>Commodore (ex MOL Affinity) (5)</i>	1992	4,651	8 years	March 2011	20.0	Hyundai
<i>Hyundai Duke</i>	1992	4,651	8 years	February 2011	20.0	Hyundai
<i>Hyundai Federal (ex APL Confidence) (6)</i>						
	1994	4,651	6.5 years	September 2012	20.8	Hyundai
Panamax						
<i>MSC Marathon (ex Maersk Marathon) (7)</i>						
	1991	4,814	5 years	September 2011	23.5	Maersk
<i>Maersk Messologi</i>	1991	4,814	5 years	September 2011	23.5	Maersk
<i>Maersk Mytilini</i>	1991	4,814	5 years	September 2011	23.5	Maersk
<i>YM Colombo (ex Norasia Integra) (8)</i>	2004	4,300	12 years	March 2019	27.8(9)	Yang Ming
<i>YM Singapore (ex Norasia Atria) (11)</i>	2004	4,300	12 years	October 2019	27.8(10)	Yang Ming
<i>YM Seattle</i>	2007	4,253	12 years	July 2019	26.1	Yang Ming
<i>YM Vancouver</i>	2007	4,253	12 years	September 2019	26.1	Yang Ming
<i>ZIM Rio Grande</i>	2008	4,253	12 years	May 2020	22.8(21)	ZIM
<i>ZIM Sao Paolo</i>	2008	4,253	12 years	August 2020	22.8(21)	ZIM
<i>ZIM Kingston</i>	2008	4,253	12 years	September 2020	22.8(21)	ZIM
<i>ZIM Monaco</i>	2009	4,253	12 years	November 2020	22.8(21)	ZIM
<i>ZIM Dalian</i>	2009	4,253	12 years	February 2021	22.8(21)	ZIM
<i>ZIM Luanda</i>	2009	4,253	12 years	May 2021	22.8(21)	ZIM
	2004	4,253	1 year	March 2010	n/a(20)	MISC

<i>Bunga Raya Tiga</i> (ex <i>Maersk Derby</i>) (12)							
<i>Maersk Deva</i> (ex <i>Vancouver Express</i>) (13)	2004	4,253	7 years	February 2011	21.8	Maersk	
<i>Al Rayyan</i> (ex <i>Norasia Hamburg</i>) (14)	1989	3,908	3 years	January 2011	n/a(20)	United Arab Shipping Corp.	
<i>YM Yantian</i>	1989	3,908	5 years	July 2011	30.5	Yang Ming	
<i>YM Milano</i>	1988	3,129	7.5 years	May 2011	25.0	Yang Ming	
<i>CMA CGM Lotus</i> (ex <i>Victory I</i>) (15)	1988	3,098	3 years	July 2010	23.0	CMA-CGM	
<i>CMA CGM Vanille</i> (ex <i>Independence</i>) (16)	1986	3,045	3 years	July 2010	23.0	CMA-CGM	
<i>CMA CGM Passiflore</i> (ex <i>Henry</i>) (17)	1986	3,039	3 years	May 2010	23.0	CMA-CGM	
<i>CMA CGM Elbe</i>	1991	2,917	5 years	June 2010	20.4	CMA-CGM	
<i>CMA CGM Kalamata</i>	1991	2,917	5 years	June 2010	20.4	CMA-CGM	
<i>CMA CGM Komodo</i>	1991	2,917	5 years	June 2010	20.4	CMA-CGM	
<i>Hyundai Advance</i>	1997	2,200	10 years	June 2017	n/a(20)	Hyundai	
<i>Hyundai Future</i>	1997	2,200	10 years	August 2017	n/a(20)	Hyundai	
<i>Hyundai Sprinter</i>	1997	2,200	10 years	August 2017	n/a(20)	Hyundai	
<i>Hyundai Stride</i>	1997	2,200	10 years	July 2017	n/a(20)	Hyundai	
<i>Hyundai Progress</i>	1998	2,200	10 years	December 2017	n/a(20)	Hyundai	
<i>Hyundai Bridge</i>	1998	2,200	10 years	January 2018	n/a(20)	Hyundai	
<i>Hyundai Highway</i>	1998	2,200	10 years	January 2018	n/a(20)	Hyundai	
<i>Hyundai Vladivostok</i>	1997	2,200	10 years	May 2017	n/a(20)	Hyundai	
<i>Hanjin Montreal</i> (ex <i>Montreal Senator</i>) (18)	1984	2,130	2 years	May 2010	n/a(20)	Hanjin	
<i>MSC Eagle</i> (ex <i>Eagle Express</i>) (19)	1978	1,704	2 years	January 2010	n/a(20)	MSC	

(1)

Earliest date charters could expire. Most charters include options to extend their terms.

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- (2) Daily charter rate for the first six years of the charter. The daily charter rate for the seventh through twelfth years of the charter is \$34,500.
- (3) On September 15, 2007, the *CSCL America* was renamed the *MSC Baltic* at the request of the charterer of this vessel.
- (4) Daily charter rate for the first six years of the charter. The daily charter rate for seventh through twelfth years of the charter is \$29,800.
- (5) On April 2, 2009, the *MOL Affinity* was renamed the *Hyundai Commodore* at the request of the charterer of this vessel.
- (6) On May 12, 2009, the *APL Confidence* was renamed the *Hyundai Federal* at the request of the charterer of this vessel.
- (7) On August 22, 2008, the *Maersk Marathon* was renamed the *MSC Marathon* at the request of the charterer of this vessel.
- (8) On May 8, 2007, the *Norasia Integra* was renamed the *YM Colombo* at the request of the charterer of this vessel.
- (9) The daily charter rate set forth in the table is for the first four years of the charter. The daily charter rate is \$26,300 for the fifth through twelfth years of the charter.
- (10) The daily charter rate set forth in the table is for the first four years of the charter. The daily charter rate is \$26,300 for the fifth through twelfth years of the charter.
- (11) On December 28, 2007, the *Norasia Atria* was renamed the *YM Singapore* at the request of the charterer of this vessel.
- (12) On April 29, 2009, the *Maersk Derby* was renamed the *Bunga Raya Tiga* at the request of the charterer of this vessel.
- (13) On November 15, 2007, the *Vancouver Express* was renamed the *Maersk Deva* at the request of the charterer of this vessel.
- (14)

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On February 2, 2008, the *Norasia Hamburg* was renamed the *Al Rayyan* at the request of the charterer of this vessel.

- (15) On August 8, 2007, the *Victory I* was renamed the *CMA CGM Lotus* at the request of the charterer of this vessel.
- (16) On August 6, 2007, the *Independence* was renamed the *CMA CGM Vanille* at the request of the charterer of this vessel.
- (17) On June 8, 2007, the *Henry* was renamed the *CMA CGM Passiflore* at the request of the charterer of this vessel.
- (18) On May 14, 2009, the *Montreal Senator* was renamed the *Hanjin Montreal* at the request of the charterer of this vessel.
- (19) On February 19, 2008, the *Eagle Express* was renamed the *MSC Eagle* at the request of the charterer of this vessel. We currently anticipate that this vessel will be scrapped upon expiration of its current charter.
- (20) Vessel under charter, however, release of information currently restricted by confidentiality agreement with charterer.
- (21) As part of an announced restructuring, the charterer of this vessel is seeking a significant reduction in the charter rate for this vessel.

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The specifications of our 28 contracted newbuilding vessels under construction as of June 30, 2009 are as follows:

Name	Year Built	Vessel Size (TEU)	Shipyard	Expected Delivery Period	Time Charter Term (1)	Daily Charter Rate (In Thousands)	Charterer
HN S4001 (2)	2009	6,500	Sungdong	3rd Quarter 2009	12 years	34.4	CMA-CGM
HN S4002 (2)	2009	6,500	Sungdong	4th Quarter 2009	12 years	34.4	CMA-CGM
HN S4003 (2)	2009	6,500	Sungdong	4th Quarter 2009	12 years	34.4	CMA-CGM
HN N-219	2009	3,400	Hanjin	4th Quarter 2009	10 years	n/a(3)	n/a(3)
HN S4004 (2)	2010	6,500	Sungdong	1st Quarter 2010	12 years	34.4	CMA-CGM
HN S4005 (2)	2010	6,500	Sungdong	1st Quarter 2010	12 years	34.4	CMA-CGM
HN N-220	2010	3,400	Hanjin	2nd Quarter 2010	10 years	n/a(3)	n/a(3)
HN N-216	2010	6,500	Hanjin	2nd Quarter 2010	15 years	34.7	Yang Ming
HN N-217	2010	6,500	Hanjin	3rd Quarter 2010	15 years	34.7	Yang Ming
HN N-221	2010	3,400	Hanjin	3rd Quarter 2010	10 years	n/a(3)	n/a(3)
HN N-218	2010	6,500	Hanjin	4th Quarter 2010	15 years	34.7	Yang Ming
HN N-222	2010	3,400	Hanjin	4th Quarter 2010	10 years	n/a(3)	n/a(3)
HN N-223	2010	3,400	Hanjin	4th Quarter 2010	10 years	n/a(3)	n/a(3)
Hull No. S-461	2010	10,100	Hyundai Samho	4th Quarter 2010	12 years	n/a(3)	n/a(3)
Hull No. S-462	2011	10,100	Hyundai Samho	1st Quarter 2011	12 years	n/a(3)	n/a(3)
HN Z00001	2011	8,530	Shanghai Jiangnan	1st Quarter 2011	12 years	n/a(3)	n/a(3)
Hull No. S-463	2011	10,100	Hyundai Samho	1st Quarter 2011	12 years	n/a(3)	n/a(3)
HN Z00002	2011	8,530	Shanghai Jiangnan	2nd Quarter 2011	12 years	n/a(3)	n/a(3)
HN Z00003	2011	8,530			12 years	n/a(3)	n/a(3)

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			Shanghai Jiangnan	2nd Quarter 2011				
HN Z00004	2011	8,530	Shanghai Jiangnan	2nd Quarter 2011	12 years	n/a(3)	n/a(3)	
HULL 1022A	2011	8,530	Shanghai Jiangnan	3rd Quarter 2011	12 years	n/a(3)	n/a(3)	
Hull No. S-456	2012	12,600	Hyundai Samho	1st Quarter 2012	12 years	n/a(3)	n/a(3)	
Hull No. S-457	2012	12,600	Hyundai Samho	1st Quarter 2012	12 years	n/a(3)	n/a(3)	
Hull No. S-458	2012	12,600	Hyundai Samho	2nd Quarter 2012	12 years	n/a(3)	n/a(3)	
Hull No. S-459	2012	12,600	Hyundai Samho	2nd Quarter 2012	12 years	n/a(3)	n/a(3)	
Hull No. S-460	2012	12,600	Hyundai Samho	2nd Quarter 2012	12 years	n/a(3)	n/a(3)	

**Bareboat
Charter
Term (1)**