Capital Product Partners L.P. Announces: Second Quarter 2010 Financial Results, the Acquisition of Its 20th Vessel, the M/T Alkiviadis, and Upward Revision of Its Annual Distribution Guidance From $0.90 to $0.93 per Unit Commencing as of Q3 2010

ATHENS, GREECE, Jul 30, 2010 (MARKETWIRE via COMTEX News Network) -- Capital Product Partners L.P. (the "Partnership") (NASDAQ: CPLP), an international owner of modern double-hull tankers, today released its financial results for the second quarter ended June 30, 2010.

The Partnership's net income for the quarter ended June 30, 2010 was $5.2 million, or $0.16 per limited partnership unit, which is $0.09 lower than the $0.25 per unit from the previous quarter ended March 31, 2010, and $0.16 lower than the $0.32 per unit from the second quarter of 2009. The reported results of operations, with the exception of the Partnership's net income, presented below reflect the consolidation of the M/T Alkiviadis, which was acquired on June 30, 2010, for the full quarter, as the transaction was between two entities under common control.

Operating surplus for the quarter ended June 30, 2010 was $10.2 million, $1.5 million lower than the $11.7 million from the first quarter of 2010 and $1.3 million lower than the $11.5 million from the second quarter of 2009. Operating surplus is a non-GAAP financial measure used by certain investors to measure the financial performance of the Partnership and other master limited partnerships. (Please see Appendix A for a reconciliation of this non-GAAP measure to net income.)

Revenues for the second quarter of 2010 were $31.8 million, compared to $33.4 million in the second quarter of 2009. The Partnership's revenues for the second quarter of 2010 reflect the acquisition of the M/T Alkiviadis; in addition, for continuing operations, this reflects the lower charter rates at which we have re-chartered a number of the Partnership's vessels, whose original charters expired during the previous two quarters. The Partnership earned $0.2 million in profit share revenues in the second quarter of 2010, on the back of a buoyant Suezmax market, compared to zero profit share earned in the second quarter of 2009.

Total operating expenses for the second quarter of 2010 were $16.2 million, including $7.3 million in fees for the commercial and technical management of the fleet paid to a subsidiary of our Sponsor, Capital Maritime & Trading Corp, $7.7 million in depreciation and $0.6 million in general and administrative expenses. This is compared to $17.0 million total operating expenses for the second quarter of 2009.
Net interest expense and finance cost for the second quarter of 2010 amounted to $8.0 million compared to $7.3 million for the second quarter of 2009. The increase in net interest expense and finance cost is primarily due to the higher interest margin applicable to our loan facilities since June 30, 2009 and to lower cash deposit rates.

As of June 30, 2010 the Partnership's long-term debt remained unchanged compared to December 31, 2009 at $474.0 million and Partners' capital stood at $192.7 million.

Market Commentary
Overall, average product tanker spot earnings during the second quarter of 2010 remained at levels higher than the latter part of 2009. Refinery margins and refinery utilization, especially in the western hemisphere, have improved during the second quarter, and oil demand was at higher levels compared to a year ago. The period charter market held at similar levels compared to the first quarter of 2010, and at higher levels compared to the latter part of 2009, both in terms of charter rates and volume of fixtures, as charterers continued to show signs of higher confidence in the market based on the improved spot rates.
The Suezmax market was strong with earnings improving considerably, compared to the year end 2009, as strong demand both in the Atlantic Basin and the Far East drove rates upwards.

Fleet Developments
On June 30, 2010 the Partnership acquired the M/T Alkiviadis (2006 Hyundai Mipo 37,000 dwt Ice Class 1A) from Capital Maritime at a purchase price of $31.5 million, financed with cash. The M/T Alkiviadis is the Partnership's seventeenth modern MR tanker, bringing the size of its fleet to 20 vessels, and is chartered to Capital Maritime, under a two year time charter expected to expire in June 2012. The gross base rate under the charter is $13,000 per day (net $12,838) plus a 50/50 profit sharing agreement if it breaches IWL. The vessel's total operating expenses are fixed for five years until June 2015 at a daily rate of $7,000.
Following the acquisition of the M/T Alkiviadis, 81% of the fleet total days for the remainder of 2010, and 52% of the fleet total days in 2011 are secured under period charter coverage.

Revision of the Annual Distribution Guidance

In January 2010, the Partnership set its target annual distribution level at $0.90 per unit, which it believes is sustainable even if a low charter rate environment persists. During the first half of 2010, we have observed an improvement in the product tanker market from its historic lows and, as announced, the Partnership has made two accretive acquisitions of MR product tankers with charters of at least two years, thereby enhancing the visibility and stability of our cash flows. Following these positive developments the Partnership has revised upwards its target annual distribution level from $0.90 to $0.93 paid equally over four quarters, commencing with the payment of the third quarter 2010 distribution.

Annual General Meeting

On July 22, 2010, the Partnership held its Annual General Meeting in Piraeus at which each of Keith Forman and Evangelos Bairactaris were re-elected to act as Class III Directors until the 2013 Annual Meeting of Limited Partners of the Partnership. No other actions were taken at the meeting.

Re-Appointment of Directors by Capital GP L.L.C.

The Partnership also announced that Capital GP L.L.C, its General Partner, has re-appointed each of Evangelos M. Marinakis, Ioannis E. Lazaridis and Nikolaos N. Syntychakis to act as Appointed Directors, as such term is defined in the Partnership Agreement, for an additional three year term commencing as of July 22, 2010, the date of the Partnership's Annual General Meeting.

Management Commentary

Mr. Ioannis Lazaridis, Chief Executive and Chief Financial Officer of the Partnership's General Partner commented: "During the second quarter of 2010, we continued to observe an improvement in the product tanker market from the historical lows reached in the second half of 2009. We continue to closely monitor key industry factors, in order to assess a further market recovery for the remainder of 2010 and 2011. These factors include changes in oil product demand, oil refinery utilization rates, the implementation of the single-hull tanker phase out, the availability of shipping finance, as well as further delays and cancellations that could reduce the number of new tanker vessel deliveries."

Mr. Lazaridis continued: "We are particularly pleased that we have successfully completed the acquisition of our twentieth vessel, the M/T Alkiviadis, chartered to Capital Maritime for two years. The combination of an improved product tanker market and the accretive acquisitions of the M/T Atrotos and the M/T Alkiviadis since the end of 2009, allows us to revise upwards our annual distribution guidance by three cents to $0.93 per unit. We will continue to monitor market developments and explore further accretive acquisitions and as a result we will revisit our annual distribution guidance."

Quarterly Cash Distribution

On July 23, 2010, the Board of Directors of the Partnership declared a cash distribution of $0.225 per unit for the second quarter of 2010, in line with management's previous annual guidance. The second quarter 2010 distribution will be paid on August 13, 2010 to unit holders of record on August 6, 2010.

Conference Call and Webcast

Today, Friday, July 30, 2010 at 10:00 a.m. Eastern Daylight Time (U.S.), the Partnership will host an interactive conference call.

Conference Call details:

Participants should dial into the call 10 minutes before the scheduled time using the following numbers: 1(866) 819-7111 (from the US), 0(800) 953-0329 (from the UK) or +(44) (0) 1452 542 301 (from outside the US). Please quote "Capital Product Partners."

A replay of the conference call will be available until August 7, 2010. The United States replay number is 1(866) 247-4222; the UK replay number is 0(800) 953-1533; the standard international replay number is (+44) (0) 1452 550 000 and the access code required for the replay is: 69648481#.

Slides and audio webcast:

The slide presentation accompanying the conference call will be available on the Partnership's website at www.capitalpplp.com. An audio webcast of the call will also be accessible on the website. The relevant links will be found in the Investor Relations section of the website.

Forward Looking Statements:

The statements in this press release that are not historical facts, including our expectations regarding developments in the markets, their effects and the factors that may contribute to a market recovery, our expectations regarding the employment of our vessels, our expected charter coverage ratios for 2010 and 2011 and expectations regarding our quarterly distribution may be forward-looking statements (as such term is defined in Section 21E of the Securities Exchange Act of 1934, as amended). These forward-looking statements involve risks and uncertainties that could cause the stated or forecasted results to be materially different from those anticipated. Unless required by law, we expressly disclaim any obligation to update or revise any of these forward-looking statements, whether because of future events, new information, a change in our views or expectations, to conform them to actual results or otherwise. We assume no responsibility for the accuracy and completeness of the forward-looking statements. We make no prediction or statement about the performance of our common units.

About Capital Product Partners L.P.
Capital Product Partners L.P. (NASDAQ: CPLP), a Marshall Islands master limited partnership, is an international owner of modern double-hull tankers. The Partnership owns 20 vessels, including 17 modern MR tankers, two small product tankers and one suezmax crude oil tanker. Most of its 20 vessels are under medium- to long-term charters to BP Shipping Limited, Morgan Stanley Capital Group Inc., Overseas Shipholding Group and Capital Maritime & Trading Corp.

For more information about the Partnership, please visit our website: www.capitalpplp.com.

Capital Product Partners L.P.

Unaudited Condensed Consolidated and Combined Statements of Income (Note 1)

(In thousands of United States Dollars, except number of units and earnings per unit)

	For the three-month period ended June 30,		For the six-month period ended June 30,	
	2010	2009	2010	2009
Revenues	$ 29,495	$ 33,412	$ 61,828	$ 68,395
Revenues - related party	2,259	-	3,411	-
Total Revenues	31,754	33,412	65,239	68,395
Expenses:				
Voyage expenses	2,411	872	4,204	2,055
Vessel operating expenses - related party	7,254	8,224	14,426	15,027
Vessel operating expenses	552	445	1,034	1,278
General and administrative expenses	632	624	1,262	1,412
Depreciation	7,720	7,662	15,431	15,292
Operating income	13,185	15,585	28,882	33,331
Other income (expense),				

net:				
Interest expense and				
finance cost	(8,265)	(7,628)	(16,523)	(15,662)
Interest and other income	217	323	559	867
Total other (expense), net	(8,048)	(7,305)	(15,964)	(14,795)
Net income	5,137	8,280	12,918	18,536
Less:				
Net loss/(income)				
attributable to CMTC				
operations	23	(264)	(983)	(1,720)
Partnership's net income	$ 5,160	$ 8,016	$ 11,935	$ 16,816
General Partner's interest				
in Partnership's net				
income	$ 103	$ 160	$ 239	$ 336
Limited Partners' interest				
in Partnership's net				
income	$ 5,057	$ 7,856	$ 11,696	$ 16,480
Net income per:				
-- Common units (basic				
and diluted)	0.16	0.32	0.41	0.66
-- Subordinated units				
(basic and diluted)	-	-	-	0.66
-- Total units (basic				
and diluted)	0.16	0.32	0.41	0.66

Weighted-average units outstanding:				
-- Common units (basic and diluted)	31,098,729	24,817,151	29,104,705	22,676,582
-- Subordinated units (basic and diluted)	-	-	-	2,140,569
-- Total units (basic and diluted)	31,098,729	24,817,151	29,104,705	24,817,151

Capital Product Partners L.P.

Unaudited Condensed Consolidated and Combined Balance Sheets (Note 1)

(In thousands of United States Dollars)

	June 30, 2010	December 31, 2009
Assets		
Current assets		
Cash and cash equivalents	$ 3,614	$ 3,552
Short term investments	15,600	30,390
Trade accounts receivable	2,363	1,217
Due from related party	-	13,365
Inventory	435	466
Prepayments and other assets	377	584
Total current assets	22,389	49,574
Fixed assets		
Vessels, net	688,786	703,707
Total fixed assets	688,786	703,707

Other non-current assets		
Deferred charges, net	2,741	3,147
Restricted cash	5,000	4,500
Total non-current assets	696,527	711,354
Total assets	$ 718,916	$ 760,928
Liabilities and stockholders' equity / partners' capital		
Current liabilities		
Current portion of related party long-term debt	$ -	$ 4,412
Trade accounts payable	831	778
Due to related parties	5,797	4,939
Accrued liabilities	1,724	2,470
Deferred revenue	2,850	3,456
Total current liabilities	11,202	16,055
Long-term liabilities		
Long-term debt	474,000	474,000
Long-term related party debt	-	43,528
Deferred revenue	2,433	2,062
Derivative instruments	38,611	36,931
Total long-term liabilities	515,044	556,521
Total liabilities	526,246	572,576
Stockholders' equity	-	31,224

Partners' capital	192,670	157,128
Total liabilities and stockholders' equity / partners' capital	$ 718,916	$ 760,928

Capital Product Partners L.P.

Unaudited Condensed Consolidated and Combined Statements of Cash Flows (Note 1)

(In thousands of United States Dollars)

	For the six-month period ended June 30,	
	2010	2009
Cash flows from operating activities:		
Net income	$ 12,918	$ 18,536
Adjustments to reconcile net income to net cash provided by operating activities:		
Vessel depreciation and amortization	15,431	15,292
Amortization of deferred charges	280	173
Changes in operating assets and liabilities:		
Trade accounts receivable	(2,775)	4,875
Due from related parties	8	(337)
Prepayments and other assets	131	(251)
Inventory	(115)	(164)
Trade accounts payable	288	1,233
Due to related parties	858	3,869
Accrued liabilities	(683)	(550)
Deferred revenue	(235)	(1,957)
Net cash provided by operating activities	26,106	40,719

Cash flows from investing activities:		
Vessel acquisitions	(64,561)	(26,150)
Purchase of short term investments	(77,229)	(57,410)
Maturity of short term investments	91,519	24,380
Increase in restricted cash	(500)	-
Reclassification of short term investment to restricted cash	500	4,500
	---------	---------
Net cash (used in) investing activities	(50,271)	(54,680)
	---------	---------
Cash flows from financing activities:		
Proceeds from issuance of Partnership units	54,075	-
Expenses paid for issuance of Partnership units	(320)	-
Payments of related party debt/financing	(1,556)	(24,215)
Loan issuance costs	-	(42)
Excess of purchase price over book value of vessels acquired from entity under common control	(10,449)	-
Dividends paid	(17,523)	(43,462)
Capital contributions by CMTC	-	40,570
	---------	---------
Net cash provided by financing activities	24,227	(27,149)
	---------	---------
Net increase / (decrease) in cash and cash equivalents	62	(41,110)
Cash and cash equivalents at beginning of period	3,552	43,149
	---------	---------
Cash and cash equivalents at end of period	$ 3,614	$ 2,039
	---------	---------
Supplemental Cash Flow information		
Cash paid for interest	$ 15,905	$ 15,307

Non-cash Activities

Reduction in deferred offering expenses	$ 55	-
Net liabilities assumed by CMTC upon vessels contribution to the Partnership	$ 31,844	$ 31,073

Notes

(1) The unaudited condensed consolidated and combined statements of income for the three-month and six-month periods ended June 30, 2010 and 2009 and the unaudited condensed consolidated and combined statements of cash flows for the six-month period ended June 30, 2010 and 2009 include the results of operations of M/T Alkiviadis, M/T Atrotos, M/T Ayrton II and M/T Agamemnon II which were acquired from Capital Maritime, an entity under common control, on June 30, 2010, March 1, 2010, April 13, 2009 and April 7, 2009 respectively, as though the transfer had occurred at the beginning of the earliest period presented. The unaudited condensed consolidated and combined balance sheet as of December 31, 2009 includes the balance sheets of the vessel-owning companies of M/T Atrotos and M/T Alkiviadis.

(2) Short term investments consist of cash time deposits with original maturities of more than three months with de minimis early withdrawal penalty.

Appendix A - Reconciliation of Non-GAAP Financial Measure

(In thousands of U.S. dollars)

Description of Non-GAAP Financial Measure - Operating Surplus

Operating Surplus represents net income adjusted for non cash items such as depreciation and amortization expense, unearned revenue and unrealized gain and losses. Replacement capital expenditures represent those capital expenditures required to maintain over the long term the operating capacity of, or the revenue generated by, the Partnership's capital assets. Operating Surplus is a quantitative standard used in the publicly-traded partnership investment community to assist in evaluating a partnership's ability to make quarterly cash distributions. Operating Surplus is not required by accounting principles generally accepted in the United States and should not be considered as an alternative to net income or any other indicator of the Partnership's performance required by accounting principles generally accepted in the United States. The tables below reconcile Operating Surplus to net income for the three month period ended June 30, 2010.

Reconciliation of Non-GAAP Financial Measure - Operating Surplus	For the three-month period ended June 30, 2010
Net income	$ 5,137
Adjustments to reconcile net income to net cash provided by operating activities	
Depreciation and amortization	7,859
Deferred revenue	154
M/T Alkiviadis net loss for the period from April 1, 2010 to June 29, 2010	23
M/T Alkiviadis depreciation and amortization for the period from April 1, 2010 to June 29, 2010	(348)
NET CASH PROVIDED BY OPERATING ACTIVITIES	12,825

Replacement Capital	
Expenditures	(2,630)

OPERATING SURPLUS	10,195

Recommended reserves	(3,055)

AVAILABLE CASH	$ 7,140

Contact Details:
Capital GP L.L.C.
Ioannis Lazaridis
CEO and CFO
+30 (210) 4584 950
E-mail: i.lazaridis@capitalpplp.com

Capital Maritime & Trading Corp.
Jerry Kalogiratos
+30 (210) 4584 950
j.kalogiratos@capitalpplp.com

Investor Relations / Media
Matthew Abenante
Capital Link, Inc. (New York)
Tel. +1-212-661-7566
E-mail: cplp@capitallink.com