



Global Ship Lease Reports Results for the First Quarter of 2011

LONDON, May 16, 2011 (GLOBE NEWSWIRE) -- Global Ship Lease, Inc. (NYSE:GSL), a containership charter owner, announced today its unaudited results for the three months ended March 31, 2011.

First Quarter and Year To Date Highlights

- Reported revenue of \$39.1 million for the first quarter 2011, down slightly from \$39.2 million for the first quarter 2010 due to three days offhire in first quarter 2011 for a planned drydocking
- Reported net income of \$10.8 million for the first quarter 2011, including a \$5.0 million non-cash interest rate derivative mark-to-market gain. Reported net income for the first quarter 2010 was \$3.3 million, including \$4.9 million non-cash mark-to-market loss
- Generated \$26.2 million EBITDA(1) for the first quarter 2011, down on \$28.3 million for the first quarter 2010 due mainly to increased crew costs and the timing of maintenance and stores spend
- Excluding the non-cash mark-to-market items, normalized net income(1) was \$5.9 million for the first quarter 2011 compared to normalized net income of \$8.2 million for the first quarter 2010
- Loan-to-value under the Company's credit facility as at April 30, 2011 was less than 75%. Therefore, the interest margin paid on borrowings decreases to 3.00% from 3.50%, prepayment of borrowings becomes fixed at \$10 million per quarter and dividends to common shareholders are permitted

Ian Webber, Chief Executive Officer of Global Ship Lease, stated, "During the first quarter, our fleet performed as expected, enabling the Company to once again achieve strong utilization. With our entire 17 vessel fleet operating on time charters, we continue to generate sizeable cash flows. As we progress through the year, we remain committed to seeking opportunities to capitalize on the industry's strong fundamentals while maintaining a significant focus on preserving our financial strength."

Mr. Webber continued, "As containerized trade has continued to recover, we have seen steady improvement in asset values. This improvement, together with aggressive pay down of debt, has had a favorable effect on our loan-to-value ratio which was below 75% at the last test date, benefiting Global Ship Lease in a number of ways. First, the interest margin paid on borrowings will decrease to 3.00% from 3.50% which will save approximately \$2.5 million of cash interest in a full year. Second, the cash sweep mechanism to prepay borrowings no longer applies and prepayments become fixed at \$10 million per quarter. Finally, the Company is permitted to pay dividends to common shareholders. We believe that the Company's business model supports the delivery of dividends to common shareholders over the long-term and the Board will continue to evaluate the dividend policy on a quarterly basis."

SELECTED FINANCIAL DATA — UNAUDITED

(thousands of U.S. dollars)

	Three months ended March 31, 2011	Three months ended March 31, 2010
Revenue	39,104	39,151
Operating Income	16,276	18,404
Net Income	10,839	3,281
EBITDA (1)	26,225	28,275
Normalised Net Income (1)	5,877	8,160

(1) EBITDA and Normalized net income are non-US Generally Accepted Accounting Principles (US GAAP) measures, as explained further in this press release, and are considered by Global Ship Lease to be useful measures of its performance. Reconciliations of such non-GAAP

measures to the interim unaudited financial information are provided in this Earnings Release.

Revenue and Utilization

The 17 vessel fleet generated revenue from fixed rate long-term time charters of \$39.1 million in the three months ended March 31, 2011, down slightly on revenue of \$39.2 million for the comparative period in 2010. The decrease in revenue is due to three days offhire for a planned dry-docking which commenced on March 28, 2011. During the three months ended March 31, 2011, there were 1,530 ownership days, the same as the comparable period in 2010. The three days offhire for dry-dockings in the three months ended March 31, 2011, gives a utilization of 99.8%. In the comparable period of 2010, there were two days unplanned off-hire, representing utilization of 99.9%.

Vessel Operating Expenses

Vessel operating expenses, which include costs of crew, lubricating oil, spares and insurance, were \$11.0 million for the three months ended March 31, 2011. The average cost per ownership day was \$7,218, up \$205 or 2.9% on \$7,013 for the rolling four quarters ended March 31, 2011. The increase is due to increased crew costs, broadly from the third quarter 2010, as a result of inflation and adverse exchange rate movements as a portion of crew costs are denominated in euros, and from higher spend on supplies, partly in anticipation of scheduled dry-dockings. The first quarter 2011 average daily cost was up 15.1% from the average daily cost of \$6,269 for the comparative period in 2010 due to increased crew costs and higher spend on supplies and because spend in first quarter 2010 was disproportionately low.

Vessel operating expenses continue to be at less than the capped amounts included in Global Ship Lease's ship management agreements.

Depreciation

Depreciation of \$9.9 million for the three months ended March 31, 2011 was the same as in the comparative period in 2010 as there were no changes to the fleet.

General and Administrative Costs

General and administrative costs incurred were \$1.9 million in the three months ended March 31, 2011, including \$0.1 million non-cash charge for stock based incentives, compared to \$1.8 million for the comparable period in 2010, including \$0.3 million non-cash charge for stock based incentives.

Other operating income

Other operating income in the three months ended March 31, 2011 was \$0.1 million, down on \$0.6 million for the three months ended March 31, 2010 which included \$0.5 million tax refund relating to Marathon Acquisition Corp. prior to August 14, 2008.

EBITDA

As a result of the above, EBITDA was \$26.2 million the three months ended March 31, 2011 down against \$28.3 million for the three months ended March 31, 2010.

Interest Expense

Interest expense, excluding the effect of interest rate derivatives which do not qualify for hedge accounting, for the three months ended March 31, 2011 was \$5.6 million. The Company's borrowings under its credit facility averaged \$532.8 million during the three months ended March 31, 2011. There were \$48.0 million preferred shares throughout the period giving total average borrowings through the three months ended March 31, 2011 of \$580.8 million. Interest expense in the comparative period in 2010 was \$5.9 million on average borrowings, including the preferred shares, of \$634.3 million.

Interest income for the three months ended March 31, 2011 and 2010 was not material.

Change in Fair Value of Financial Instruments

The Company hedges its interest rate exposure by entering into derivatives that swap floating rate debt for fixed rate debt to provide long-term stability and predictability to cash flows. As these hedges do not qualify for hedge accounting under US GAAP, the outstanding hedges are marked to market at each period end with any change in the fair value being booked to the income and expenditure account. The Company's derivative hedging instruments gave a \$0.2 million gain in the three months ended March 31, 2011, reflecting primarily movements in the forward curve for interest rates. Of this amount, \$4.8 million was a

realized loss for settlements of swaps in the period and \$5.0 million was an unrealized gain for revaluation of the balance sheet position. This compares to a \$9.3 million loss in the three months ended March 31, 2010 of which \$4.4 million was a realized loss and \$4.9 million was an unrealized loss.

At March 31, 2011, the total mark-to-market unrealized loss recognized as a liability on the balance sheet was \$39.5 million.

Unrealized mark-to-market adjustments have no impact on operating performance or cash generation in the period reported.

Taxation

Taxation for the three months ended March 31, 2011 and in three months ended March 31, 2010 was not material.

Net Income

Net income for the three months ended March 31, 2011 was \$10.8 million including \$5.0 million non-cash interest rate derivative mark-to-market gain. For the three months ended March 31, 2010 net income was \$3.3 million, including \$4.9 million non-cash interest rate derivative mark-to-market loss. Normalized net income was \$5.9 million for the three months ended March 31, 2011 and \$8.2 million for the three months ended March 31, 2010.

Credit Facility

The leverage ratio under the loan-to-value test as at April 30, 2011 was less 75% and greater than 65%. Accordingly, the interest margin applied on amounts borrowed under the credit facility will decrease by 50 basis points to 3.00%. Further, the full cash sweep to prepay borrowings no longer applies and prepayments become fixed at \$10 million per quarter.

Finally, Global Ship Lease may resume the payment of dividends to common shareholders.

The next loan-to-value test including updated market values of the Company's vessels will be as at November 30, 2011.

In the three months ended March 31, 2011 a total of \$13.8 million of debt was prepaid leaving a balance outstanding of \$519.0 million.

Dividend

Global Ship Lease is not currently paying a dividend on common shares.

The Board of Directors reviews the Company's dividend policy on a quarterly basis, taking into consideration capital structure, growth opportunities, industry fundamentals, asset value trends and financial performance including cash flow, among others factors.

Fleet Utilization

The table below shows fleet utilization for the three months ended March 31, 2011 and 2010 and for the year ended December 31, 2010.

	Year		
	Three months ended		ended
Days	Mar 31,	Mar 31,	Dec 31,
	2011	2010	2010
Ownership days	1,530	1,530	6,205
Planned offhire - scheduled drydock	(3)	0	0
Unplanned offhire	0	(2)	(3)
Operating days	1,527	1,528	6,202
Utilization	99.8%	99.9%	100.0%

Seven vessels are scheduled to be drydocked in 2011 and six in 2012. This will lead to increased planned offhire.

Fleet

The following table provides information about the on-the-water fleet of 17 vessels chartered to CMA CGM.

<u>Vessel Name</u>	<u>Capacity in TEUs ⁽¹⁾</u>	<u>Year Built</u>	<u>Purchase Date by GSL</u>	<u>Remaining Charter Term (years)</u>	<u>Daily Charter Rate</u>
Ville d'Orion	4,113	1997	December 2007	1.7	\$28,500
Ville d'Aquarius	4,113	1996	December 2007	1.7	\$28,500
CMA CGM Matisse	2,262	1999	December 2007	5.7	\$18,465
CMA CGM Utrillo	2,262	1999	December 2007	5.7	\$18,465
Delmas Keta	2,207	2003	December 2007	6.7	\$18,465
Julie Delmas	2,207	2002	December 2007	6.7	\$18,465
Kumasi	2,207	2002	December 2007	6.7	\$18,465
Marie Delmas	2,207	2002	December 2007	6.7	\$18,465
CMA CGM La Tour	2,272	2001	December 2007	5.7	\$18,465
CMA CGM Manet	2,272	2001	December 2007	5.7	\$18,465
CMA CGM Alcazar	5,100	2007	January 2008	9.8	\$33,750
CMA CGM Château d'If	5,100	2007	January 2008	9.8	\$33,750
CMA CGM Thalassa	10,960	2008	December 2008	14.8	\$47,200
CMA CGM Jamaica	4,298	2006	December 2008	11.7	\$25,350
CMA CGM Sambhar	4,045	2006	December 2008	11.7	\$25,350
CMA CGM America	4,045	2006	December 2008	11.7	\$25,350
CMA CGM Berlioz	6,627	2001	August 2009	10.4	\$34,000

(1) Twenty-foot Equivalent Units.

In addition, the Company has options to purchase two further vessels as follows.

<u>Vessel Name</u>	<u>Capacity in TEUs ⁽¹⁾</u>	<u>Year Built</u>	<u>Potential Delivery Date to GSL</u>	<u>Charterer</u>	<u>Charter Term (years)</u>	<u>Daily Charter Rate</u>
Zim Alabama ⁽²⁾	4,250	2010	December 2011	ZIM	6-7 ⁽³⁾	\$28,000
Zim Texas ⁽²⁾	4,250	2011	January 2012	ZIM	6-7 ⁽³⁾	\$28,000

(1) Twenty-foot Equivalent Units.

(2) Option to purchase from German interests for a payment of \$61.25 million per vessel.

(3) Six-year charter from December 2011/January 2012 that could be extended to seven years at charterer's option.

Conference Call and Webcast

Global Ship Lease will hold a conference call to discuss the Company's results for the three months ended March 31, 2011 today, Monday, May 16, 2011 at 10:30 a.m. Eastern Time. There are two ways to access the conference call:

(1) Dial-in: (866) 966-9439 or (631) 510-7498; Passcode: 64345551

Please dial in at least 10 minutes prior to 10:30 a.m. Eastern Time to ensure a prompt start to the call.

(2) Live Internet webcast and slide presentation: <http://www.globalshiplease.com>

If you are unable to participate at this time, a replay of the call will be available through Monday, May 30, 2011 at (866) 247-

4222 or (631) 510-7499. Enter the code 64345551 to access the audio replay. The webcast will also be archived on the Company's website: <http://www.globalshiplease.com>.

About Global Ship Lease

Global Ship Lease is a containership charter owner. Incorporated in the Marshall Islands, Global Ship Lease commenced operations in December 2007 with a business of owning and chartering out containerships under long-term, fixed rate charters to top tier container liner companies.

Global Ship Lease owns 17 vessels with a total capacity of 66,297 TEU with an average age, weighted by TEU capacity, at March 31, 2011 of 7.1 years. All of the current vessels are fixed on long-term charters to CMA CGM with an average remaining term of 7.8 years, or 9.1 years on a weighted basis.

Reconciliation of Non-U.S. GAAP Financial Measures

A. EBITDA

EBITDA represents Net income (loss) before interest income and expense including amortization of deferred finance costs, realized and unrealized gain (loss) on derivatives, income taxes, depreciation, amortization and impairment charges. EBITDA is a non-US GAAP quantitative measure used to assist in the assessment of the Company's ability to generate cash from its operations. 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. EBITDA is not defined in US GAAP and should not be considered to be an alternate to Net income (loss) or any other financial metric required by such accounting principles.

EBITDA - UNAUDITED

(thousands of U.S. dollars)

	Three months ended Mar 31, <u>2011</u>	Three months ended Mar 31, <u>2010</u>
Net income	10,839	3,281
Adjust: Depreciation	9,949	9,871
Interest income	(13)	(35)
Interest expense	5,610	5,856
Realized and unrealized (gain) loss on interest rate derivatives	(179)	9,274
Income tax	<u>19</u>	<u>28</u>
EBITDA	<u><u>26,225</u></u>	<u><u>28,275</u></u>

B. Normalized net income

Normalized net income represents Net income (loss) adjusted for the unrealized gain (loss) on derivatives, the accelerated write off of a portion of deferred financing costs and impairment charges. Normalized net income is a non-GAAP quantitative measure which we believe will assist investors and analysts who often adjust reported net income for non-operating items such as change in fair value of derivatives to eliminate the effect of non cash non-operating items that do not affect operating performance or cash generated. Normalized net income is not defined in US GAAP and should not be considered to be an alternate to Net income (loss) or any other financial metric required by such accounting principles.

NORMALIZED NET INCOME -- UNAUDITED

(thousands of U.S. dollars)

	Three months ended Mar 31, <u>2011</u>	Three months ended Mar 31, <u>2010</u>
Net income	10,839	3,281
Adjust: Unrealized (gain) loss on derivatives	<u>(4,962)</u>	<u>4,879</u>
Normalized net income	<u>5,877</u>	<u>8,160</u>

Safe Harbor Statement

This communication contains forward-looking statements. Forward-looking statements provide Global Ship Lease's current expectations or forecasts of future events. Forward-looking statements include statements about Global Ship Lease's expectations, beliefs, plans, objectives, intentions, assumptions and other statements that are not historical facts. Words or phrases such as "anticipate," "believe," "continue," "estimate," "expect," "intend," "may," "ongoing," "plan," "potential," "predict," "project," "will" or similar words or phrases, or the negatives of those words or phrases, may identify forward-looking statements, but the absence of these words does not necessarily mean that a statement is not forward-looking. These forward-looking statements are based on assumptions that may be incorrect, and Global Ship Lease cannot assure you that these projections included in these forward-looking statements will come to pass. Actual results could differ materially from those expressed or implied by the forward-looking statements as a result of various factors.

The risks and uncertainties include, but are not limited to:

- future operating or financial results;
- expectations regarding the future growth of the container shipping industry, including the rates of annual demand and supply growth;
- the financial condition of CMA CGM, our sole charterer and only source of operating revenue, and its ability to pay charterhire in accordance with the charters;
- Global Ship Lease's financial condition and liquidity, including its ability to obtain additional waivers which might be necessary under the existing credit facility or obtain additional financing to fund capital expenditures, vessel acquisitions and other general corporate purposes;
- Global Ship Lease's ability to meet its financial covenants and repay its credit facility;
- Global Ship Lease's expectations relating to dividend payments and forecasts of its ability to make such payments including the availability of cash and the impact of constraints under its credit facility;
- future acquisitions, business strategy and expected capital spending;
- operating expenses, availability of crew, number of off-hire days, drydocking and survey requirements and insurance costs;
- general market conditions and shipping industry trends, including charter rates and factors affecting supply and demand;
- assumptions regarding interest rates and inflation;
- changes in the rate of growth of global and various regional economies;
- risks incidental to vessel operation, including piracy, discharge of pollutants and vessel accidents and damage including total or constructive total loss;
- estimated future capital expenditures needed to preserve its capital base;
- Global Ship Lease's expectations about the availability of ships to purchase, the time that it may take to construct new ships, or the useful lives of its ships;
- Global Ship Lease's continued ability to enter into or renew long-term, fixed-rate charters;
- the continued performance of existing long-term, fixed-rate time charters;
- Global Ship Lease's ability to capitalize on its management's and board of directors' relationships and reputations in the containership industry to its advantage;
- changes in governmental and classification societies' rules and regulations or actions taken by regulatory authorities;
- expectations about the availability of insurance on commercially reasonable terms;
- unanticipated changes in laws and regulations including taxation;
- potential liability from future litigation.

Forward-looking statements are subject to known and unknown risks and uncertainties and are based on potentially inaccurate

assumptions that could cause actual results to differ materially from those expected or implied by the forward-looking statements. Global Ship Lease's actual results could differ materially from those anticipated in forward-looking statements for many reasons specifically as described in Global Ship Lease's filings with the SEC. Accordingly, you should not unduly rely on these forward-looking statements, which speak only as of the date of this communication. Global Ship Lease undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this communication or to reflect the occurrence of unanticipated events. You should, however, review the factors and risks Global Ship Lease describes in the reports it will file from time to time with the SEC after the date of this communication.

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Income

(Expressed in thousands of U.S. dollars except share data)

	Three months ended March 31,	
	2011	2010
Operating Revenues		
Time charter revenue	<u>\$ 39,104</u>	<u>\$ 39,151</u>
Operating Expenses		
Vessel operating expenses	11,043	9,592
Depreciation	9,949	9,871
General and administrative	1,942	1,836
Other operating income	<u>(106)</u>	<u>(552)</u>
Total operating expenses	<u>22,828</u>	<u>20,747</u>
Operating Income	16,276	18,404
Non Operating Income (Expense)		
Interest income	13	35
Interest expense	(5,610)	(5,856)
Realized and unrealized gain (loss) on interest rate derivatives	<u>179</u>	<u>(9,274)</u>
Income before Income Taxes	10,858	3,309
Income taxes	<u>(19)</u>	<u>(28)</u>
Net Income	<u><u>\$ 10,839</u></u>	<u><u>\$ 3,281</u></u>
Weighted average number of Class A common shares outstanding		
Basic	47,186,378	46,830,467
Diluted	47,405,490	46,937,546
Net Income in \$ per Class A common share		

Basic	\$ 0.23	\$ 0.07
Diluted	\$ 0.23	\$ 0.07
Weighted average number of Class B common shares outstanding		
Basic and diluted	7,405,956	7,405,956
Net income in \$ per Class B common share		
Basic and diluted	\$ nil	\$ nil

Global Ship Lease, Inc.

Interim Unaudited Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

	March 31, 2011	December 31, 2010
Assets		
Cash and cash equivalents	\$ 28,539	\$ 28,360
Restricted cash	3,027	3,027
Accounts receivable	7,318	7,341
Prepaid expenses	1,157	712
Other receivables	119	264
Deferred tax	297	265
Deferred financing costs	<u>1,019</u>	<u>1,009</u>
Total current assets	<u>41,476</u>	<u>40,978</u>
Vessels in operation	913,386	922,498
Other fixed assets	9	10
Intangible asset — vessel purchase options	13,645	13,645
Intangible asset — other	42	26
Deferred financing costs	<u>3,586</u>	<u>3,865</u>
Total non-current assets	<u>930,668</u>	<u>940,044</u>
Total Assets	<u><u>\$ 972,144</u></u>	<u><u>\$ 981,022</u></u>
Liabilities and Stockholders' Equity		
Liabilities		
Current portion of long term debt	\$ 40,000	\$ 44,500
Intangible liability — charter agreements	2,119	2,119
Accounts payable	1,008	1,391
Accrued expenses	5,412	5,575
Derivative instruments	<u>17,793</u>	<u>17,798</u>

Total current liabilities	<u>66,332</u>	<u>71,383</u>
Long term debt	478,953	488,269
Preferred shares	48,000	48,000
Intangible liability — charter agreements	21,640	22,169
Derivative instruments	<u>21,680</u>	<u>26,637</u>
Total long-term liabilities	<u>570,273</u>	<u>585,075</u>
Total Liabilities	<u>\$ 636,605</u>	<u>\$ 656,458</u>

Stockholders' Equity

Class A Common stock — authorized 214,000,000 shares with a \$0.01 par value; 47,188,978 shares issued and outstanding (2010 — 47,130,467)	\$ 472	\$ 471
Class B Common stock — authorized 20,000,000 shares with a \$0.01 par value; 7,405,956 shares issued and outstanding (2010 — 7,405,956)	74	74
Additional paid in capital	351,430	351,295
Accumulated deficit	<u>(16,437)</u>	<u>(27,276)</u>
Total Stockholders' Equity	<u>335,539</u>	<u>324,564</u>
Total Liabilities and Stockholders' Equity	<u>\$ 972,144</u>	<u>\$ 981,022</u>

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Three months ended March 31,	
	2011	2010
Cash Flows from Operating Activities		
Net income	\$ 10,839	\$ 3,281
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	9,949	9,871
Amortization of deferred financing costs	269	226
Change in fair value of certain derivative instruments	(4,962)	4,879
Amortization of intangible liability	(529)	(530)

Settlements of hedges which do not qualify for hedge accounting	4,783	4,395
Share based compensation	136	311
Increase in other receivables and other assets	(315)	(195)
Decrease in accounts payable and other liabilities	(538)	(2,772)
Unrealized foreign exchange loss	9	39
Net Cash Provided by Operating Activities	<u>19,641</u>	<u>19,505</u>
Cash Flows from Investing Activities		
Settlements of hedges which do not qualify for hedge accounting	(4,783)	(4,395)
Cash paid to acquire intangible assets	(26)	--
Cash paid for purchases of vessels, vessel prepayments and vessel deposits	--	(308)
Costs relating to drydocks	(837)	(164)
Net Cash Used in Investing Activities	<u>(5,646)</u>	<u>(4,867)</u>
Cash Flows from Financing Activities		
Repayments of debt	(13,816)	(4,092)
Net Cash Used in Financing Activities	<u>(13,816)</u>	<u>(4,092)</u>
Net Increase in Cash and Cash Equivalents	179	10,546
Cash and Cash Equivalents at start of Period	<u>28,360</u>	<u>30,810</u>
Cash and Cash Equivalents at end of Period	<u><u>\$ 28,539</u></u>	<u><u>\$ 41,356</u></u>

Supplemental information

Dividends declared	\$ --	\$ --
Total interest paid during period	\$ 5,374	\$ 5,792
Income tax paid	<u><u>\$ 26</u></u>	<u><u>\$ --</u></u>

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