



# GLOBAL SHIP LEASE



**Third Quarter 2012  
Presentation**

# 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 overall health and condition of the U.S. and global financial markets;*
- *the financial condition of CMA CGM, Global Ship Lease's 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 for 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 key employees and crew, number of off-hire days, drydocking and survey requirements, general and administrative costs 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;*
- *change 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 Global Ship Lease's capital base;*
- *Global Ship Lease's expectations about the availability of vessels to purchase, the time that it may take to construct new vessels, or the useful lives of its vessels;*
- *Global Ship Lease's continued ability to enter into or renew long-term, fixed rate charters including the re-chartering of vessels on the expiry of existing charters, or to secure profitable employment for its vessels in the spot market;*
- *the continued performance of existing long-term, fixed rate charters;*
- *Global Ship Lease's ability to capitalize on management's and 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 environmental and taxation; and*
- *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.*



# Disclaimer

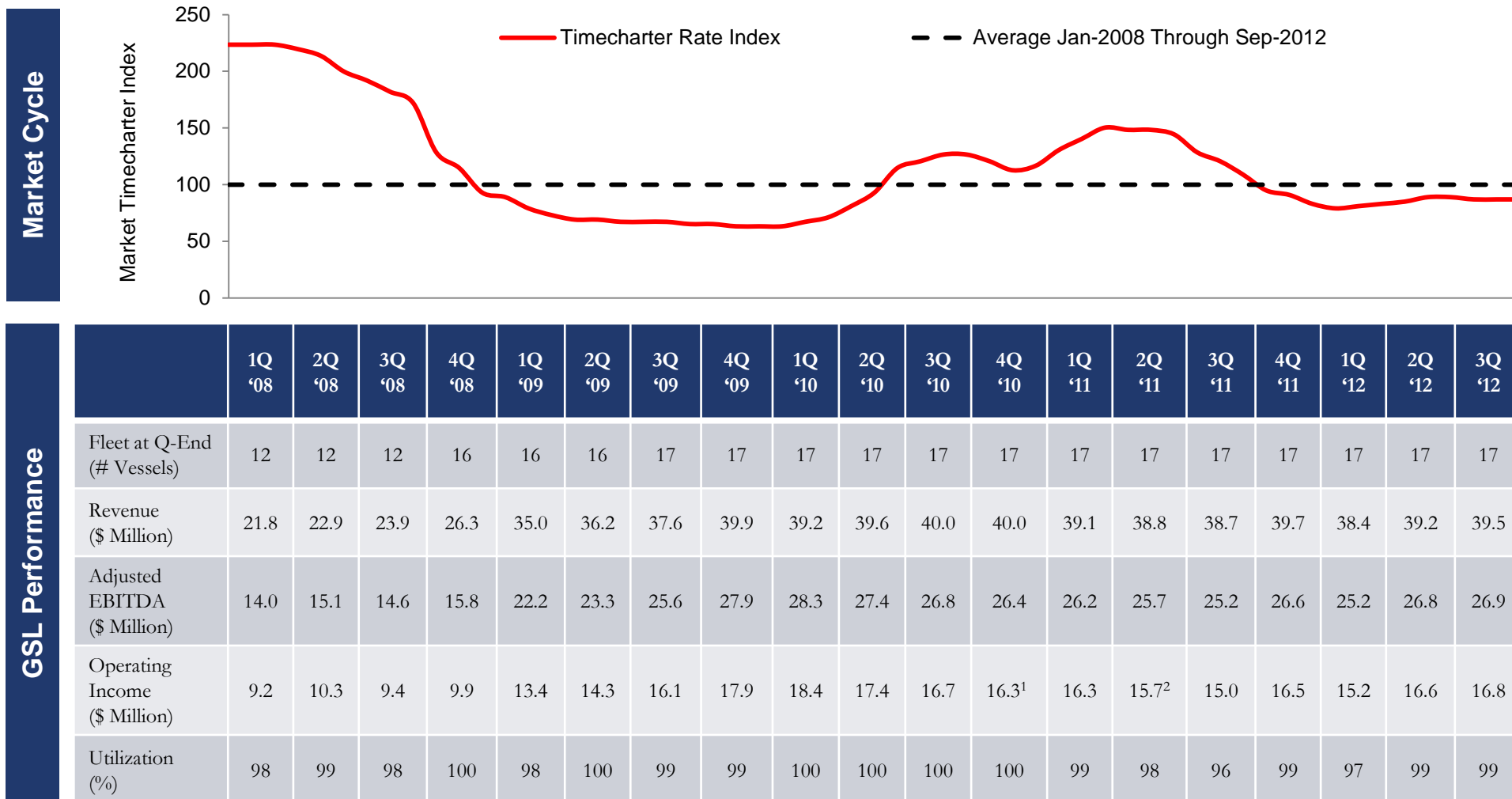
*The financial information and data contained in this communication is unaudited and does not conform to the U.S. Securities and Exchange Commission Regulation S-X. Accordingly, such information and data may not be included in, may be adjusted in or may be presented differently in, Global Ship Lease's filings with the Securities and Exchange Commission, or SEC. This communication includes certain estimated financial information and forecasts presented as pro-forma financial measures that are not derived in accordance with generally accepted accounting principles ("GAAP"), and which may be deemed to be non-GAAP financial measures within the meaning of Regulation G promulgated by the SEC. Global Ship Lease believes that the presentation of these non-GAAP financial measures serves to enhance the understanding of the financial performance of Global Ship Lease. However, these non-GAAP financial measures should be considered in addition to and not as substitutes for, or superior to, financial measures of financial performance prepared in accordance with GAAP. Please refer to the second quarter earnings press release for a discussion of these non-GAAP financial measures.*



## Continued to generate stable revenues and cash flows:

- Reported revenue of \$39.5 million for third quarter 2012
- Generated Adjusted EBITDA of \$26.9 million for third quarter 2012
- Excluding non-cash mark-to-market gain, normalized net income was \$6.9 million for third quarter 2012
- Reported net income of \$8.3 million for third quarter 2012, after a \$1.5 million non-cash interest rate derivative mark-to-market gain
- Continued to de-lever; repaid \$23.0 million of debt during third quarter of 2012; repaid \$162.3 million since the fourth quarter of 2009
- Net bank debt to last 12 months Adjusted EBITDA now 3.9 to 1
- Negotiated waiver of loan-to-value test until December 1, 2014

# Robust Performance Throughout the Cycle

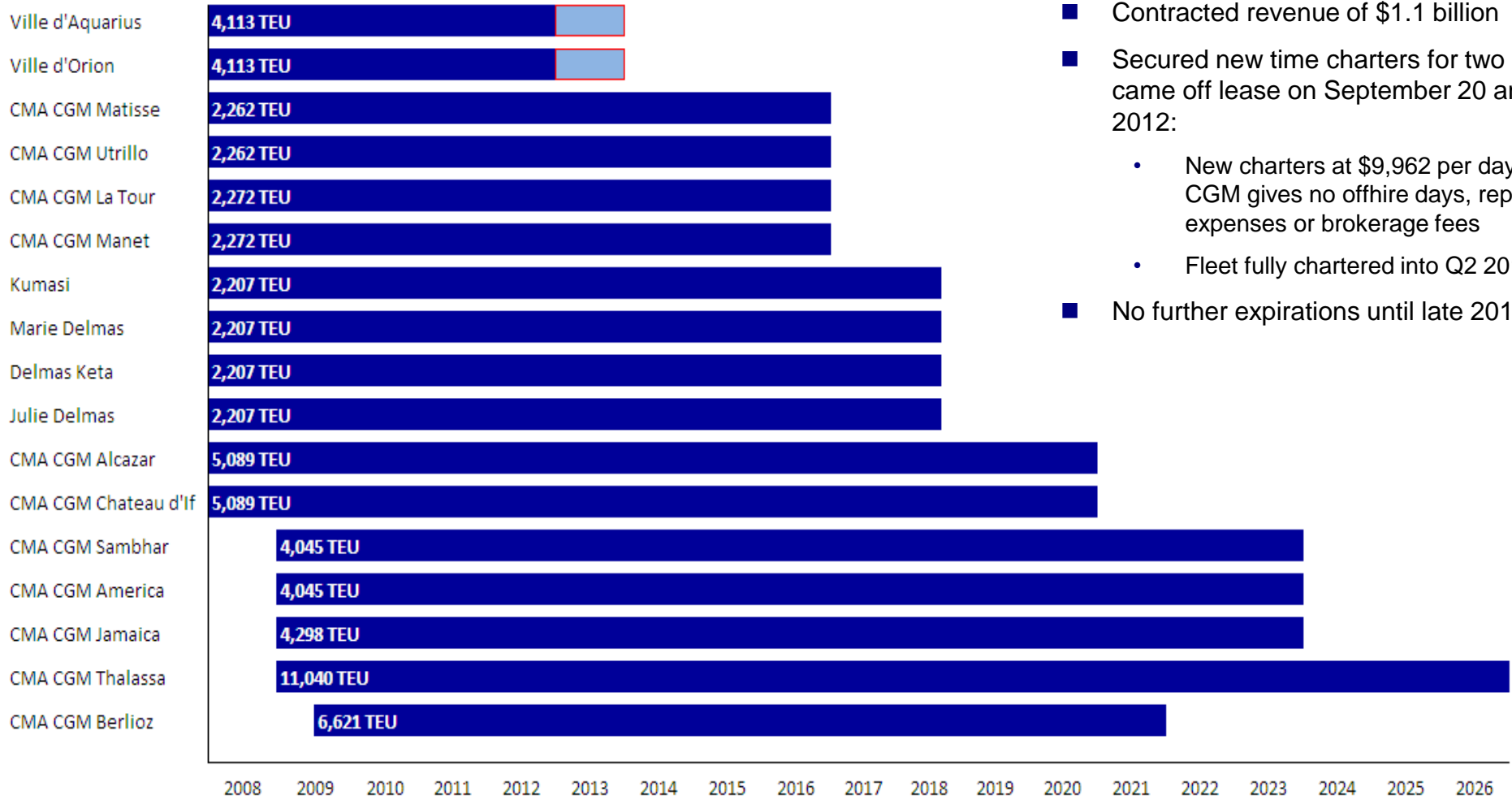


Source: Clarksons (Note: Timecharter Index has been re-based: 100 = average 1Q2008 – 3Q2012) and GSL

(1) 4Q-2010 Operating Income before \$17.1 million impairment charge following renegotiation of purchase obligations on two 4,250 TEU vessels converting these to options

(2) 2Q-2011 Operating Income before \$13.6 million impairment charge to write-off fair value of purchase options

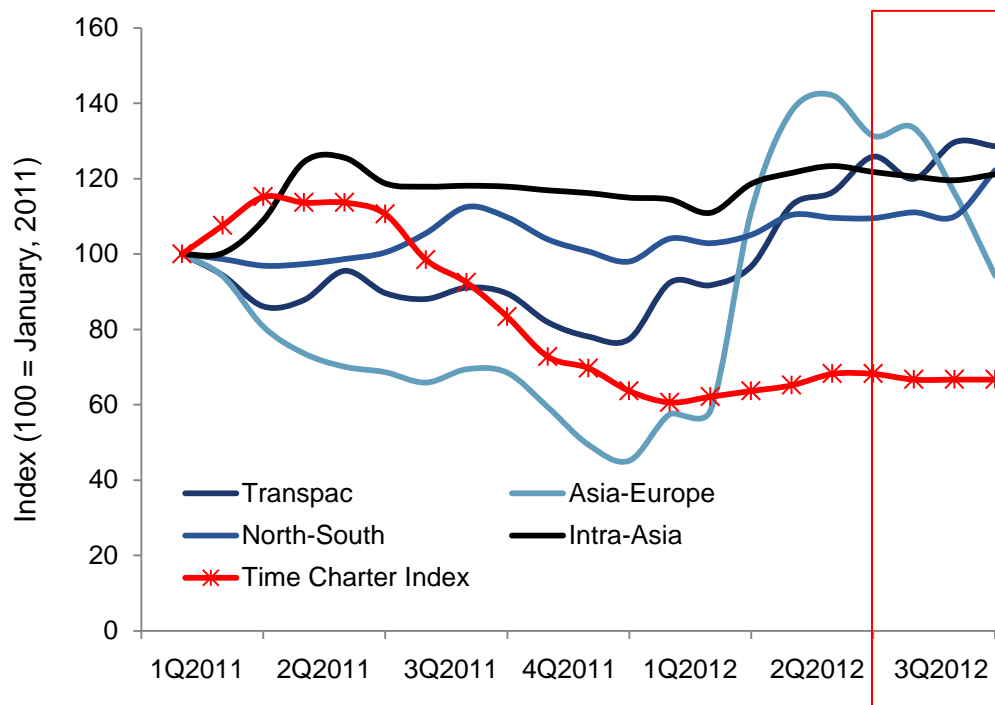
# Fleet and Charter Portfolio: Significant Forward Coverage



- Average remaining contract term of 7.6 years on a weighted basis
- Contracted revenue of \$1.1 billion
- Secured new time charters for two ships that came off lease on September 20 and 21, 2012:
  - New charters at \$9,962 per day with CMA CGM gives no offhire days, repositioning expenses or brokerage fees
  - Fleet fully chartered into Q2 2013
- No further expirations until late 2016

# Pricing Discipline has Improved Environment for Liner Operators

## Freight Rate Indices (ex-Shanghai) & Time Charter Rate Index



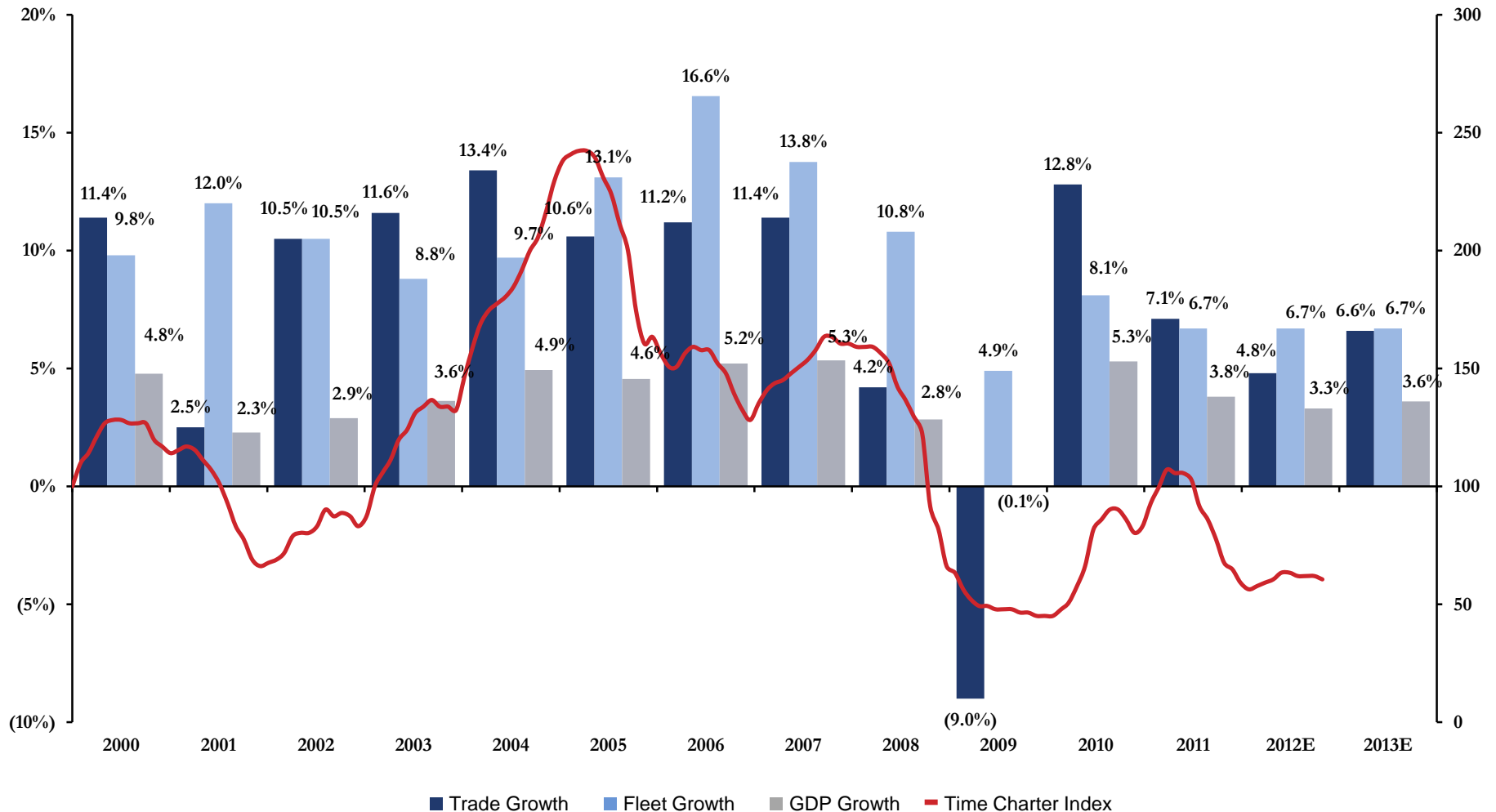
## Commentary

- 3Q2012 liner results published to date have shown the continued positive impact of pricing discipline
- New capacity deployed on the Asia-Europe trades put spot rates in these trades under pressure in 3Q2012
  - Lines are blanking selected sailings to mitigate excess capacity and reduce downward pressure on rates
  - Slow steaming continues to absorb effective capacity
  - Further General Rate Increases (GRIs) are being implemented in 4Q2012
- Weak supply / demand fundamentals continue to impede recovery of spot charter market and asset values

# Market Dynamics Shaped by Fundamentals over Long Term

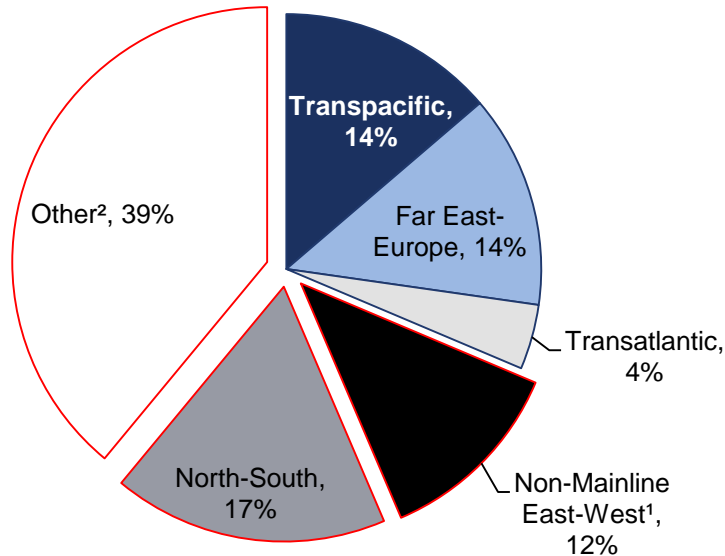
Year-Over-Year Growth (%)

Time Charter Index

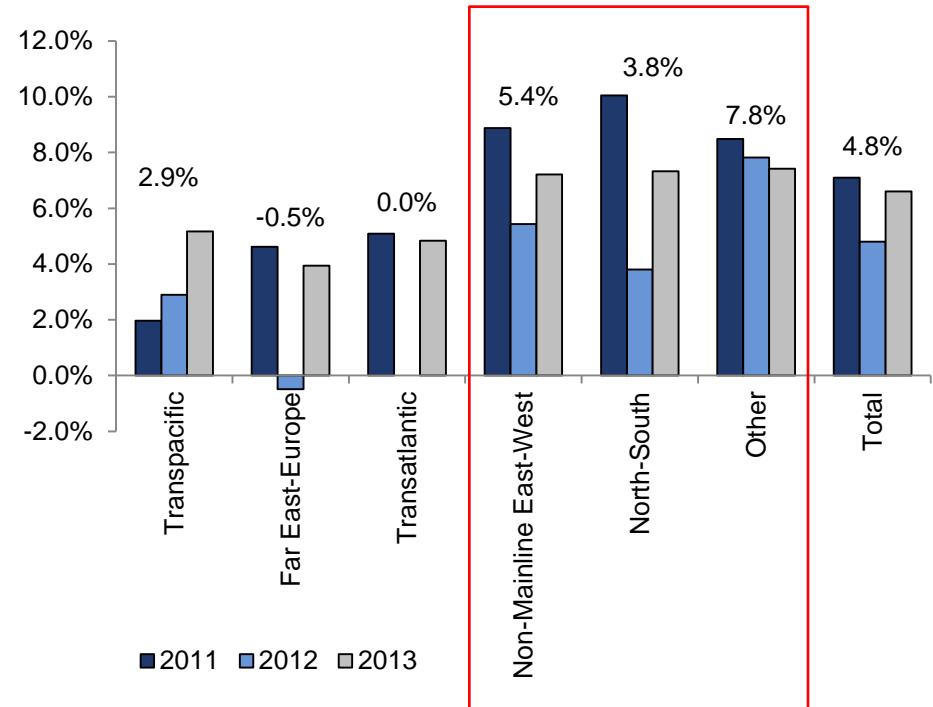


# Mid-Size and Smaller Vessels Deployed in Higher Growth Trades

## 2011 Global Containerized Trade ~151 mm TEU



## Estimated Containerized Trade Growth, by Tradelane<sup>3</sup>



- Fastest growing trades are Non-Mainline East-West<sup>1</sup>, North-South and Other (primarily Intra-Asia)
- Collectively these trades represent almost 70% of global containerized trade
- These trades are predominantly served by mid-size and smaller tonnage; 15 of GSL's 17 vessels are in this category

Source: Clarksons (October 2012)

(1) Non-Mainline East-West Trades include non long-haul trades such as those to and from Middle East and Indian Sub-Continent

(2) Other Trades include the Intra-Regional Trades (primarily Intra-Asia) and South-South Trades

(3) Data labels show projected growth FY2012E

# Waiver of Loan-To-Value Test



## Insulated from asset volatility for two years

- Two-year waiver with next test scheduled for December 1, 2014
- During the waiver period:
  - Fixed interest margin to be paid over LIBOR will be 3.75%
  - Prepayments are based on cash flow, subject to a \$40 million minimum on a rolling 12 month basis, rather than a fixed amount
  - Dividends on common shares cannot be paid
- Amendment such that all secured vessels will be included in the loan-to-value test whether subject to charter or not; previously unchartered vessels excluded



# Q3 2012 Financials



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# Financial Results (unaudited)

USD thousands	Three months ended September 30,		Nine months ended September 30,	
	2012	2011	2012	2011
<b>Operating Revenues</b>				
Time charter revenue	\$ 39,454	\$ 38,676	\$ 117,037	\$ 116,554
<b>Operating Expenses</b>				
Vessel operating expenses	11,196	11,750	34,073	34,047
Depreciation	10,144	10,117	30,277	30,055
General and administrative	1,421	1,801	4,330	5,619
Impairment charge	-	-	-	13,645
Other operating income	(68)	(38)	(226)	(236)
Total operating expenses	22,693	23,630	68,454	83,130
<b>Operating Income</b>	16,761	15,046	48,583	33,424
<b>Non Operating Income (Expense)</b>				
Interest income	22	13	66	36
Interest expense	(5,272)	(4,760)	(16,087)	(15,428)
Realized loss on interest rate derivatives	(4,638)	(4,953)	(13,740)	(14,605)
Unrealized gain (loss) on interest rate derivatives	1,492	(6,090)	5,075	(4,930)
<b>Income (Loss) before Income Taxes</b>	8,365	(744)	23,897	(1,503)
Income tax	(22)	(191)	(90)	(286)
<b>Net Income (Loss)</b>	\$ 8,343	\$ (935)	\$ 23,807	\$ (1,789)

# Balance Sheet (unaudited)

USD thousands	September 30, 2012	December 31, 2011
<b>Assets</b>		
Cash and cash equivalents	\$ 29,318	\$ 25,814
Restricted cash	3	3,027
Accounts receivable	7,601	13,911
Prepaid expenses	734	726
Other receivables	754	839
Deferred tax	-	19
Deferred financing costs	1,140	1,168
Total current assets	39,550	45,504
Vessels in operation	865,441	890,249
Other fixed assets	35	54
Intangible assets - other	78	92
Deferred tax	-	10
Deferred financing costs	2,741	3,626
Total non-current assets	868,295	894,031
<b>Total Assets</b>	<b>\$ 907,845</b>	<b>\$ 939,535</b>
<b>Liabilities and Stockholders' Equity</b>		
<b>Liabilities</b>		
Current portion of long term debt	\$ 48,315	\$ 46,000
Intangible liability – charter agreements	2,119	2,119
Accounts payable	1,177	1,286
Accrued expenses	5,720	4,953
Derivative instruments	14,575	15,920
Total current liabilities	71,906	70,278
Long term debt	388,441	437,612
Preferred shares	44,976	48,000
Intangible liability – charter agreements	18,462	20,050
Deferred tax liability	9	-
Derivative instruments	25,666	29,395
Total long-term liabilities	477,554	535,057
<b>Total Liabilities</b>	<b>\$ 549,460</b>	<b>\$ 605,335</b>
<b>Total Stockholders' Equity</b>	<b>358,385</b>	<b>334,200</b>
<b>Total Liabilities and Stockholders' Equity</b>	<b>\$ 907,845</b>	<b>\$ 939,535</b>

# Cash Flow (unaudited)

	Three months ended September 30, 2012		September 30, 2011		Nine months ended September 30, 2012		September 30, 2011	
<b>Cash Flows from Operating Activities</b>								
Net income (loss)	\$	8,343	\$	(935)	\$	23,807	\$	(1,789)
<b>Adjustments to Reconcile Net Income (Loss) to Net Cash Provided by Operating Activities</b>								
Depreciation		10,144		10,117		30,277		30,055
Impairment charge		-		-		-		13,645
Amortization of deferred financing costs		300		257		913		788
Change in fair value of certain derivative instruments		(1,492)		6,090		(5,075)		4,930
Amortization of intangible liability		(530)		(530)		(1,589)		(1,589)
Settlements of hedges which do not qualify for hedge accounting		4,638		4,953		13,740		14,605
Share based compensation		131		145		378		456
Decrease in accounts receivable and other assets		5,977		754		6,472		413
(Decrease) increase in accounts payable and other liabilities		(2,226)		4,140		(105)		2,301
Unrealized foreign exchange loss (gain)		2		(18)		12		(7)
<b>Net Cash Provided by Operating Activities</b>		<u>25,287</u>		<u>24,973</u>		<u>68,830</u>		<u>63,808</u>
<b>Cash Flows from Investing Activities</b>								
Settlements of hedges which do not qualify for hedge accounting		(4,638)		(4,953)		(13,740)		(14,605)
Cash paid for other fixed assets		-		(57)		-		(57)
Cash paid to acquire intangible assets		-		(5)		-		(97)
Costs relating to drydockings		(792)		(3,715)		(4,730)		(5,039)
<b>Net Cash Used in Investing Activities</b>		<u>(5,430)</u>		<u>(8,730)</u>		<u>(18,470)</u>		<u>(19,798)</u>
<b>Cash Flows from Financing Activities</b>								
Repayment of debt		(23,000)		(10,000)		(46,856)		(33,816)
Variation in restricted cash		3,024		-		3,024		-
Repayment of preferred shares		(3,024)		-		(3,024)		-
<b>Net Cash Used in Financing Activities</b>		<u>(23,000)</u>		<u>(10,000)</u>		<u>(46,856)</u>		<u>(33,816)</u>
<b>Net (Decrease) Increase in Cash and Cash Equivalents</b>		<u>(3,143)</u>		<u>6,243</u>		<u>3,504</u>		<u>10,194</u>
<b>Cash and Cash Equivalents at start of Period</b>		<u>32,461</u>		<u>32,311</u>		<u>25,814</u>		<u>28,360</u>
<b>Cash and Cash Equivalents at end of Period</b>	\$	<u>29,318</u>	\$	<u>38,554</u>	\$	<u>29,318</u>	\$	<u>38,554</u>

# Concluding Remarks



- GSL business model and contract coverage insulate revenues from current challenging market:
  - All 17 vessels secured on charters with two expirations in May of 2013 and no further expirations until 2016
  - Contracted revenue stream of \$1.1 billion with weighted average remaining contract term of 7.6 years
- Newly secured waiver eliminates exposure to asset volatility; cash flow to be used to strengthen balance sheet
  - No exposure to financing or re-financing risk until late 2016
- Future cash flow to benefit from the expiration of \$253 million interest rate derivatives mid-March 2013 and reduced drydocking schedule in 2013, 2014 and 2015
- Business model and deleveraging supports equity value and, when firmly in compliance with loan-to-value covenant, the reintroduction of sustainable dividends over the long term



# Q&A



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