

Global Ship Lease, Inc.
Form 6-K
April 30, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

Form 6-K

REPORT OF FOREIGN PRIVATE ISSUER
PURSUANT TO RULE 13A-16 OR 15D-16
UNDER THE SECURITIES EXCHANGE ACT OF 1934

Date of Report: April 30, 2015

Commission File Number 001-34153

GLOBAL SHIP LEASE, INC.

(Exact name of Registrant as specified in its Charter)

c/o Portland House,

Stag Place,

London SW1E 5RS,

United Kingdom

(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F. Form 20-F Form 40-F

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-I Rule 101 (b)(1). Yes No

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101 (b)(7). Yes No

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934. Yes No

If Yes is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b):
82-

Information Contained in this Form 6-K Report

Attached hereto as Exhibit I is a press release dated April 30, 2015 of Global Ship Lease, Inc. (the Company) reporting the Company s financial results for the three months ended March 31, 2015. Attached hereto as Exhibit II are the Company s interim unaudited consolidated financial statements for the three months ended March 31, 2015.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

GLOBAL SHIP LEASE, INC.

Date: April 30, 2015

By: /s/ IAN J. WEBBER
Ian J. Webber
Chief Executive Officer

Exhibit I

Investor and Media Contacts:

The IGB Group

Bryan Degnan

646-673-9701

or

Leon Berman

212-477-8438

Global Ship Lease Reports Results for the First Quarter of 2015

LONDON, ENGLAND April 30, 2015 - Global Ship Lease, Inc. (NYSE:GSL), a containership charter owner, announced today its unaudited results for the three months ended March 31, 2015.

First Quarter and Year To Date Highlights

Reported revenue of \$37.7 million for the first quarter 2015

Reported net income for common shareholders for the first quarter 2015 of \$24,000

Generated \$23.6 million of Adjusted EBITDA⁽¹⁾ for the first quarter 2015

Purchased OOCL Qingdao, a 2004-built 8,063 TEU containership for \$53.6 million. Immediately upon delivery on March 11, 2015, the vessel commenced a fixed-rate time charter to Orient Overseas Container Line (UK) Limited, an affiliate of the seller, for a period of 36 to 39 months at \$34,500 per day. The charter is expected to generate annual EBITDA of approximately \$9.4 million and increases contracted revenue by between \$37.7 million and \$40.9 million

Ian Webber, Chief Executive Officer of Global Ship Lease, stated, "In the first quarter of 2015, Global Ship Lease continued to build upon the positive momentum established in 2014, successfully expanding our fleet to increase earnings by locking in multi-year timecharter contracts with high-quality counterparties, and thus creating long-term value for shareholders. During the quarter, we made further progress in diversifying our portfolio, entering into a second sale and leaseback transaction with OOCL, a world-class liner company. By adding the 8,063 TEU OOCL Qingdao to our fleet, we substantially increased our contracted revenue stream and EBITDA generation capacity on an immediately accretive basis."

Mr. Webber continued, "As we move forward, we are focused on the continued execution of our growth strategy during a time of continuing cyclically low asset values, while consistently generating cash and strengthening our balance sheet. In this way, we are making real progress towards our goal of securely passing the relevant financial test

during 2015 and putting ourselves in a position to initiate a dividend for our common shareholders.

SELECTED FINANCIAL DATA UNAUDITED*(thousands of U.S. dollars)*

	Three months ended March 31, 2015	Three months ended March 31, 2014
Revenue	37,719	34,039
Operating Income	12,652	10,852
Net Income for common shareholders	24	1,843
Adjusted EBITDA (1)	23,630	20,885
Normalised Net Income (1)	24	2,885

- (1) Adjusted 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 fleet generated revenue from fixed-rate time charters of \$37.7 million in the three months ended March 31, 2015, up \$3.7 million or 10.9% on revenue of \$34.0 million for the comparative quarter in 2014. The increase in revenue is mainly due to the addition of OOCL Tianjin from October 2014 and OOCL Qingdao from March 11, 2015, each at a daily charter rate of \$34,500. There were 1,641 ownership days in the quarter, up 7.3% on 1,530 ownership days in the comparative quarter. With 12 days offhire in the three months ended March 31, 2015 of which nine were for a scheduled drydocking, utilization was 99.3%. In the comparable quarter of 2014, there were five days offhire, giving a utilization of 99.7%.

The table below shows fleet utilization for the three months ended March 31, 2015 and 2014 and for the years ended December 31, 2014, 2013, 2012, 2011 and 2010.

Days	Three months ended						
	Mar 31, 2015	Mar 31, 2014	Dec 31, 2014	Dec 31, 2013	Dec 31, 2012	Dec 31, 2011	Dec 31, 2010
Ownership days	1,641	1,530	6,270	6,205	6,222	6,205	6,205
Planned offhire - drydock	(9)	0	(48)	(21)	(82)	(95)	0
Unplanned offhire	(3)	(5)	(12)	(7)	(16)	(11)	(3)
Idle time	0	0	(64)	0	0	0	0
Operating days	1,629	1,525	6,146	6,177	6,124	6,099	6,202
Utilization	99.3%	99.7%	98.0%	99.5%	98.4%	98.3%	99.9%

There are no further regulatory drydockings scheduled for 2015.

Vessel Operating Expenses

Vessel operating expenses, which include costs of crew, lubricating oil, spares and insurance, were \$12.4 million for the three months ended March 31, 2015, up 7.9% from \$11.5 million for the three months ended March 31, 2014. The increase is due to an increase of 7.3% in the number of ownership days due to the acquisitions of OOCL Tianjin and OOCL Qingdao together with an increase of \$43 or 0.6% in average cost per ownership day from \$7,538 in the three months ended March 31, 2014 to \$7,581 for the three months ended March 31, 2015.

Depreciation

Depreciation for the three months ended March 31, 2015 was \$11.0 million, compared to \$10.0 million in the three months ended March 31, 2014. The increase is due mainly to the addition of OOCL Tianjin and OOCL Qingdao.

General and Administrative Costs

General and administrative costs incurred were \$1.8 million in the three months ended March 31, 2015, compared to \$1.7 million in the three months ended March 31, 2014.

Other operating income

Other operating income in the three months ended March 31, 2015 was \$109,000, compared to \$107,000 for the three months ended March 31, 2014.

Adjusted EBITDA

As a result of the above, Adjusted EBITDA was \$23.6 million for the three months ended March 31, 2015, up from \$20.9 million for the three months ended March 31, 2014.

Interest Expense

Until March 19, 2014, the Company's borrowings comprised amounts outstanding under its previous credit facility, which carried interest at US \$ LIBOR plus a margin, most recently 3.75%, and \$45.0 million Series A preferred shares, which carried interest at US \$ LIBOR plus a margin of 2.00%. The Company hedged its interest rate exposure by entering into derivatives that swapped floating rate debt for fixed-rate debt to provide long-term stability and predictability to cash flows.

On March 19, 2014, the outstanding borrowings under the previous credit facility totaling \$366.4 million were repaid out of the proceeds of \$420.0 million aggregate principal amount of 10.0% First Priority Secured Notes due 2019 (the Notes) issued the same day. In addition, the \$277.0 million nominal amount of interest rate derivatives outstanding were terminated on March 19, 2014 for a final payment of \$19.3 million.

The \$45.0 million Series A preferred shares were redeemed on August 22, 2014, principally from the proceeds of an issuance of Series B cumulative perpetual preferred shares.

Interest expense for the three months ended March 31, 2015, was \$11.9 million. This includes interest and the amortization of deferred financing costs and of the original issue discount on the Notes and the commitment fee, when undrawn, and interest when drawn to partly finance the purchase of OOCL Qingdao on March 11, 2015, on the Company's \$40.0 million revolving credit facility.

Interest expense for the three months ended March 31, 2014 totaled \$8.1 million. Interest on the \$366.4 million that was outstanding under the previous credit facility until the facility was repaid on March 19, 2014 was \$3.1 million. Interest on the Notes from March 19, 2014 at the fixed rate of 10.0% was \$1.4 million. Amortization of deferred financing charges, including accelerated write off of \$3.0 million being the balance of such charges associated with the previous credit facility, was \$3.4 million. Interest on the \$45.0 million of Series A preferred shares that were outstanding throughout the three months ended March 31, 2014 together with and from March 19, 2014, the commitment fee on the Company's new and then undrawn \$40.0 million revolving credit facility and the amortization of the original issue discount on the Notes totaled \$0.3 million.

Interest income for the three months ended March 31, 2015 and 2014 was not material.

Change in Fair Value of Financial Instruments

There were no financial instruments outstanding during the three months ended March 31, 2015.

The Company hedged its interest rate exposure on floating-rate debt under its previous credit facility by entering into derivatives that swapped the floating rate debt for fixed-rate debt to provide long-term stability and predictability to cash flows. As these hedges did not qualify for hedge accounting under US GAAP, the outstanding hedges were 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, which were terminated on March 19, 2014, gave a realized loss of \$2.8 million in the three months ended March 31, 2014 for settlements of swaps in the period, as US \$ LIBOR rates were lower than the average fixed rate embedded in the hedging instruments. Further, there was a \$1.9 million unrealized gain for revaluation of the balance sheet position as at March 19, 2014 given prevailing US \$ LIBOR and movements in the forward curve for interest rates.

The \$277.0 million nominal amount of interest rate derivatives outstanding were terminated on March 19, 2014 for a final payment of \$19.3 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, 2015 and 2014 was not material.

Earnings Allocated to Preferred Shares

The Series B preferred shares, issued on August 20, 2014, carry a coupon of 8.75%, the cost of which for the three months ended March 31, 2015 was \$0.8 million.

Net Income Available to Common Shareholders

Net income available to common shareholders for the three months ended March 31, 2015 was \$24,000. For the three months ended March 31, 2014, net income was \$1.8 million, including the \$1.9 million non-cash mark-to-market gain on interest rate derivatives and the non-cash \$3.0 million accelerated write off of deferred financing costs.

Normalized net income for the three months ended March 31, 2015 was the same as reported net income at \$24,000.

Normalized net income for the three months ended March 31, 2014, which excludes the effect of the non-cash interest rate derivative mark-to-market gains and accelerated write off of deferred financing costs, was \$2.9 million.

Dividend

The board of directors is committed to paying a meaningful dividend once this can be sustained and provided that it is in the best interests of shareholders at the time. In the meantime, Global Ship Lease is not paying a dividend on common shares.

Fleet

The following table provides information about the on-the-water fleet of 19 vessels.

Vessel Name	Capacity in TEUs ⁽¹⁾	Year Built	Purchase by GSL	Remaining Charter Term ⁽²⁾ (years)	Earliest Charter Expiry Date	Daily Charter Rate \$
Ville d Orion	4,113	1997	Dec 2007	0.1	April 1, 2015	8,000
Ville d Aquarius	4,113	1996	Dec 2007	0.1	April 3, 2015	8,390
CMA CGM Matisse	2,262	1999	Dec 2007	4.7	Sept 21, 2019	15,300
CMA CGM Utrillo	2,262	1999	Dec 2007	4.7	Sept 11, 2019	15,300
Delmas Keta	2,207	2003	Dec 2007	2.7	Sept 20, 2017	18,465
Julie Delmas	2,207	2002	Dec 2007	2.7	Sept 11, 2017	18,465
Kumasi	2,207	2002	Dec 2007	2.7	Sept 21, 2017	18,465
Marie Delmas	2,207	2002	Dec 2007	2.7	Sept 14, 2017	18,465
CMA CGM La Tour	2,272	2001	Dec 2007	4.7	Sept 20, 2019	15,300
CMA CGM Manet	2,272	2001	Dec 2007	4.7	Sept 7, 2019	15,300
CMA CGM Alcazar	5,089	2007	Jan 2008	5.7	Oct 18, 2020	33,750
CMA CGM Château d If	5,089	2007	Jan 2008	5.7	Oct 11, 2020	33,750
CMA CGM Thalassa	11,040	2008	Dec 2008	10.7	Oct 1, 2025	47,200
CMA CGM Jamaica	4,298	2006	Dec 2008	7.7	Sept 17, 2022	25,350
CMA CGM Sambhar	4,045	2006	Dec 2008	7.7	Sept 16, 2022	25,350
CMA CGM America	4,045	2006	Dec 2008	7.7	Sept 19, 2022	25,350
CMA CGM Berlioz	6,621	2001	Aug 2009	6.5	May 28, 2021	34,000
OOCL Tianjin	8,063	2005	Oct 2014	2.7	Oct 28, 2017	34,500
OOCL Qingdao	8,063	2004	Mar 2015	3.0	Mar 11, 2018	34,500

(1) *Twenty-foot Equivalent Units.*

(2) *As at March 31, 2015. Plus or minus 90 days, other than (i) Ville d Orion which is between January 17 and July 17, 2015, (ii) Ville d Aquarius which is between April 3 and June 3, 2015, (iii) OOCL Tianjin which is between October 28, 2017 and January 28, 2018 and (iv) OOCL Qingdao which is between March 11, 2018 and June 11, 2018, all 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, 2015 today, Thursday, April 30, 2015 at 10:30 a.m. Eastern Time. There are two ways to access the conference call:

(1) Dial-in: (877) 445-2556 or (908) 982-4670; Passcode: 25462181

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 Saturday, May 16, 2015 at (855) 859-2056 or (404) 537-3406. Enter the code 25462181 to access the audio replay. The webcast will also be archived on the Company's website: <http://www.globalshiplease.com>.

Annual Report on Form 20-F

Global Ship Lease, Inc has filed its Annual Report for 2014 with the Securities and Exchange Commission. A copy of the report can be found under the Investor Relations section (Annual Reports) of the Company's website at <http://www.globalshiplease.com>. Shareholders may request a hard copy of the audited financial statements free of charge by contacting the Company at info@globalshiplease.com or by writing to Global Ship Lease, Inc, care of Global Ship Lease Services Limited, Portland House, Stag Place, London SW1E 5RS or by telephoning +44 (0) 207 869 8806.

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 mainly long-term, fixed-rate charters to top tier container liner companies.

Global Ship Lease owns 19 vessels with a total capacity of 82,475 TEU and an average age, weighted by TEU capacity, at March 31, 2015 of 11.0 years. All 19 vessels are currently fixed on time charters, 15 of which are with CMA CGM. The average remaining term of the charters at March 31, 2015 is 5.3 years or 5.8 years on a weighted basis, excluding Ville d Aquarius, and Ville d Orion, which are deployed in the short term charter market.

Reconciliation of Non-U.S. GAAP Financial Measures

A. ADJUSTED EBITDA

Adjusted EBITDA represents net income before interest income and expense including amortization of deferred finance costs, realized and unrealized gain (loss) on derivatives, income taxes, depreciation and amortization. Adjusted 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 Adjusted EBITDA is useful to investors because it is frequently used by securities analysts, investors and other interested parties in the evaluation of companies in our industry. Adjusted EBITDA is not defined in US GAAP and should not be considered to be an alternate to Net income or any other financial metric required by such accounting principles.

ADJUSTED EBITDA - UNAUDITED

(thousands of U.S. dollars)

	Three months ended Mar 31, 2015	Three months ended Mar 31, 2014
Net income available to common shareholders	24	1,843
Adjust: Depreciation	10,978	10,033
Interest income	(14)	(10)
Interest expense	11,865	8,142
Realized loss on interest rate derivatives		2,801
Unrealized gain on interest rate derivatives		(1,944)
Income tax	11	20
Earnings allocated to preferred shares	766	
Adjusted EBITDA	23,630	20,885

B. Normalized net income

Normalized net income represents net income adjusted for the unrealized gain on derivatives and accelerated amortization of deferred financing 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 or any other financial metric required by such accounting principles.

NORMALIZED NET INCOME - UNAUDITED*(thousands of U.S. dollars)*

	Three months ended Mar 31, 2015	Three months ended Mar 31, 2014
Net income available to common shareholders	24	1,843
Adjust: Unrealized gain on derivatives		(1,944)
Accelerated amortization of deferred financing charges		2,986
Normalized net income	24	2,885

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, 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 strength of future growth of the container shipping industry, including the rates of annual demand and supply growth;

the financial condition of CMA CGM (the company's principal charterer and main source of operating revenue) and other charterers and their ability to pay charterhire in accordance with the charters;

the overall health and condition of the U.S. and global financial markets;

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Global Ship Lease's financial condition and liquidity, including its ability to obtain additional financing to fund capital expenditures, vessel acquisitions and for other general corporate purposes and its ability to meet its financial covenants and repay its borrowings;

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 first priority secured notes;

future acquisitions, business strategy and expected capital spending;

operating expenses, availability of key employees, crew, number of off-hire days, drydocking and survey requirements, costs of regulatory compliance, insurance costs and general and administrative 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 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 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; 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.

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Income

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

	Three months ended March 31,	
	2015	2014
Operating Revenues		
Time charter revenue	\$ 37,719	\$ 34,039
Operating Expenses		
Vessel operating expenses	12,441	11,533
Depreciation	10,978	10,033
General and administrative	1,757	1,728
Other operating income	(109)	(107)
Total operating expenses	25,067	23,187
Operating Income	12,652	10,852
Non Operating Income (Expense)		
Interest income	14	10
Interest expense	(11,865)	(8,142)
Realized loss on interest rate derivatives		(2,801)
Unrealized gain on interest rate derivatives		1,944
Income before Income Taxes	801	1,863
Income taxes	(11)	(20)
Net Income	\$ 790	\$ 1,843
Earnings allocated to Series B Preferred Shares	(766)	
Net Income available to Common Shareholders	\$ 24	\$ 1,843
Earnings per Share		
Weighted average number of Class A common shares outstanding		
Basic (including RSUs without service conditions)	47,766,484	47,691,178
Diluted	47,836,661	47,803,074
Net income per Class A common share		
Basic (including RSUs without service conditions)	\$ nil	\$ 0.04
Diluted	\$ nil	\$ 0.04

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Weighted average number of Class B common shares outstanding			
Basic and diluted		7,405,956	7,405,956
Net income 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, 2015	December 31, 2014
Assets		
Cash and cash equivalents	\$ 18,694	\$ 33,295
Accounts receivable	918	1,244
Prepaid expenses	961	609
Other receivables	484	996
Inventory	624	553
Current portion of deferred financing costs	3,231	3,148
Total current assets	24,912	39,845
Vessels in operation	880,893	836,537
Other fixed assets	5	6
Intangible assets	60	67
Deferred financing costs	9,588	10,172
Total non-current assets	890,546	846,782
Total Assets	\$ 915,458	\$ 886,627
Liabilities and Stockholders Equity		
Liabilities		
Intangible liability charter agreements	2,119	2,119
Deferred revenue	667	462
Accounts payable	1,386	2,123
Accrued expenses	4,771	15,278
Total current liabilities	8,943	19,982
Long term debt	455,128	414,782
Intangible liability charter agreements	13,164	13,693
Deferred tax liability	38	34
Total long term liabilities	468,330	428,509
Total Liabilities	\$ 477,273	\$ 448,491

Commitments and contingencies

Stockholders Equity

Class A Common stock	authorized 214,000,000 shares with a \$0.01 par value; 47,541,484 shares issued and outstanding (2014 47,541,484)	\$ 475	\$ 475
Class B Common stock	authorized 20,000,000 shares with a \$0.01 par value; 7,405,956 shares issued and outstanding (2014 7,405,956)	74	74
Series B Preferred shares	authorized 16,100 shares with a \$0.01 par value; 14,000 shares issued and outstanding (2014 14,000)		
Additional paid in capital		386,375	386,350
Retained earnings		51,261	51,237
Total Stockholders Equity		438,185	438,136
Total Liabilities and Stockholders Equity		\$ 915,458	\$ 886,627

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Three months ended March 31,	
	2015	2014
Cash Flows from Operating Activities		
Net income	\$ 790	\$ 1,843
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities		
Depreciation	10,978	10,033
Amortization of deferred financing costs	791	3,350
Amortization of original issue discount	346	31
Change in fair value of derivative instruments		(1,944)
Amortization of intangible liability	(529)	(529)
Settlements of derivative instruments which do not qualify for hedge accounting		2,801
Share based compensation	25	50
Decrease in accounts receivable and other assets	647	4,577
(Increase) decrease in inventory	(71)	
(Decrease) increase in accounts payable and other liabilities	(11,291)	531
Increase in unearned revenue	205	
Unrealized foreign exchange loss (gain)	(21)	4
Net Cash Provided by Operating Activities	1,870	20,747
Cash Flows from Investing Activities		
Cash paid for vessels	(54,220)	
Settlement and termination of derivative instruments which do not qualify for hedge accounting		(22,146)
Cash paid for other assets		(7)
Cash paid for drydockings	(1,485)	
Net Cash Used in Investing Activities	(55,705)	(22,153)
Cash Flows from Financing Activities		
Repayment of credit facility		(366,366)
Proceeds from issuance of secured notes		413,700
Proceeds from drawdown of credit facility	40,000	
Deferred financing costs incurred		(15,304)
Series B Preferred Shares dividends paid	(766)	
Net Cash Provided by Financing Activities	39,234	32,030
Net (Decrease) Increase in Cash and Cash Equivalents	(14,601)	30,624
Cash and Cash Equivalents at start of Period	33,295	24,539

Cash and Cash Equivalents at end of Period	\$	18,694	\$	55,163
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Supplemental information

Total interest paid	\$	21,000	\$	3,497
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Income tax paid	\$	17	\$	24
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GLOBAL SHIP LEASE, INC.

INTERIM UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2015

Global Ship Lease, Inc.

Interim Unaudited Consolidated Balance Sheets

(Expressed in thousands of U.S. dollars)

		March 31,	December 31,
		2015	2014
	Note		
Assets			
Cash and cash equivalents		\$ 18,694	\$ 33,295
Accounts receivable		918	1,244
Prepaid expenses		961	609
Other receivables		484	996
Inventory		624	553
Current portion of deferred financing costs	5	3,231	3,148
Total current assets		24,912	39,845
Vessels in operation	4	880,893	836,537
Other fixed assets		5	6
Intangible assets		60	67
Deferred financing costs	5	9,588	10,172
Total non-current assets		890,546	846,782
Total Assets		\$ 915,458	\$ 886,627
Liabilities and Stockholders Equity			
Liabilities			
Intangible liability - charter agreements		2,119	2,119
Deferred revenue		667	462
Accounts payable		1,386	2,123
Accrued expenses		4,771	15,278
Total current liabilities		8,943	19,982
Long term debt	6	455,128	414,782
Intangible liability - charter agreements		13,164	13,693
Deferred tax liability		38	34
Total long term liabilities		468,330	428,509
Total Liabilities		\$ 477,273	\$ 448,491

Commitments and contingencies	8		
Stockholders Equity			
Class A Common stock authorized 214,000,000 shares with a \$0.01 par value; 47,541,484 shares issued and outstanding (2014 47,541,484)	9	\$ 475	\$ 475
Class B Common stock authorized 20,000,000 shares with a \$0.01 par value; 7,405,956 shares issued and outstanding (2014 7,405,956)	9	74	74
Series B Preferred shares authorized 16,100 shares with a \$0.01 par value; 14,000 shares issued and outstanding (2014 14,000)	9		
Additional paid in capital		386,375	386,350
Retained earnings		51,261	51,237
Total Stockholders Equity		438,185	438,136
Total Liabilities and Stockholders Equity		\$ 915,458	\$ 886,627

See accompanying notes to interim unaudited consolidated financial statements

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Income

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

	Note	Three months ended March 31,	
		2015	2014
Operating Revenues			
Time charter revenue		\$ 37,719	\$ 34,039
Operating Expenses			
Vessel operating expenses		12,441	11,533
Depreciation	4	10,978	10,033
General and administrative		1,757	1,728
Other operating income		(109)	(107)
Total operating expenses		25,067	23,187
Operating Income		12,652	10,852
Non Operating Income (Expense)			
Interest income		14	10
Interest expense		(11,865)	(8,142)
Realized loss on interest rate derivatives			(2,801)
Unrealized gain on interest rate derivatives	10		1,944
Income before Income Taxes		801	1,863
Income taxes		(11)	(20)
Net Income		\$ 790	\$ 1,843
Earnings allocated to Series B Preferred Shares	9	(766)	
Net Income available to Common Shareholders		\$ 24	\$ 1,843
Earnings per Share			
Weighted average number of Class A common shares outstanding			
Basic (including RSUs without service conditions)	12	47,766,484	47,691,178
Diluted	12	47,831,661	47,803,074
Net income per Class A common share			
Basic (including RSUs without service conditions)	12	\$ nil	\$ 0.04
Diluted	12	\$ nil	\$ 0.04

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Weighted average number of Class B common shares outstanding					
Basic and diluted			7,405,956		7,405,956
Net income per Class B common share					
Basic and diluted	12	\$	nil	\$	nil
	See accompanying notes to interim unaudited consolidated financial statements				

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Cash Flows

(Expressed in thousands of U.S. dollars)

	Note	Three months ended March 31,	
		2015	2014
Cash Flows from Operating Activities			
Net income		\$ 790	\$ 1,843
Adjustments to Reconcile Net Income to Net Cash Provided by Operating Activities			
Depreciation	4	10,978	10,033
Amortization of deferred financing costs	5	791	3,350
Amortization of original issue discount	6	346	31
Change in fair value of derivative instruments	10		(1,944)
Amortization of intangible liability		(529)	(529)
Settlements of derivative instruments which do not qualify for hedge accounting	10		2,801
Share based compensation	11	25	50
Decrease in accounts receivable and other assets		647	4,577
(Increase) decrease in inventory		(71)	
(Decrease) increase in accounts payable and other liabilities		(11,291)	531
Increase in unearned revenue		205	
Unrealized foreign exchange (gain) loss		(21)	4
Net Cash Provided by Operating Activities		1,870	20,747
Cash Flows from Investing Activities			
Cash paid for vessels	4	(54,220)	
Settlement and termination of derivative instruments which do not qualify for hedge accounting	10		(22,146)
Cash paid for other assets			(7)
Cash paid for drydockings		(1,485)	
Net Cash Used in Investing Activities		(55,705)	(22,153)
Cash Flows from Financing Activities			
Repayment of previous credit facility	6		(366,366)
Proceeds from issuance of secured notes	6		413,700
Proceeds from drawdown of revolving credit facility	6	40,000	
Deferred financing costs incurred	5		(15,304)
Series B Preferred Shares dividends paid	9	(766)	
Net Cash Provided by Financing Activities		39,234	32,030

Net (Decrease) Increase in Cash and Cash Equivalents	(14,601)	30,624
Cash and Cash Equivalents at start of Period	33,295	24,539
Cash and Cash Equivalents at end of Period	\$ 18,694	\$ 55,163
Supplemental information		
Total interest paid	\$ 21,000	\$ 3,497
Income tax paid	\$ 17	\$ 24

See accompanying notes to interim unaudited consolidated financial statements

Global Ship Lease, Inc.

Interim Unaudited Consolidated Statements of Changes in Stockholders' Equity

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

	Number of Common Stock at \$0.01 Par value	Number of Series B Preferred Shares at \$0.01 Par value	Common Stock	Series B Preferred Shares	Additional Paid in Capital	Retained Earnings	Stockholders Equity
Balance at January 1, 2014	54,919,890		\$ 549	\$	\$ 352,676	\$ 46,241	\$ 399,466
Restricted Stock Units (note 11)					177		177
Class A Common Shares issued (note 9)	27,550						
Series B Preferred Shares issued (note 9)		14,000			35,000		35,000
Series B Preferred Shares issue expenses (note 9)					(1,503)		(1,503)
Net income for the period						6,110	6,110
Series B Preferred Shares dividend (note 9)						(1,114)	(1,114)
Balance at December 31, 2014	54,947,440	14,000	\$ 549	\$	\$ 386,350	\$ 51,237	\$ 438,136
Restricted Stock Units (note 11)					25		25
Net income for the period						790	790
Series B Preferred Shares dividend (note 9)						(766)	(766)
Balance at March 31, 2015	54,947,440	14,000	\$ 549	\$	\$ 386,375	\$ 51,261	\$ 438,185

See accompanying notes to interim unaudited consolidated financial statements

Global Ship Lease, Inc.

Notes to the Interim Unaudited Consolidated Financial Statements

(Expressed in thousands of U.S. dollars)

1. General

On August 14, 2008, Global Ship Lease, Inc. (the Company or GSL) merged indirectly with Marathon Acquisition Corp. (Marathon), a company then listed on The American Stock Exchange. Following the merger, the Company became listed on the New York Stock Exchange on August 15, 2008.

2. Nature of Operations and Basis of Preparation

(a) Nature of Operations

The Company owns and charters out containerships. With the exception of four vessels which are on short to medium term time charters to unrelated parties, all vessels are time chartered to CMA CGM S.A. (CMA CGM) for remaining terms as at March 31, 2015 ranging from 2.75 to 10.75 years (see note 7).

The following table provides information about the 19 vessels owned as at March 31, 2015:

Vessel Name	Capacity in TEUs (1)	Year Built	Purchase Date by GSL	Charterer	Charter Remaining Duration (years) (2)	Daily Charter Rate
Ville d Orion	4,113	1997	December 2007	Sea Consortium	0.05	\$ 8,000
Ville d Aquarius	4,113	1996	December 2007	Sea Consortium	0.10	\$ 8,390
CMA CGM Matisse	2,262	1999	December 2007	CMA CGM	4.75	\$ 15,300
CMA CGM Utrillo	2,262	1999	December 2007	CMA CGM	4.75	\$ 15,300
Delmas Keta	2,207	2003	December 2007	CMA CGM	2.75	\$ 18,465
Julie Delmas	2,207	2002	December 2007	CMA CGM	2.75	\$ 18,465
Kumasi	2,207	2002	December 2007	CMA CGM	2.75	\$ 18,465
Marie Delmas	2,207	2002	December 2007	CMA CGM	2.75	\$ 18,465
CMA CGM La Tour	2,272	2001	December 2007	CMA CGM	4.75	\$ 15,300
CMA CGM Manet	2,272	2001	December 2007	CMA CGM	4.75	\$ 15,300
CMA CGM Alcazar	5,089	2007	January 2008	CMA CGM	5.75	\$ 33,750
CMA CGM Château d If	5,089	2007	January 2008	CMA CGM	5.75	\$ 33,750
CMA CGM Thalassa	11,040	2008	December 2008	CMA CGM	10.75	\$ 47,200
CMA CGM Jamaica	4,298	2006	December 2008	CMA CGM	7.75	\$ 25,350
CMA CGM Sambhar	4,045	2006	December 2008	CMA CGM	7.75	\$ 25,350
CMA CGM America	4,045	2006	December 2008	CMA CGM	7.75	\$ 25,350
CMA CGM Berlioz	6,621	2001	August 2009	CMA CGM	6.50	\$ 34,000
OOCL Tianjin	8,063	2005	October 2014	OOCL	2.75	\$ 34,500

OOCL Qingdao ⁽³⁾	8,063	2004	March 2015	OOCL	3.00	\$ 34.500
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- (1) *Twenty-foot Equivalent Units.*
- (2) *Plus or minus 90 days, other than (i) Ville d Orion which is between January 17 and July 17, 2015, (ii) Ville d Aquarius which is between April 3 and June 3, 2015, (iii) OOCL Tianjin which is between October 28, 2017 and January 28, 2018 and (iv) OOCL Qingdao which is between March 11, 2018 and June 11, 2018, all at charterer s option.*
- (3) *The Company acquired an 8,063 TEU containership from Orient Overseas Container Lines Limited (OOCL) on March 11, 2015. The vessel, OOCL Qingdao, was immediately time chartered back to OOCL for a period of 36 to 39 months, at charterer s option, at a gross rate of \$34.5 per day.*

Global Ship Lease, Inc.

Notes to the Interim Unaudited Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

2. Nature of Operations and Basis of Preparation (continued)

(b) Basis of Preparation

Counterparty risk

Most of the Company's revenues are derived from charters to CMA CGM. The Company is consequently highly dependent on the performance by CMA CGM of its obligations under these charters. The container shipping industry is volatile and has been experiencing a sustained cyclical downturn. Many container shipping companies have reported losses.

If CMA CGM ceases doing business or fails to perform its obligations under the charters, the Company's business, financial position and results of operations would be materially adversely affected as it is probable that, even if the Company was able to find replacement charters, such replacement charters would be at significantly lower daily rates and shorter durations. If such events occur, there would be significant uncertainty about the Company's ability to continue as a going concern.

The Company has from time to time experienced delays in receiving charterhire from CMA CGM. Under the charter contracts charterhire is due to be paid every 15 days in advance on the 1st and 16th of each month. As at March 31, 2015, no charterhire was outstanding. As at close of business on April 28, 2015, the latest practicable date prior to the issuance of these interim consolidated financial statements, no charterhire was outstanding.

These consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. The consolidated financial statements do not include any adjustments relating to the recoverability and classification of recorded assets, nor to the amounts and classification of liabilities that may be necessary should the Company be unable to continue as a going concern.

3. Accounting Policies and Disclosure

The accompanying financial information is unaudited and reflects all adjustments, consisting solely of normal recurring adjustments, which, in the opinion of management, are necessary for a fair statement of financial position and results of operations for the interim periods presented. The financial information does not include all disclosures required under United States Generally Accepted Accounting Principles (US GAAP) for annual financial statements. These interim unaudited consolidated financial statements should be read in conjunction with the Company's financial statements as of December 31, 2014 filed with the Securities and Exchange Commission on April 21, 2015 in the Company's Annual Report on Form 20-F.

Recently issued accounting standards

In April 2015, the Financial Accounting Standards Board issued an accounting standards update (ASU) in respect of Interest - Imputation of Interest (Subtopic 835-30): Simplifying the Presentation of Debt Issuance Costs. The amendments in this ASU require that debt issuance costs related to a recognized debt liability be presented in the balance sheet as a direct deduction from the carrying amount of that debt liability, consistent with debt discounts. The recognition and measurement guidance for debt issuance costs are not affected by the amendments in this ASU. The amendments are effective for financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. The Company is currently assessing the impact of adopting this update on its financial statements.

Management do not believe that any other recently issued, but not yet effective accounting pronouncements, if currently adopted, would have a material impact on the interim unaudited consolidated financial statements of the Company.

Global Ship Lease, Inc.

Notes to the Interim Unaudited Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

4. Vessels in Operation, less Accumulated Depreciation

	March 31,	December 31,
	2015	2014
Cost	\$ 1,125,910	\$ 1,070,627
Accumulated depreciation	(245,017)	(234,146)
Drydock in progress		56
Net book value	\$ 880,893	\$ 836,537

On March 11, 2015, the Company acquired an 8,063 TEU containership (OOCL Qingdao) from OOCL for a purchase price of \$53,600.

5. Deferred Financing Costs

Costs amounting to \$4,800 incurred up to December 31, 2013 in connection with the Company's refinancing were recorded within prepaid expenses as at that date. On March 19, 2014, the Company completed this financing by the issue of 10.0% First Priority Secured Notes due 2019 (the 2019 Notes) disclosed in note 6(b) and by agreeing the Revolving Credit Facility disclosed in note 6(c). On completion of the refinancing, these deferred financing costs were reclassified from prepaid expenses to deferred financing costs, together with additional costs incurred during the quarter.

	March 31,	December 31,
	2015	2014
Opening balance	\$ 13,320	\$ 3,273
Reclassification from prepaid expenses		4,800
Expenditure in the period	290	10,979
Amortization included within interest expense	(791)	(5,732)
Closing balance	\$ 12,819	\$ 13,320

The Company incurred costs during the first quarter of 2015 in relation to the drawdown of the Revolving Credit Facility. The fees and related costs amounted to \$290 and have been deferred. Deferred finance costs are amortized on an effective interest rate basis over the life of the financings for which they were incurred.

The unamortized balance of deferred financing costs relating to the previous credit facility which was fully repaid and terminated on March 19, 2014 and amounting to \$2,986 was written off and recorded within interest expense within the Consolidated Statements of Income in the first quarter of 2014.

6. Long Term Debt

a) Previous Credit Facility

From December 2007 the Company was financed by a senior secured credit facility with a final maturity date of August 2016. This credit facility was fully repaid and terminated on March 19, 2014 using the proceeds of the issue of the 2019 Notes (see note 6(b)).

Amounts borrowed under the credit facility bore interest at USD LIBOR plus a margin of between 2.50% and 3.75% depending on the Leverage Ratio (being the ratio of the balance outstanding on the credit facility to the aggregate charter free market value of the secured vessels).

Due to the downturn after April 2011 in charter free market values of containerships, the Company obtained waivers from its lenders of the requirement to perform the Leverage Ratio test, the last of which had extended the waiver to April 30, 2015. Under the terms of the waivers, the Company paid a margin of 3.75% over USD LIBOR and made quarterly repayments of the credit facility in an amount equal to cash in excess of \$20,000 determined as at the previous month end, subject to a minimum of \$40,000 repayment a year on a rolling 12 month trailing basis. Additionally, the Company was unable to make dividend payments to common shareholders.

Global Ship Lease, Inc.

Notes to the Interim Unaudited Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

6. Long Term Debt (continued)

b) 10.0% First Priority Secured Notes Due 2019

On March 19, 2014 the Company completed the sale of \$420,000 of 10.0% First Priority Secured Notes which mature on April 1, 2019. Proceeds after the deduction of the original issue discount, but before expenses, amounted to \$413,700.

Interest on the 2019 Notes is payable semi-annually on April 1 and October 1 of each year, commencing on October 1, 2014. The 2019 Notes are secured by first priority ship mortgages on 18 of the Company's 19 vessels (the Mortgaged Vessels) and by assignments of earnings and insurances, a pledge over certain bank accounts, as well as share pledges over each subsidiary owning a Mortgaged Vessel. The 2019 Notes are fully and unconditionally guaranteed, jointly and severally, by the Company's 19 vessel owning subsidiaries and Global Ship Lease Services Limited.

	March 31,	December 31,
	2015	2014
2019 Notes	\$ 420,000	\$ 420,000
Less original issue discount	(6,300)	(6,300)
Amortization of original issue discount	1,428	1,082
Closing balance	\$ 415,128	\$ 414,782

The original issue discount will be amortised on an effective interest rate basis over the life of the 2019 Notes.

Under the 2019 Notes the Company is required within 120 days following the end of each financial year, in which the Company has at least \$1,000 of Excess Cash Flow, to offer to purchase up to a maximum offer amount of \$20,000, such amount being the aggregate of 102% of the principal amount plus any accrued and unpaid interest to, but not including, the purchase date. The first such offer, in the maximum amount of \$20,000, was launched on April 21, 2015.

c) Revolving Credit Facility

On March 19, 2014, and in connection with the 2019 Notes, the Company entered into a new \$40,000 senior secured revolving credit facility with Citibank N.A. (the Revolving Credit Facility). This facility matures on October 1, 2018. The interest rate under the facility is USD LIBOR plus a margin of 3.25% and is payable at least quarterly. A commitment fee of 1.30% per annum is due quarterly on undrawn amounts.

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The collateral provided to the 2019 Notes also secures on a first priority basis the Revolving Credit Facility. There is a Cash Balance financial covenant which is tested each six months, which commenced on June 30, 2014. Up to and including December 31, 2015, the Company must have a minimum cash balance of \$15,000 on each test date. After this date, the minimum cash balance on each test date increases to \$20,000.

Amounts outstanding under this facility can be prepaid without penalty, other than breakage costs in certain circumstances. At March 31, 2015, \$40,000 had been drawn down during the quarter under the Revolving Credit Facility to assist with the purchase of OOCL Qingdao on March 11, 2015.

Global Ship Lease, Inc.
Notes to the Interim Unaudited Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

7. Related Party Transactions

CMA CGM is presented as a related party as it was, until the merger referred to in Note 1, the parent company of Global Ship Lease, Inc. and at March 31, 2015 is a significant shareholder of the Company, owning Class A and Class B common shares representing a 44.43% voting interest in the Company.

Amounts due to and from CMA CGM companies are summarized as follows:

	March 31,	December 31,
	2015	2014
Amounts due to CMA CGM group companies presented within current liabilities	\$ 1,940	\$ 2,366
Amounts due from CMA CGM group companies presented within current assets	\$ 791	\$ 1,183

The current account balances at March 31, 2015 and December 31, 2014 relate to amounts payable to or recoverable from CMA CGM group companies. The majority of the Company's charter arrangements are with CMA CGM and one of its subsidiaries provides the Company with ship management services on the majority of its vessels.

CMA CGM held all of the Series A preferred shares of the Company until they were fully redeemed, at a discount, pursuant to a Share Repurchase Agreement on August 22, 2014 (see note 9). Due to the redemption there were no dividends on these preferred shares for the three months ended March 31, 2015 (2014: \$252).

Time Charter Agreements

The majority of the Company's time charter arrangements are with CMA CGM. Under these time charters, hire is payable in advance and the daily rate is fixed for the duration of the charter. The charters are for remaining periods as at March 31, 2015 of between 2.75 and 10.75 years (see note 2(a)). Of the \$873,284 maximum contracted future charter hire receivable for the fleet set out in note 8, \$800,110 relates to the 15 vessels that were chartered to CMA CGM as at March 31, 2015. Revenues generated from charters to CMA CGM are summarized as follows:

Three months ended

March 31,	
2015	2014

Revenue generated from charters to CMA CGM	\$ 32,847	\$ 34,039
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Ship Management Agreements

The Company outsources day to day technical management of 17 of its vessels to CMA Ships Limited (CMA Ships), a wholly owned subsidiary of CMA CGM. The Company pays CMA Ships an annual management fee of \$123 per vessel (2014: \$123) and reimburses costs incurred by CMA Ships on its behalf, mainly being for the provision of crew, lubricating oils and routine maintenance. Such reimbursement is subject to a cap per day per vessel, depending on the vessel. The impact of the cap is determined annually on a vessel by vessel basis for so long as the initial charter remains in place; no claims have been made under the cap agreement. Ship management fees expensed for the three months ended March 31, 2015 amounted to \$523 (2014: \$523).

Except for transactions with CMA CGM companies, the Company did not enter into any other related party transactions.

Global Ship Lease, Inc.
Notes to the Interim Unaudited Consolidated Financial Statements (continued)

(Expressed in thousands of U.S. dollars)

8. Commitments and Contingencies**Charter Hire Receivable**

The Company has entered into time charters for its vessels. The charter hire is fixed for the duration of the charter. The maximum contracted annual future charter hire receivable (not allowing for any offhire and assuming expiry at the mid-point between the earliest and latest possible end dates) for the 19 vessels subject to charters as at March 31, 2015 is as follows:

Year ending March 31,	Fleet as at March 31, 2015
2016	157,357
2017	156,516
2018	144,960
2019	105,234
2020	98,002
Thereafter	211,214
	\$ 873,283

9. Share Capital

At March 31, 2015 the Company had two classes of common shares. The rights of holders of Class B common shares are identical to those of holders of Class A common shares, except that the dividend rights of holders of Class B common shares are subordinated to those of holders of Class A common shares. Dividends, when declared, must be paid as follows:

firstly, to all Class A common shares at the applicable rate for the quarter;

secondly, to all Class A common shares until they have received payment for all preceding quarters at the rate of \$0.23 per share per quarter;

thirdly, to all Class B common shares at the applicable rate for the quarter;

then, to all Class A and B common shares as if they were a single class.

The Class B common shares remain subordinated until the Company has paid a dividend at least equal to \$0.23 per quarter per share on both the Class A and Class B common shares for the immediately preceding four-quarter period. Due to the requirements described above, Class B common shares cannot receive any dividend until all Class A common shares have received dividends representing \$0.23 per share per quarter for all preceding quarters. The last quarter for which a dividend was paid was the fourth quarter 2008. Should the notional arrearages of dividend on the Class A common shares be made up and a dividend at the rate of \$0.23 per share be paid for four consecutive quarters, the Class B common shares convert to Class A common shares on a one-for-one basis. Also, each Class B common share will convert into a Class A common share on a change of control of the Company.

Restricted stock units have been granted periodically to the Directors and management, under the Company's 2008 Equity Incentive Plan, as part of their compensation arrangements (see note 11).

The Series A preferred shares ranked senior to the common shares and were mandatorily redeemable in 12 quarterly instalments commencing August 31, 2016. They were classified as a long-term liability. The dividend that the Series A preferred shareholders were entitled to was presented as part of interest expense in the Consolidated Statements of Income. These shares, which had a liquidation value at maturity of \$44,976, were redeemed at a discount pursuant to a Share Repurchase Agreement for \$36,400 on August 22, 2014, using the proceeds received from the issuance of the Series B Preferred Shares, the balance of the restricted cash and cash on hand.

Global Ship Lease, Inc.

Notes to the Interim Unaudited Consolidated Financial Statements (continued)

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

9. Share Capital (continued)

On August 20, 2014, the Company issued 1,400,000 depository shares, each of which represents 1/100th of one share of the Company's 8.75% Series B Cumulative Redeemable Perpetual Preferred Shares (the Series B Preferred Shares). Dividends are payable at 8.75% per annum in arrears on a quarterly basis. At any time after August 20, 2019 (or within 180 days after the occurrence of a fundamental change), the Series B Preferred Shares may be redeemed, at the discretion of the Company, in whole or in part, at a redemption price of \$2,500.00 per share (equivalent to \$25.00 per depository share). The net proceeds from the offering were \$33,497. These shares are classified as Equity in the Consolidated Balance Sheets. The dividends payable on the Series B Preferred Shares are presented as a reduction of Retained Earnings in the Consolidated Statements of Equity, when and if declared by the Board of Directors. An initial dividend was declared on September 22, 2014 for the third quarter 2014. Subsequent quarterly dividends have been declared, the last of which was on March 12, 2015 for the first quarter 2015.

10. Interest Rate Derivatives and Fair Value Measurements

Prior to the issue of the 2019 Notes (see note 6(b)) the Company had been exposed to the impact of changes to interest rates on the floating rate debt drawn under the credit facility (see note 6(a)) which also required the Company to hedge at least 50% of any drawings. Accordingly, the Company entered into interest rate swap agreements to manage the exposure.

On March 19, 2014 the secured credit facility was fully repaid and was replaced with the 2019 Notes, which have a fixed interest rate. The \$277,000 nominal amount of outstanding interest rate swaps which had hedged the Company's interest rate risk were terminated accordingly. The cost of the termination included an element of unsettled payments due under the swap agreements up to March 19, 2014 amounting to \$307. This amount is included in the Consolidated Statements of Income as a realized loss on derivative instruments.

During the period when the interest rate swaps were outstanding, they were marked to market at each reporting date end and recorded at their fair values. This generated unrealized gains and losses. The unrealized gain on interest rate derivatives for the three months ended March 31, 2015 was \$ nil (2014: \$1,944).

None of the Company's interest rate agreements qualified for hedge accounting and therefore the net changes in the fair value of the interest rate derivative assets and liabilities at each reporting period were reflected in the current period operations as unrealized gains and losses on derivatives. Cash flows related to interest rate derivatives (initial payments for the derivatives, periodic cash settlements and termination payments) are included within cash flows from investing activities in the Consolidated Statements of Cash Flows.

The Company's derivative instruments were categorized as level 2 in the fair value hierarchy. Due to the termination of these instruments in the current year, the fair value at the reporting date was \$nil (December 31, 2014: \$nil). Within the Consolidated Balance Sheets, there are no offsets of recognized assets or liabilities related to these derivatives.

Global Ship Lease, Inc.

Notes to the Interim Unaudited Consolidated Financial Statements (continued)

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

11. Share-Based Compensation

Share based awards are summarized as follows:

	Restricted Stock Units		Weighted Average	Actual
	Number of Units Management	Directors	Fair Value on Grant Date	Fair Value on Vesting Date
Unvested as at January 1, 2014	300,000	27,550	\$ 3.26	n/a
Vested in January 2014		(27,550)	3.43	5.85
Unvested as at December 31, 2014	300,000		\$ 3.25	n/a
Vested in January 2015				
Unvested as at March 31, 2015	300,000		\$ 3.25	n/a

Using the graded vesting method of expensing the restricted stock unit grants, the calculated weighted average fair value of the stock units is recognized as compensation cost in the Consolidated Statements of Income over the vesting period. During the three months ended March 31, 2015, the Company recognized a total of \$25 (2014: \$50) share based compensation cost. As at March 31, 2015, there was a total of \$50 unrecognized compensation cost relating to the above share based awards (December 31, 2014: \$75). The remaining cost is expected to be recognized over a period of six months.

The restricted stock units granted to Directors on March 7, 2013 vested in January 2014.

The restricted stock units granted to four members of management on September 2, 2011 were to vest over two years; half during September and October 2012 and the remaining half during September and October 2013. In March 2012, these grants were amended and restated to provide that vesting would occur only when the individual leaves employment, for whatever reason, provided that this was after September 30, 2012 in respect of half of the grant and after September 30, 2013 for the other half of the grant. The restricted stock units granted to management on March 13, 2012 are expected to vest when the individual leaves employment, provided that this is after September 30, 2014 and is not as a result of resignation or termination for cause. The restricted stock units granted to management on March 7, 2013 are expected to vest when the individual leaves employment, provided that this is after September 30, 2015 and is not as a result of resignation or termination for cause.

Global Ship Lease, Inc.

Notes to the Interim Unaudited Consolidated Financial Statements (continued)

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

12. Earnings per Share

Basic earnings per common share is presented under the two-class method and is computed by dividing the earnings applicable to common stockholders by the weighted average number of common shares outstanding for the period.

Under the two class method, net income available to common stockholders, if any, is first reduced by the amount of dividends declared in respect of common shares for the current period, if any, and the remaining earnings are allocated to common shares and participating securities to the extent that each security can share the earnings assuming all earnings for the period are distributed. For the three months ended March 31, 2015, no dividend was declared (2014: nil dividends). The Class B common shareholders' dividend rights are subordinated to those of holders of Class A common shares (see note 9). Net income for the relevant period is allocated based on the contractual rights of each class of security and as there was insufficient net income to allow any dividend on the Class B common shares no earnings were allocated to Class B common shares.

Losses are only allocated to participating securities in a period of net loss if, based on the contractual terms, the relevant common shareholders have an obligation to participate in such losses. No such obligation exists for Class B common shareholders and, accordingly, losses would only be allocated to the Class A common shareholders.

At March 31, 2015, there were 300,000 restricted stock units granted and unvested as part of management's stock based compensation. As of March 31, 2015 only Class A and B common shares are participating securities.

For the three months ended March 31, 2015 and March 31, 2014, the diluted weighted average number of shares includes the incremental effect of outstanding stock based incentive awards.

Global Ship Lease, Inc.

Notes to the Interim Unaudited Consolidated Financial Statements (continued)

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

12. Earnings per Share (continued)

(In thousands, except share data)	Three months ended	
	2015	March 31, 2014
Class A common shares		
Weighted average number of common shares outstanding (B)	47,541,484	47,541,178
Weighted average number of RSU s without service conditions (note 11) (B)	225,000	150,000
Dilutive effect of share-based awards	65,177	111,896
Common shares and common share equivalents (F)	47,831,661	47,803,074
Class B common shares		
Weighted average number of common shares outstanding (D)	7,405,956	7,405,956
Dilutive effect of share-based awards		
Common shares (H)	7,405,956	7,405,956
Basic Earnings per Share		
Net income available to shareholders	\$ 24	\$ 1,843
Available to:		
- Class A shareholders for period	\$ 24	\$ 1,843
- Class A shareholders for arrears		
- Class B shareholders for period		
- allocate pro-rata between Class A and B		
Net income available for Class A (A)	\$ 24	\$ 1,843
Net income available for Class B (C)		
Basic Earnings per share:		
Class A (A/B)	\$	\$ 0.04
Class B (C/D)		
Diluted Earnings per Share		
Net income available to shareholders	\$ 24	\$ 1,843
Available to:		
- Class A shareholders for period	\$ 24	\$ 1,843
- Class A shareholders for arrears		
- Class B shareholders for period		

- allocate pro rata between Class A and B

Net income available for Class A (E)	\$	24	\$	1,843
Net income available for Class B (G)				
Diluted Earnings per share:				
Class A (E/F)	\$		\$	0.04
Class B (G/H)				

13. Subsequent Events

There are no subsequent events other than those disclosed elsewhere in the consolidated financial statements.