

Global Ship Lease, Inc.  
Form F-1/A  
September 18, 2008  
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As filed with the Securities and Exchange Commission on September 18, 2008

Registration No. 333-153448

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

**AMENDMENT NO. 1 TO**  
**FORM F-1**  
**REGISTRATION STATEMENT**  
**UNDER**  
**THE SECURITIES ACT OF 1933**

**Global Ship Lease, Inc.**

(Exact name of Registrant as specified in its charter)

**Republic of the Marshall Islands**  
(State or other jurisdiction of incorporation  
or organization)

**4412**  
(Primary Standard Industrial Classification  
Code Number)  
c/o 10 Greycoat Place

**N/A**  
(I.R.S. Employer Identification No.)

**London SW1P 1SB**

**United Kingdom**

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(Address, including zip code, and telephone number, including area code, of registrant's principal executive offices)

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

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

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

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

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

If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box.

## CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed		Amount of Registration Fee(5)
		Maximum Aggregate Price Per Security	Proposed Maximum Aggregate Offering Price	
Class A common shares, par value \$0.01 per share, issuable upon exercise of the outstanding public warrants	40,035,850	\$6.00(2)	\$240,215,100.00	\$ 9,440.45
Class A common shares, par value \$0.01 per share, issuable upon exercise of the sponsor warrants	5,500,000	\$7.25(3)	\$ 39,875,000.00	\$ 1,567.09
Class A common shares, par value \$0.01 per share (4)	9,744,600	\$7.25(3)	\$ 70,648,350.00	\$ 2,776.48
Total	55,280,450		\$350,738,450.00	\$13,784.02

- (1) This registration statement shall also cover any additional common shares that shall become issuable by reason of any share dividend, share split, recapitalization or other similar transaction effected without the receipt of consideration that results in an increase in the number of the outstanding common shares.
- (2) Pursuant to Rule 457(g) under the Securities Act, the maximum offering price per security represents the exercise price of the warrants.
- (3) Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(g)(3) under the Securities Act of 1933, as amended, based upon the average of the high and low prices of Global Ship Lease's Class A common shares on the New York Stock Exchange on September 3, 2008.
- (4) Represents Class A common shares acquired or received by selling shareholders in connection with the Merger.
- (5) Previously paid.

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

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

**Subject to Completion, dated September 18, 2008**

**Global Ship Lease, Inc.**

**Class A Common Shares, par value \$0.01 per share**

This prospectus relates to the issuance by us of up to 45,535,850 Class A common shares, par value \$0.01 per share, of which:

40,035,850 are issuable upon the exercise of outstanding warrants originally issued in an initial public offering by Marathon Acquisition Corp. ( Marathon ), our immediate predecessor, pursuant to a prospectus dated August 24, 2006 (the public warrants ); and

up to 5,500,000 are issuable upon the exercise of outstanding sponsor warrants issued by Marathon in a private placement to Marathon Investors, LLC and subsequently transferred to its current holders.

This prospectus also relates to the resale by selling shareholders of (1) up to 9,744,600 Class A common shares acquired or received in connection with the closing of the merger, as described below, and (2) up to 5,500,000 Class A common shares issuable upon exercise of the sponsor warrants.

Each warrant entitles the holder to purchase one share of our Class A common shares. In order to obtain the shares, the holders of the warrants must pay an exercise price of \$6.00 per share. We will receive proceeds from the exercise of the public warrants but not from the sale of the underlying Class A common shares. The sponsor warrants must be exercised on a cashless basis and therefore we will receive no proceeds from their exercise. Using the treasury method at \$7.25, the closing price of Global Ship Lease's Class A common shares on the New York Stock Exchange, or the NYSE, on September 3, 2008, 948,276 Class A common shares would be issued if all of the sponsor warrants were exercised. We will not receive any proceeds from the resale of any Class A common shares sold by selling shareholders.

Our Class A common shares, warrants and units are listed on the NYSE and trade under the symbols GSL , GSL.WS and GSL.U , respectively. Each unit consists of one Class A common share and one warrant. On September 3, 2008, the closing sale prices of the Class A common shares, warrants and units were \$7.25 per share, \$1.22 per warrant and \$8.55 per unit.

**Investing in our securities involves a high degree of risk. See Risk Factors beginning on page 9 of this prospectus for a discussion of information that should be considered before buying our common shares.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.**

You should rely only on the information contained in this prospectus. We have not authorized anyone to provide you with information that is different.

The information contained in this prospectus is correct as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of our common shares. You should be aware that some of this information may have changed by the time this document is delivered to you.

Global Ship Lease, Inc. is the renamed surviving entity from the merger of Marathon Acquisition Corp., GSL Holdings Inc. (the surviving entity) and Global Ship Lease, Inc., which was previously a subsidiary of CMA CGM S.A.

The date of this prospectus is \_\_\_\_\_, 2008.

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**PROSPECTUS SUMMARY**

*This summary highlights selected information from this prospectus but may not contain all of the information that may be important to you. Accordingly, we encourage you to read carefully this entire prospectus. Unless the context otherwise requires, references to the Company, we, us or our refers to Global Ship Lease, Inc. For the definition of certain terms used in this prospectus, please see Glossary of Shipping Terms at the end of this prospectus.*

*Unless otherwise indicated, all references to \$ and dollars in this prospectus are in United States dollars. We use the term TEU, meaning 20-foot equivalent unit, the international standard measure of container size, in describing volumes in world container trade and other measures, including the capacity of Global Ship Lease's containerships, which we also refer to as the vessels. Unless otherwise indicated, we calculate the average age of Global Ship Lease's vessels on a weighted average basis, based on TEU capacity.*

**Our Company**

Global Ship Lease, Inc. (Global Ship Lease) is a Republic of the Marshall Islands corporation that owns a fleet of modern containerships of diverse sizes and charters the vessels out under long-term, fixed-rate charters to reputable container shipping companies to generate stable cash flow. Pursuant to an asset purchase agreement, as amended, (the asset purchase agreement) with CMA CGM S.A. (CMA CGM) and certain of its vessel-owning subsidiaries in October 2007, Global Ship Lease acquired 10 secondhand vessels and two newly built vessels. Global Ship Lease refers to these 12 containerships collectively as its initial fleet. Its initial fleet has an aggregate capacity of 36,322 TEU, had a weighted average age of 5.3 years and a non-weighted average age of 5.8 years at delivery.

The asset purchase agreement enables Global Ship Lease to acquire four secondhand vessels and one newbuilding with an aggregate capacity of 29,975 TEU, a weighted average age of 3.5 years and a non-weighted average age of 3.5 years upon delivery. Global Ship Lease refers to these five vessels collectively as its contracted fleet. Three of the secondhand vessels and the newbuilding are expected to be delivered in December 2008 and the other secondhand vessel is expected to be delivered in July 2009. The aggregate purchase price for these five vessels is \$437 million, of which \$99 million has been prepaid by the consideration of 12,375,000 Class C common shares issued to CMA CGM in the Merger (as defined below).

Upon completion of the acquisition of its initial and contracted fleet, Global Ship Lease will own a modern fleet of containerships ranging in sizes from 2,207 TEU to 10,960 TEU, with an average TEU capacity of approximately 3,900. Its initial and contracted fleet will have an aggregate capacity of 66,297 TEU, a weighted average age of 5.3 years and a non-weighted average age of 5.8 years upon delivery of all of its vessels, which Global Ship Lease expects to occur in July 2009.

On March 21, 2008, Global Ship Lease entered into a merger agreement and thereafter entered into amendments to the merger agreement pursuant to which Marathon Acquisition Corp. (Marathon) and Global Ship Lease, Inc., a subsidiary of CMA CGM merged with and into GSL Holdings, Inc. (GSL Holdings), Marathon's newly-formed, wholly owned Marshall Islands subsidiary, with GSL Holdings (now renamed Global Ship Lease, Inc.) continuing as the surviving company incorporated in the Republic of the Marshall Islands (collectively, Merger). The Merger was consummated on August 14, 2008.

Pursuant to the Merger, holders of shares of Marathon common stock (other than Marathon Founders, LLC and the other initial stockholders of Marathon) received one Class A common share of Global Ship Lease for each share of Marathon common stock issued and outstanding immediately prior to the effective time of the Merger. In respect of the aggregate 9,375,000 shares of Marathon common stock held by them, Marathon Founders, LLC and the other initial stockholders of Marathon received in the Merger an aggregate of 2,846,906

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Class A common shares of Global Ship Lease, 3,471,906 Class B common shares and warrants to acquire an aggregate of 3,056,188 Class A common shares at an exercise price of \$9.25 CMA CGM received consideration consisting of 6,778,650 Class A common shares, 3,934,050 Class B common shares, 12,375,000 Class C common shares, 1,000 Series A preferred shares, warrants to acquire 3,131,900 Class A common shares at an exercise price of \$9.25, and \$18,570,135 in cash. The rights of holders of Class B common shares are identical to those of holders of Class A common shares subject to meeting certain tests, except that the holders of Class B common shares are not entitled to receive any dividends with respect to any quarter prior to the fourth quarter of 2008 and their dividend rights are subordinated to those of holders of Class A common shares until at least the third quarter of 2011. The rights of holders of Class C common shares are identical to those of holders of Class A common shares, except that holders of Class C common shares are not entitled to receive any dividends and the Class C common shares will convert into Class A common shares on a one-for-one basis on January 1, 2009.

In connection with the Merger, 7,724,677 shares of Marathon common stock were converted for cash at an approximate trust value of \$7.935 per share. The approximate trust value per share was based upon an estimated effective tax rate. A final adjustment may be made after the final tax returns are filed. In addition, pursuant to its previously announced repurchase program, Global Ship Lease purchased and retired 8,472,870 shares (net of 1,000,000 shares re-issued as partial payment of transaction related expenses) of Marathon common stock. As of September 3, 2008 Global Ship Lease has outstanding 33,463,859 Class A common shares, 7,405,956 subordinated Class B common shares and 12,375,000 Class C common shares.

The Class A common shares, warrants to purchase Class A common shares and units (each unit consisting of one Class A common share and one warrant to purchase one Class A common share) are listed on the NYSE under the symbols GSL for the Class A common shares, GSL.WS for the warrants and GSL.U for the units.

The current mailing address of Global Ship Lease's principal executive office is Global Ship Lease, Inc., c/o 10 Greycoat Place London SW1P 1SB, United Kingdom, and its telephone number is 44 (0) 207 960-6340.

**Public Stockholders Warrants**

As of the effective time of the Merger, there were 40,035,850 public warrants outstanding. Each warrant entitles the holder to purchase one Class A common share. In order to obtain the shares, the holders of the warrants must pay an exercise price of \$6.00 per share. The warrants will become exercisable when this registration statement is declared effective and the prospectus contained therein is available for delivery by Global Ship Lease and will expire on August 24, 2010, unless earlier redeemed. Beginning when the warrants become exercisable, we may redeem the warrants at a price of \$0.01 per warrant upon a minimum of 30 days' prior written notice of redemption if, and only if, the last sale price of our Class A common shares equals or exceeds \$11.50 per share for any 20 trading days within a 30 trading day period ending three business days before we send the notice of redemption.

**Class A Common Shares**

Pursuant to the terms of the stockholders agreement, up to 4,094,600 Class A common shares of the shares received by CMA CGM in the Merger may be transferred after December 12, 2008. In connection with the consummation of the Merger, Michael Gross and CMA CGM each purchased 1,325,000 Class A common shares pursuant to assignment and acceptance agreements with Marathon, which shares are not subject to the stockholders agreement. In addition, certain underwriters and advisors of Global Ship Lease and its predecessors received an aggregate of 1,000,000 Class A common shares, in lieu of payment of certain fees. In addition, upon the Merger, Mr. Gross received 2,000,000 Class A common shares for the same number of shares of Marathon common stock purchased pursuant to a stock purchase plan with Citigroup Global Markets Inc. in accordance with the guidelines of Rule 10b5-1 and the provisions of Rule 10b-18 of the Exchange Act.

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### **Sponsor Warrants**

In connection with its initial public offering, Marathon issued 5,500,000 sponsor warrants to Marathon Investors, LLC in a private placement. Upon the Merger, such warrants became exercisable into Class A common shares. Subject to the terms described below, the sponsor warrants have terms and provisions that are identical to the public warrants, except that they may be exercised whether or not a current prospectus relating to the Class A common shares is effective. The Second Supplemental Warrant Agreement entered into between Marathon and the warrant agent, which was contingent upon the closing of the Merger, provides that the sponsor warrants must be exercised on a cashless basis and may be redeemed at Global Ship Lease's option under the same conditions applicable to the public warrant holders. In addition, upon the closing of the Merger, the sponsor warrants and the underlying Class A common shares are entitled to registration rights under the registration rights agreement signed at the effective time of the Merger. On August 28, 2008, Marathon Investors, LLC was dissolved and the sponsor warrants were distributed to Michael Gross who subsequently transferred 1,650,000 sponsor warrants to Magnetar Capital Partners LP in consideration for and in proportion to the funds previously contributed by Magnetar Capital Partners LP to Marathon Investors, LLC.

### **Recent Developments**

Global Ship Lease entered into an agreement on September 15, 2008 to acquire two 4,250 TEU newbuildings. The purchase price is approximately \$77 million per vessel, of which 10% will be paid shortly and 90% on delivery. The purchase is subject to the completion of customary documentation and closing conditions. The two vessels, which are being built in China at Jiangsu New Yangzi Shipbuilding, part of a publicly owned group, are scheduled to be delivered in the fourth quarter of 2010. Both vessels will be chartered to Zim Integrated Shipping Services Limited for a term of seven to eight years at a net rate of \$28,000 per vessel per day. The acquisition is expected to be accretive to revenues, distributable cash flow and dividends. Global Ship Lease expects the two new vessels will increase total annual revenues by approximately \$20.2 million beginning in 2011. Global Ship Lease expects to finance the acquisition through borrowings under its \$800 million credit facility or with proceeds from the exercise of the public warrants. Information regarding Global Ship Lease's fleet included in the remainder of this prospectus does not reflect this acquisition unless otherwise stated.



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**GLOBAL SHIP LEASE SUMMARY FINANCIAL INFORMATION**

You should read the information set forth below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations of Global Ship Lease and Global Ship Lease's combined financial statements and notes thereto, which are referred to as Global Ship Lease's combined financial statements, included elsewhere in this prospectus. Global Ship Lease uses the term "Predecessor Group" to mean the container shipping services provided by the 10 secondhand vessels and two newly built vessels in Global Ship Lease's initial fleet when these vessels were owned and operated by CMA CGM and its subsidiaries rather than to mean any particular entity or entities.

This summary financial information refers to Global Ship Lease prior to giving effect to the Merger other than the selected pro forma financial information, which assumes that the Merger had been completed. See "Unaudited Pro Forma Combined Financial Information" for further information.

The historical summary combined financial data as of June 30, 2008 and for the six months ended June 30, 2008 and June 30, 2007, as of December 31, 2007 and 2006 and for each of the years then ended together with such information for the year ended December 31, 2005 have been derived from audited and unaudited combined financial statements of Global Ship Lease included elsewhere in this prospectus. The historical summary combined financial data as of December 31, 2005 and for the year ended December 31, 2004 is derived from carve-out information of the Predecessor Group prepared by management of CMA CGM. Summary historical financial data as of December 31, 2003 and for the year then ended is not provided because carve-out financial statements for the Predecessor Group as of dates prior to January 1, 2004 and periods ending prior to such date cannot be prepared without unreasonable effort and cost. Certain financial information has been rounded, and, as a result, certain totals shown in this prospectus may not equal the arithmetic sum of the figures that should otherwise aggregate to those totals. In addition, as discussed elsewhere in this prospectus, there are significant differences between Global Ship Lease's business after the acquisition of its initial fleet and the business of Global Ship Lease's Predecessor Group to which most of the historical financial and operating data included in this prospectus applies. The Predecessor Group's business was the operation of vessels earning revenue from carrying cargo for customers, whereas Global Ship Lease operates as a vessel owner, earning revenue from chartering out its vessels. Accordingly, the summary historical combined financial data, which includes mainly the Predecessor Group's trading activities of the vessels earning freight rates or revenue from carrying cargo for third party customers, are not indicative of the results Global Ship Lease would have achieved had it historically operated as an independent shipowning company earning charterhire or of Global Ship Lease's future results. This information should be read together with, and is qualified in its entirety by, Global Ship Lease's combined financial statements and the notes thereto included elsewhere in this prospectus.

**Table of Contents****GLOBAL SHIP LEASE, INC.**

The following combined financial information is not representative of Global Ship Lease's future operations as Global Ship Lease will derive its revenue only from chartering out its vessels under long-term fixed rate time-charters. Please refer to Global Ship Lease's unaudited pro forma financial information, summarized below, included elsewhere in this prospectus, which reflects the pro forma effects of these charters and related agreements on Global Ship Lease's results of operations and financial condition.

	Summary combined financial information						Summary pro forma financial information (unaudited)	
	Six months ended June 30, (unaudited)		Year ended December 31,				Six months ended	Year ended
	2008	2007	2007	2006	2005	2004	June 30, 2008	December 31, 2007
<b>Statement of Income</b>								
<b>Operating revenues:</b>								
Freight revenue (1)	\$ 2.1	\$ 171.9	\$ 332.2	\$ 299.6	\$ 111.6	\$ 58.1	\$	\$
Time charter revenue (2)	44.8		2.9				49.1	75.6
<b>Operating expenses:</b>								
Voyage expenses (3)	(1.9)	(119.4)	(249.5)	(213.1)	(70.2)	(38.6)		
Vessel expenses	(14.2)	(11.7)	(24.0)	(22.6)	(13.7)	(8.7)	(14.2)	(23.5)
Depreciation	(9.8)	(7.3)	(16.1)	(16.7)	(7.2)	(5.3)	(11.1)	(16.7)
General and administrative (4)	(3.3)	(5.7)	(17.8)	(11.3)	(2.7)	(1.3)	(4.4)	(8.8)
Other operating income / (expense)	(0.1)	2.6	2.3	11.9	(2.5)		0.2	
<b>Total operating expenses</b>	<b>(29.4)</b>	<b>(141.5)</b>	<b>(304.9)</b>	<b>(251.9)</b>	<b>(96.2)</b>	<b>(53.9)</b>	<b>(29.5)</b>	<b>(48.9)</b>
<b>Operating income</b>	<b>17.4</b>	<b>30.4</b>	<b>30.2</b>	<b>47.7</b>	<b>15.4</b>	<b>4.2</b>	<b>19.6</b>	<b>26.7</b>
<b>Non operating income / (expense)</b>								
Interest income	0.3		0.2				0.3	0.2
Interest expense	(14.6)	(5.1)	(13.6)	(15.1)	(6.4)	(2.6)	(6.2)	(8.0)
Preferred stock dividend							(1.2)	(3.5)
Realized and unrealized gain on interest rate derivatives	5.2						5.2	
<b>Income before income taxes</b>	<b>8.4</b>	<b>25.4</b>	<b>16.8</b>	<b>32.7</b>	<b>9.0</b>	<b>1.7</b>	<b>17.6</b>	<b>15.3</b>
Taxes on income								(0.1)
<b>Net income</b>	<b>\$ 8.3</b>	<b>\$ 25.4</b>	<b>\$ 16.8</b>	<b>\$ 32.7</b>	<b>\$ 9.0</b>	<b>\$ 1.7</b>	<b>\$ 17.6</b>	<b>\$ 15.2</b>
Net income per share in thousand \$ per share basic and diluted (5)								
	83	254	168	327	90	17		
Weighted average number of common shares outstanding basic and diluted								
	100	100	100	100	100	100		
Weighted average number of Class A common shares outstanding								
Basic							33,463,859	33,463,859
Diluted							44,287,809	44,289,671
Net income per share amount								

Basic	0.46	0.46
Diluted	0.40	0.34

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	Summary combined financial information						Summary pro forma financial information (unaudited)	
	Six months ended		Year ended December 31,				Six months ended	Year ended
	June 30, (unaudited)		2007	2006	2005	2004	June 30, 2008	December 31, 2007
	2008	2007	(in millions of U.S. dollars, except per share data)					
<b>Weighted average number of Class B common shares outstanding</b>								
Basic							7,405,956	7,405,956
Diluted							7,405,956	7,405,956
<b>Net income per share amount</b>								
Basic							0.07	
Diluted								
<b>Weighted average number of Class C common shares outstanding</b>								
Basic							12,375,000	12,375,000
Diluted							12,375,000	12,375,000
<b>Net income per share amount</b>								
Basic								
Diluted								
<b>Statement of cash flow</b>								
Net cash from operating activities	\$ 13.9	\$ 31.0	\$ 56.6	\$ 22.8	\$ 17.4	\$ 3.0	n/a	n/a
<b>Balance sheet data (at period end)</b>								
Total current assets	13.2	n/a	192.9	32.1	11.2	n/a	19.2	n/a
Total vessels	467.1	n/a	475.3	286.2	177.8	n/a	525.3	n/a
Total assets	495.4	n/a	674.6	344.5	203.0	n/a	699.8	n/a
Long-term debt (current and non-current portion)	401.1	n/a	401.1	139.2	109.9	n/a	267.9	n/a
Mandatorily redeemable preferred stock		n/a				n/a	48.0	n/a
Shareholder loan (6)	176.9	n/a	176.9			n/a		n/a
Stockholder's Equity	(93.4)	n/a	87.5	170.0	18.4	n/a	351.5	n/a

- (1) This line item reports revenue earned by the Predecessor Group by carrying cargo on the vessels.
- (2) This line item reports revenues earned from Global Ship Lease's chartering business following the purchase of its initial fleet of 10 secondhand vessels in December 2007.
- (3) This line item reports the voyage related expenses of carrying cargo by the Predecessor Group.
- (4) Global Ship Lease's combined financial statements include the general and administrative expenses incurred by its Predecessor Group related to its operations and such costs incurred by Global Ship Lease as a wholly owned subsidiary of CMA CGM. Due to the completion of the Merger, Global Ship Lease will incur additional administrative expenses, including legal, accounting, treasury, premises, securities regulatory compliance and other costs normally incurred by an independent listed public entity. Accordingly, general and administrative expenses incurred by and allocated to the Predecessor Group do not purport to be indicative of future expenses.
- (5) The weighted average number of shares outstanding of Global Ship Lease as of June 30, 2008 has been used for purposes of computing earnings per share for all presented prior periods.
- (6) Amounts due to the former shareholder were not assumed by Global Ship Lease following completion of the Merger.

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**THE OFFERING**

<b>Shares Offered by the Company</b>	45,535,850 Class A common shares, par value \$0.01 per share, of which:  40,035,850 shares are issuable upon the exercise of outstanding public warrants originally issued in an initial public offering by Marathon pursuant to a prospectus dated August 24, 2006; and  up to 5,500,000 shares are issuable upon the exercise of outstanding sponsor warrants issued in a private placement to Marathon Investors, LLC and their transferees.
<b>Shares Offered by Selling Shareholders</b>	9,744,600 Class A common shares acquired or received in connection with the Merger and up to 5,500,000 Class A common shares issuable upon exercise of the sponsor warrants.
<b>Public Warrant Exercise Price</b>	\$6.00 per share
<b>Sponsor Warrant Exercise Price</b>	The sponsor warrants must be exercised on a cashless basis.
<b>Class A Common Shares Outstanding as of September 3, 2008</b>	33,463,859 Class A common shares
<b>Class A Common Shares to be Outstanding Assuming Exercise of All of the Public and Sponsor Warrants Outstanding</b>	74,447,985 Class A common shares (includes 948,276 shares assuming the exercise of the sponsor warrants on a cashless basis based on the closing sale price of the common shares on the NYSE on September 3, 2008 of \$7.25)
<b>Use of Proceeds</b>	The Company will receive up to an aggregate of \$240,215,100 from the exercise of the public warrants, if they are exercised in full. The Company expects that any net proceeds from the exercise of the warrants will be used to redeem for \$48,000,000 the Series A preferred shares issued to CMA CGM and thereafter for acquisitions of additional vessels and/or repayment of borrowings under the credit facility and/or for general corporate purposes. The sponsor warrants must be exercised on a cashless basis.  The selling shareholders will receive all of the proceeds from the sale of any Class A common shares sold by them pursuant to this prospectus. We will not receive any proceeds from these sales.
<b>NYSE Trading Symbols:</b>	
<b>Class A Common Shares</b>	GSL
<b>Warrants</b>	GSL.WS

**Units**

GSL.U

Please see Risk Factors beginning on page 9 of this prospectus.

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**MARKET PRICE INFORMATION**

On August 15, 2008, our Class A common shares, warrants and units began trading on the NYSE under the symbols `GSL` , `GSL.WS` and `GSL.U` , respectively. Each of our units consists of one Class A common share and one warrant. The securities of our predecessor, Marathon, were traded on the American Stock Exchange up to August 14, 2008.

The following sets forth the high and low closing sales price of our Class A common shares, warrants and units, as reported on the NYSE for the periods shown:

**Class A Common Shares**

<b>Quarter Ended</b>	<b>High</b>	<b>Low</b>
September 30, 2008 (through September 3, 2008) (1)	\$ 7.64	\$ 7.09

**Warrants**

<b>Quarter Ended</b>	<b>High</b>	<b>Low</b>
September 30, 2008 (through September 3, 2008) (2)	\$ 1.53	\$ 1.10

**Units**

<b>Quarter Ended</b>	<b>High</b>	<b>Low</b>
September 30, 2008 (through September 3, 2008) (3)	\$ 9.23	\$ 8.55

(1) Represents the high and low sale prices for Global Ship Lease's Class A common shares from August 15, 2008, the date that such prices first became reportable, through September 3, 2008.

(2) Represents the high and low sale prices for Global Ship Lease's warrants from August 15, 2008, the date that such prices first became reportable, through September 3, 2008.

(3) Represents the high and low sale prices for Global Ship Lease's units from August 15, 2008, the date that such prices first became reportable, through September 3, 2008.

On September 3, 2008, the last reported sale price for our Class A common shares, warrants and units on the NYSE was \$7.25 per share, \$1.22 per warrant and \$8.55 per unit.

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**RISK FACTORS**

An investment in our securities involves a high degree of risk. You should consider carefully all of the material risks described below, together with the other information contained in this prospectus before making a decision to invest in our securities. If any of the following events occur, our business, financial condition and operating results may be materially adversely affected. In that event, the trading price of our securities could decline, and you could lose all or part of your investment.

**Risks Related to Global Ship Lease**

**Global Ship Lease's growth depends on its ability to expand its relationship with CMA CGM and obtain new charterers, for which Global Ship Lease will face substantial competition.**

One of Global Ship Lease's principal objectives is to acquire additional vessels and charter them out to container shipping companies as charterers. The process of obtaining new charterers is highly competitive and often takes several months. Charters are awarded based upon a variety of factors relating to the vessel owner, including:

competitiveness of overall price;

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

shipping industry relationships and reputation for reliability, customer service and safety;

quality and experience of seafaring crew;

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

relationships with shipyards and the ability to get suitable berths for newbuildings; and

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

Global Ship Lease expects substantial competition in expanding its business, including with respect to obtaining new containership charters, from a number of experienced and substantial companies. Many of these competitors currently have significantly greater financial resources than Global Ship Lease does, and can therefore operate larger fleets and may be able to offer better charter rates. There may be an increasing number of owners with vessels available for charter, including many with strong reputations and extensive resources and experience. This increased competition may cause greater price competition for charters. As a result of these factors, Global Ship Lease may be unable to maintain or expand its relationships with CMA CGM or to obtain new charterers on a profitable basis, if at all, which would have a material adverse effect on its business, results of operations and financial condition and its ability to pay dividends to its shareholders.

**Global Ship Lease may be unable to make or realize expected benefits from vessel acquisitions, and implementing its growth strategy through acquisitions may harm its business, financial condition and operating results.**

Global Ship Lease's growth strategy includes, among other things, selectively acquiring newbuildings and secondhand vessels. Growing any business through acquisition presents numerous risks, such as undisclosed liabilities and obligations, the possibility that indemnification agreements will be unenforceable or insufficient to cover potential losses and obtaining the necessary resources to manage an enlarged business. Global Ship Lease cannot give any assurance that it will be successful in executing its growth plans, that Global Ship Lease will be able to employ acquired vessels under long-term charters or have ship management agreements with similar or better terms than those Global Ship



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Lease has obtained from its Ship Manager or that it will not incur significant expenses and losses in connection with its future growth.

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Factors that may limit Global Ship Lease's ability to acquire additional vessels include the limited shipyard capacity for newbuildings, the relatively small number of independent fleet owners and the limited number of modern vessels with appropriate characteristics not subject to existing long-term or other charters. Competition from other purchasers could reduce Global Ship Lease's acquisition opportunities or cause Global Ship Lease to pay higher prices.

Any acquisition of a vessel may not be profitable to Global Ship Lease and may not generate cash flow sufficient to justify Global Ship Lease's investment. In addition, Global Ship Lease's acquisition growth strategy exposes Global Ship Lease to risks that may harm its business, financial condition and operating results, including risks that Global Ship Lease may:

fail to obtain financing, ship management agreements and charters on acceptable terms in order to make any acquisition accretive to earnings and dividends per common share;

be unable, including through its ship managers, to hire, train or retain qualified shore and seafaring personnel to manage and operate its growing business and fleet;

fail to realize anticipated benefits of cost savings or cash flow enhancements;

decrease its liquidity by using a significant portion of its available cash or borrowing capacity to finance acquisitions;

significantly increase its interest expense or financial leverage if Global Ship Lease incurs additional debt to finance acquisitions;

incur or assume unanticipated liabilities, losses or costs associated with the vessels acquired; or

not be able to maintain its ability to pay regular dividends.

Unlike newbuildings, secondhand vessels typically do not carry warranties as to their condition at the time of acquisition. While Global Ship Lease would inspect existing containerships prior to purchase, such an inspection would normally not provide Global Ship Lease with as much knowledge of a containership's condition as if it had been built for Global Ship Lease and operated by Global Ship Lease during its life. Future repairs and maintenance costs for existing vessels may be difficult to predict and may be substantially higher than for equivalent vessels Global Ship Lease has operated since they were built. These additional costs could decrease Global Ship Lease's cash flow and reduce its liquidity and its ability to pay dividends.

### **Global Ship Lease cannot assure you that it will be able to borrow amounts under its credit facility, and restrictive covenants in its credit facility may impose financial and other restrictions on Global Ship Lease, such as limiting its ability to pay dividends.**

Global Ship Lease established an \$800 million credit facility with Fortis Bank (Nederland) N.V., Citibank Global Markets Limited, HSH Nordbank AG, Sumitomo Mitsui Banking Corporation, Brussels Branch, KfW and DnB Nor Bank ASA, which Global Ship Lease used to acquire its initial fleet and intends to use to acquire its contracted fleet and additional vessels and fund working capital, among other things. Global Ship Lease's ability to borrow amounts under the credit facility is subject to compliance with terms and conditions included in the loan documents. Global Ship Lease's ability to borrow funds from the credit facility to acquire additional vessels and include them in the security package under the credit facility will be partially dependent on whether the purchase of the acquired vessels meets certain financial criteria, and whether the vessels meet certain age and minimum capacity requirements and are to be employed by an acceptable charterer. In addition, as a condition for obtaining financing from its lenders, Global Ship Lease's vessels need to be certified in class and without material overdue recommendations or conditions of class as determined by a member of the International Association of Classification Societies Ltd., or IACS. Six of the vessels in Global Ship Lease's initial fleet currently have recommendations. Global Ship Lease's ability to borrow amounts under the credit facility will also be subject to, among other things, all of its borrowings under the credit facility not exceeding 70% of the



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aggregate charter-free market value of the vessels that are chartered to the initial Charterer or otherwise employed by an acceptable charterer and that secure its obligations under the credit facility.

Additionally, Global Ship Lease's credit facility provides that it may not pay dividends if there is a continuing default under the facility. Global Ship Lease is prohibited from paying dividends if the payment of the dividend would result in a default and any payments to be made into the retention account are not fully up to date. Global Ship Lease's ability to declare and pay dividends therefore depends on whether it is in compliance with its credit facility. Global Ship Lease's credit facility is a revolving credit facility and it may be required to make repayments under the facility although these repayments may be redrawn. It is probable that the market value of Global Ship Lease's vessels will decrease over time, as vessels generally decrease in value as they age. In addition, the market value of Global Ship Lease's vessels can fluctuate substantially depending on market supply and demand for vessels. Consequently, the ratio of its outstanding borrowings under Global Ship Lease's credit facility relative to the asset value of its vessels will likely increase, which will negatively affect Global Ship Lease's ability to comply with its financial ratio covenants. This, in turn, will impact Global Ship Lease's ability to pay dividend payments. In addition, following five years from the date of the closing of the credit facility, the amounts available for borrowing will be permanently reduced. Therefore, unless Global Ship Lease is able to use other sources or refinance borrowings under its credit facility with new indebtedness that has a later maturity date, following five years after the date of the closing of the credit facility, the amount of cash that Global Ship Lease will have available to pay as dividends in any period will be decreased by the amount of any principal repayments that it is required to make.

The credit facility will impose additional operating and financial restrictions on Global Ship Lease. These restrictions may limit its ability to, among other things:

incur additional indebtedness in the vessel owning subsidiaries, including through the issuance of guarantees;

change the management of its vessels without the prior consent of the lender;

permit liens on its assets;

sell its vessels or change the ownership of its subsidiaries;

merge or consolidate with, or transfer all or substantially all its assets to, another person; and

enter into certain types of charters.

Therefore, Global Ship Lease may need to seek consent from its lenders in order to engage in certain corporate actions. Its lenders' interests may be different from Global Ship Lease's and it cannot guarantee that it will be able to obtain its lenders' consent when needed. This may limit its ability to pay dividends to you, finance its future operations, make acquisitions or pursue business opportunities. Please see Global Ship Lease Credit Facility for more information.

### **Global Ship Lease cannot assure you that it will be able to refinance any indebtedness incurred under its credit facility.**

Global Ship Lease cannot assure you that, when required, it will be able to refinance its indebtedness on terms that are acceptable to Global Ship Lease or at all. The actual or perceived credit quality of its charterers, any defaults by them, and the market value of its fleet, among other things, may materially affect its ability to obtain new or replacement debt financing. If Global Ship Lease is not able to refinance its indebtedness, it will have to dedicate a portion of its cash flow from operations to pay the principal and interest of its indebtedness. Global Ship Lease cannot assure you that it will be able to generate cash flow in amounts that are sufficient for these purposes. If Global Ship Lease is not able to satisfy its debt service obligations with its cash flow from operations, Global Ship Lease may have to sell some or all of its assets, which may not be possible and which would have an adverse effect on its cash flows and results of operations. If Global Ship Lease is unable to meet



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its debt obligations for any reason, its lenders could declare its debt, together with accrued interest and fees, to be immediately due and payable and foreclose on vessels in its fleet which are mortgaged as part security for the debt, which could result in the acceleration of other indebtedness that Global Ship Lease may have at such time and the commencement of similar foreclosure proceedings by other lenders.

**Global Ship Lease is highly dependent on CMA CGM.**

All of Global Ship Lease's vessels in its initial and contracted fleet are or will be chartered to its initial Charterer, CMA CGM, although up to May 31, 2008, four vessels were chartered to one of CMA CGM's wholly owned subsidiary companies, Delmas S.A.S. ( Delmas ). The initial Charterer's payments to Global Ship Lease under the charters are currently its sole source of revenue. Global Ship Lease is highly dependent on the performance by the Charterer of its obligation under the charters. CMA CGM has guaranteed the payment of charterhire in cases of default where the Charterer was one of its wholly owned subsidiaries. If the Charterer or guarantor ceases doing business or fails to perform its obligations under Global Ship Lease's charters or pursuant to any guarantees, Global Ship Lease's business, financial position and cash available for the payment of dividends could be adversely affected. Under its ship management agreement with CMA Ships, the Ship Manager is obligated to provide Global Ship Lease with requisite financial information so that Global Ship Lease can meet its own reporting obligations under U.S. securities laws. CMA CGM has guaranteed the performance of CMA Ships and any payments due to Global Ship Lease under the ship management agreements. CMA CGM and CMA Ships are privately held French corporations with financial reporting schedules different from Global Ship Lease. If CMA CGM, CMA Ships or any of their subsidiaries is delayed in providing Global Ship Lease with key financial information, Global Ship Lease could miss its financial reporting deadlines. Although Global Ship Lease's Ship Manager has agreed to indemnify Global Ship Lease for all losses and damages incurred as a result of its failure to provide financial information on a timely basis, up to a capped amount, its shareholders do not have any direct recourse against its Ship Manager or CMA CGM.

**CMA CGM and Global Ship Lease's Ship Manager have conflicts of interest with Global Ship Lease and limited contractual duties, which may make them favor their own interests to Global Ship Lease's detriment.**

Conflicts of interest may arise between Global Ship Lease, on the one hand, and CMA CGM, Global Ship Lease's initial Charterer, and CMA Ships, its Ship Manager, on the other hand. As a result of these conflicts, Global Ship Lease's Ship Manager may favor its own or its parent company's interests over Global Ship Lease's interests. These conflicts may have unfavorable results for Global Ship Lease. For example, Global Ship Lease's Ship Manager could be encouraged to incur unnecessary costs, for which it would seek reimbursement from Global Ship Lease. Although Global Ship Lease's ship management agreements expressly prohibit its Ship Manager from giving preferential treatment when performing any of its ship management services to any other vessel that is affiliated with it, or otherwise controlled by CMA CGM, conflicts of interest may arise between Global Ship Lease, and its Ship Manager and its initial Charterer.

**Global Ship Lease's Ship Manager and CMA CGM, its initial Charterer, are privately held companies and there is little or no publicly available information about them.**

CMA CGM is Global Ship Lease's initial sole Charterer and its wholly owned subsidiary, CMA Ships, is Global Ship Lease's initial Ship Manager. CMA CGM's ability to continue to pay charterhire and CMA Ships' ability to render ship management services will depend in part on their own financial strength. Circumstances beyond their control could impair CMA CGM's and CMA Ships' financial strength, and because they are privately held companies, information about the financial strength of their companies is not publicly available. As a result, Global Ship Lease and an investor in its Class A common shares might have little advance warning of financial or other problems affecting CMA CGM or their wholly owned subsidiaries even though their financial or other problems could have a material adverse effect on Global Ship Lease and its shareholders. As part of its reporting obligations as a public company, Global Ship Lease will disclose information regarding

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CMA CGM, in its capacity as Global Ship Lease's initial Charterer, and CMA Ships, Global Ship Lease's Ship Manager, that has a material impact on Global Ship Lease or its shareholders to the extent that Global Ship Lease becomes aware of such information.

### **CMA CGM could compete with Global Ship Lease.**

Along with many other vessel-owning transportation companies, CMA CGM, currently Global Ship Lease's sole Charterer and largest holder of its Class A common shares, could compete with Global Ship Lease in its search to purchase newbuildings and secondhand vessels. Further, CMA CGM is not precluded from acting as an owner in the direct chartering market. While Global Ship Lease understands that CMA CGM currently has no intention of doing so, competition from CMA CGM may potentially harm Global Ship Lease's ability to grow the business beyond its initial and contracted fleet and may decrease its results of operations.

### **Certain terms in Global Ship Lease's agreements with CMA CGM and its affiliates may be the result of negotiations that were not conducted at arms-length and may not reflect market standard terms. In addition, they may include terms that may not be obtained from future negotiations with unaffiliated third parties.**

The asset purchase agreement, the charters, the ship management agreements, the transitional services agreement and the other contractual agreements Global Ship Lease has entered into with CMA CGM and its wholly owned subsidiaries were made in the context of an affiliated relationship and were negotiated in the overall context of the previously contemplated public offering of its Class A common shares, the purchase of the vessels in its initial and contracted fleet, the Merger and other related transactions. Global Ship Lease's agreements with CMA CGM may include terms that could not have been obtained from arms-length negotiations with unaffiliated third parties for similar services and assets. As a result, its future operating results may be negatively affected if Global Ship Lease does not receive terms as favorable in future negotiations with unaffiliated third parties or has to enter into lengthy and costly negotiations with third parties in connection with entering into such agreements.

### **Global Ship Lease's business depends upon certain individuals who may not necessarily continue to be affiliated with Global Ship Lease.**

Global Ship Lease's future success depends to a significant extent upon its Chief Executive Officer, Ian J. Webber, its Chief Financial Officer, Susan J. Cook and its Chief Commercial Officer, Thomas A. Lister. Mr. Webber, Ms. Cook and Mr. Lister have an aggregate of over 40 years of experience in the shipping industry and have worked with several of the world's largest shipping companies. They and members of the board of directors are crucial to the execution of its business strategies and to the growth and development of its business. If these individuals were no longer to be affiliated with Global Ship Lease, or if Global Ship Lease were to otherwise cease to receive advisory services from them, Global Ship Lease may be unable to recruit other employees with equivalent talent and experience, and its business and financial condition may suffer as a result.

### **Global Ship Lease is a recently formed company with limited separate operating history and its historical financial and operating data may not be representative of its future results.**

Global Ship Lease is a recently formed company with limited operating history. The historical combined financial statements included in this prospectus include mainly its predecessor's historical business activities as a container shipping company earning freight from transporting shipper's cargo and incurring both vessel and voyage expenses, including all costs related to handling of shippers' cargoes for its vessels while they were owned and operated by CMA CGM until the date of the individual transfer of each vessel in December 2007. These combined financial statements reflect only the results of Global Ship Lease under its fixed-rate long-term charters, ship management agreements and its financing arrangements only from the date of the individual transfer of each vessel in December 2007 and are not a meaningful representation of its future results of operations. Global Ship Lease unaudited pro forma financial information has been prepared as if Global Ship

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Lease had purchased its initial fleet from CMA CGM, and entered into its charter arrangements and ship management agreements as of January 1, 2007 and January 2008. Such information is provided for illustrative purposes only and does not represent what its results of operations or financial position would actually have been if the transactions had in fact occurred on those dates and is not representative of its results of operations or financial position for any future periods. There will likely be variations between its future operating results and its pro forma financial information and such variations may be material.

### **Global Ship Lease has not performed and does not intend to perform underwater inspections of its vessels.**

Although Global Ship Lease has performed physical inspections of the vessels, Global Ship Lease has not performed and does not intend to perform any underwater inspections either prior to or after their delivery. As a result, Global Ship Lease will not be aware of any damage to the vessel that may exist at the time of delivery and which could only be discovered through an underwater inspection. Global Ship Lease has agreed to purchase the vessels and newbuildings on an as is basis, subject to CMA CGM being responsible for any class condition or recommendation that is found to have existed at the date of delivery of the vessels. However, if any damage is subsequently found, Global Ship Lease could incur substantial costs to repair the damage.

### **Delays in the deliveries of the vessels in its contracted fleet could harm its operating results.**

Global Ship Lease has agreed to acquire three secondhand vessels and one newbuilding, expected to be delivered in December 2008, and one secondhand vessel, expected to be delivered in July 2009. The delivery of any of these vessels could be delayed and any delay could negatively affect its operating results.

The delivery of the secondhand vessels could be delayed because of, among other things:

hostilities or political disturbances;

non-performance on the vessel sale agreement by CMA CGM;

non-performance of the sale provisions in the charters by the third party owners in the cases where CMA CGM does not already own the secondhand vessels but instead has to exercise a purchase option in the charters;

having an outstanding recommendation or condition of class attached to it or a suspension from class that would require, pursuant to its asset purchase agreement, CMA CGM to remedy such recommendation or condition of class prior to delivering the vessel to Global Ship Lease;

inability to obtain requisite permits or approvals; or

damage to or destruction of the vessels while being operated by the seller prior to the delivery date.

The delivery of the newbuilding could be delayed for a number of reasons, including:

a worsening of the business relationship, or a contractual dispute, between the parties to the building contract that would slow or stop the building or delivery of the newbuilding;



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non-performance on the sale of the newbuilding to CMA CGM by Daewoo Shipbuilding & Marine Engineering Co., Ltd., or Daewoo, the ship builder of the newbuilding, or non-performance on the contractual obligations of CMA CGM to Daewoo;

work stoppages or other labor disturbances or other events that disrupt shipyard operations;

quality or engineering problems;

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

bankruptcy or other financial crisis of the shipyard;

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a backlog of orders at the shipyard;

hostilities, political or economic disturbances in the region where its newbuilding is being built;

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

requests for changes to the original newbuilding specifications;

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

inability to obtain requisite permits or approvals; or

a dispute either by us or CMA CGM with the relevant shipyard.

The ship building contract for the newbuilding in Global Ship Lease's first contracted fleet contains a force majeure provision whereby the occurrence of certain events could delay delivery or possibly terminate the contract. Furthermore, CMA CGM is responsible for all construction and delivery costs of the newbuilding. If CMA CGM fails to make construction payments for the newbuilding, Global Ship Lease could lose its opportunity to acquire it.

Any termination of the ship building contract, or any delay in the delivery of the vessels in the contracted fleet, will eliminate or postpone Global Ship Lease's receipt of revenues under the time charters for those vessels and may permanently reduce its actual and projected revenues, and would therefore adversely affect its results of operations and financial condition, including its ability to pay dividends to its shareholders, and may negatively affect its stock price.

**Global Ship Lease is a holding company and it depends on the ability of its subsidiaries to distribute funds to Global Ship Lease in order to satisfy its financial and other obligations.**

Global Ship Lease is a holding company and has no significant assets other than the equity interests in its subsidiaries. Global Ship Lease's subsidiaries will own all of its vessels and payments under charters will be made to its subsidiaries. As a result, its ability to pay dividends depends on the performance of its subsidiaries and their ability to distribute funds to it. The ability of its subsidiaries to make these distributions could be affected by a claim or other action by a third party, including a creditor, or by Marshall Islands law or the laws of any jurisdiction which regulates the payment of dividends by companies. If Global Ship Lease is unable to obtain funds from its subsidiaries, Global Ship Lease may not be able to pay dividends.

**As its fleet ages, Global Ship Lease may incur increased operating costs, which could adversely affect its earnings.**

In general, the cost of maintaining a vessel in good operating condition increases with age. In addition, older vessels are typically less fuel efficient. Governmental regulations and safety or other equipment standards may also require expenditures for alterations, or the addition of new equipment, to its vessels and may restrict the type of activities in which its vessels may engage. Although its initial and contracted fleet has a weighted average age of 5.3 years and a non-weighted average age of 5.8 years upon delivery, Global Ship Lease cannot assure you that, as its vessels age, market conditions will justify those expenditures or enable Global Ship Lease to operate its vessels profitably during the remainder of their useful lives.

**Global Ship Lease's insurance may be insufficient to cover losses that may occur to its property or result from its operations.**

The shipping industry has inherent operational risks. Although Global Ship Lease carries hull and machinery insurance, war risks insurance and protection and indemnity insurance (which includes environmental damage and pollution insurance), Global Ship Lease may not be adequately insured against all risks and its insurers may not pay every claim. Even if its insurance coverage is adequate to cover its losses, Global Ship Lease may not be able to obtain a replacement vessel in the event of a total or constructive loss in a timely



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manner. Under the terms of its credit facility, Global Ship Lease may be subject to restrictions on the use of any proceeds Global Ship Lease may receive from claims under its insurance policies. Furthermore, in the future, Global Ship Lease may not be able to obtain adequate insurance coverage at reasonable rates for its fleet. Global Ship Lease may also be subject to calls, or premiums, in amounts based not only on its own claim records but also the claim records of all other members of the protection and indemnity associations through which Global Ship Lease receives indemnity insurance coverage for tort liability. Insurers typically have the right to increase immediately the premiums in certain excluded areas following acts of war or terrorism and Global Ship Lease cannot be certain that its insurers will continue to provide cover, or that Global Ship Lease will be able to pass these increased costs to any new charterers. Its insurance policies will also contain deductibles, limitations and exclusions which, although Global Ship Lease believes are standard in the shipping industry, may nevertheless increase its costs.

In addition, Global Ship Lease does not presently carry loss-of-hire insurance, which covers the loss of revenue during extended vessel off-hire periods, such as those that might occur during an unscheduled drydocking due to damage to the vessel from accidents. Accordingly, any vessel that is off-hire for an extended period of time, due to an accident or otherwise, could have a material adverse effect on its business, results of operations and financial condition and its ability to pay dividends to its shareholders.

### **Global Ship Lease is incorporated in the Republic of the Marshall Islands, which does not have a well-developed body of corporate law.**

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

### **Because Global Ship Lease is organized under the laws of the Republic of the Marshall Islands, it may be difficult to serve Global Ship Lease with legal process or enforce judgments against it, its directors or its management.**

Global Ship Lease is organized under the laws of the Republic of the Marshall Islands, and substantially all of its assets are located outside of the United States. Its principal executive offices will be located outside the United States and some of its directors and officers will reside outside the United States. As a result, it may be difficult or impossible for you to bring an action against Global Ship Lease or against its directors or its management in the United States if you believe that your rights have been infringed under securities laws or otherwise. Even if you are successful in bringing an action of this kind, the laws of the Republic of the Marshall Islands and of other jurisdictions may prevent or restrict you from enforcing a judgment against Global Ship Lease's assets or its directors and officers.

### **Global Ship Lease cannot assure you that it will pay any dividends and Global Ship Lease's dividend policy is subject to change at the discretion of its board of directors.**

Global Ship Lease intends to pay regular quarterly dividends. The declaration and payment of dividends is subject at all times to the discretion of Global Ship Lease's board of directors. Global Ship Lease intends to

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distribute a portion of its cash flow to its shareholders, while retaining cash flow for reinvestment in its business. Retained cash flow may be used to fund vessel or fleet acquisitions, make debt repayments and for other purposes, as determined by Global Ship Lease's management and board of directors. Global Ship Lease's dividend policy reflects its judgment that by reinvesting cash flow in its business, it will be able to provide value to its shareholders by enhancing its long-term dividend paying capacity. Global Ship Lease's objectives are to increase distributable cash flow per share through acquisitions of additional vessels beyond its initial and contracted fleet of 17 vessels. Global Ship Lease cannot assure you that it will be successful in achieving these objectives. There can be no assurance that its actual results will be as anticipated, that its board of directors will not increase the level of reserves or otherwise change its dividend policy or that Global Ship Lease will not have additional cash expenses or liabilities, including extraordinary expenses.

The amounts of dividends set forth in Dividend Policy represent only estimates of dividends based on its charters, estimated ship management costs, estimates of the delivery dates for its contracted fleet, other expenses and the other matters and assumptions set forth therein and assume that none of its expenses will increase during the periods presented in those sections.

The timing and amount of future dividends, if any, could also be affected by various factors, including:

Global Ship Lease's earnings, financial condition and anticipated cash requirements;

delays in acquiring any or all of the vessels in its contracted fleet;

unexpected repairs to, or required capital expenditures on, vessels or drydocking costs in excess of amounts held in reserve;

additional acquisitions of vessels (other than its contracted fleet);

the loss of a vessel;

restrictions under its credit facility and in any future debt agreements; and

the provisions under Marshall Islands law affecting distributions to shareholders, which generally prohibit the payment of dividends other than from surplus (retained earnings and the excess of consideration received from the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such dividend.

**A substantial portion of the dividends of Global Ship Lease are expected to represent a return of capital.**

The dividend policy of Global Ship Lease is to make distributions to its stockholders out of available cash flow, rather than net income, after all relevant cash expenditures, including cash interest expense on borrowings that finance operating assets, cash income taxes and after an allowance for the cash cost of future drydockings but not including deductions for non-cash items including depreciation and amortization and changes in the fair values of financial instruments, if any. Therefore, the amount of dividends for any period could exceed the net income for such period. Global Ship Lease estimates that a substantial portion of the anticipated dividends will represent a return of capital. Global Ship Lease's preliminary calculations indicate that approximately (i) 15 to 20% of the dividends anticipated to be paid in 2008 will represent a return of capital for tax purposes and (ii) 60 to 70% of the dividends anticipated to be paid in 2009 and 2010 will represent a return of capital for tax purposes. Actual amounts of the return of capital for any year will not be known until after the end of such year and could differ significantly from these estimates.

**Global Ship Lease's ability to pay dividends is limited by its payments to CMA CGM and by Marshall Islands law.**

In addition to limiting payments of dividends if Global Ship Lease is, or could become, insolvent, Marshall Islands law generally prohibits the payment of dividends other than from surplus (retained earnings and the



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excess of consideration received for the sale of shares above the par value of the shares). For accounting purposes, Global Ship Lease will be deemed to have been under common control of CMA CGM at the time of the transfer of the initial vessels to Global Ship Lease. Global Ship Lease will therefore treat the difference between its initial fleet's purchase price and its initial fleet's book value as a distribution to CMA CGM. This deemed distribution will reduce the size of its surplus amount available for distribution by a corresponding amount. This accounting treatment may adversely affect its ability to pay dividends.

### **Global Ship Lease has anti-takeover provisions in its organizational documents that may discourage a change of control.**

Certain provisions of Global Ship Lease's articles of incorporation and bylaws may have an anti-takeover effect and may delay, defer or prevent a tender offer or takeover attempt that a shareholder might consider in its best interest, including those attempts that might result in a premium over the market price for the shares held by shareholders.

Certain of these provisions provide for:

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

restrictions on business combinations with certain interested shareholders;

directors only to be removed for cause and only with the affirmative vote of holders of at least a majority of the common shares entitled to vote in the election of directors;

advance notice for nominations of directors by shareholders and for shareholders to include matters to be considered at annual meetings; and

a limited ability for shareholders to call special shareholder meetings.

These anti-takeover provisions could make it more difficult for a third party to acquire Global Ship Lease, even if the third party's offer may be considered beneficial by many shareholders. As a result, shareholders may be limited in their ability to obtain a premium for their shares.

### **We may choose to redeem our outstanding warrants at a time that is disadvantageous to our warrant holders.**

We may redeem the public warrants at any time in whole and not in part, at a price of \$0.01 per warrant, upon a minimum of 30 days' prior written notice of redemption in the event that the last sale price of the Class A common shares is at least \$11.50 per share for any 20 trading days within a 30 trading day period ending on the third business day prior to the date on which notice of redemption is given. However, the public warrants may not be redeemed unless this registration statement has been declared effective and the prospectus contained herein is available for delivery by Global Ship Lease. Redemption of the warrants could force the warrant holders (1) to exercise the warrants and pay the exercise price at a time when it may be disadvantageous for the holders to do so, (2) to sell the warrants at the then current market price when they might otherwise wish to hold the warrants or (3) to accept the nominal redemption price which, at the time the warrants are called for redemption, is likely to be substantially less than the market value of the warrants.

### **Our outstanding warrants may be exercised in the future, which would increase the number of shares eligible for future resale in the public market and result in dilution to our shareholders. This might have an adverse effect on the market price of our common shares.**

Excluding the 5,500,000 sponsor warrants and an aggregate of 6,188,088 Class A warrants owned by CMA CGM, Michael Gross and other initial stockholders of Marathon, outstanding public warrants to purchase an aggregate of 40,035,850 Class A common shares will become exercisable once we have an effective registration statement covering the common shares issuable upon the exercise of the warrants and a current prospectus relating to them is available. These warrants would likely only be exercised if the \$6.00 per share exercise price is below the market price of our Class A common shares. To the extent they are exercised, additional Class A common shares





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will be issued, which will result in dilution to our shareholders and increase the number of shares eligible for resale in the public market. Sales of substantial numbers of such shares in the public market could adversely affect the market price of our shares. The selling shareholders may sell their common shares in the open market, which sales may cause our common share price to decline.

### **Sponsor warrants have a superior exercise right to warrants received in Marathon's initial public offering and must be exercised on a cashless basis.**

The sponsor warrants issued to Marathon Investors, LLC (an entity owned and controlled by Mr. Gross until its dissolution after the Merger) upon the consummation of Marathon's initial public offering may be exercised pursuant to an exemption to the requirement that the securities underlying such warrants be registered pursuant to an effective registration statement. Therefore, the sponsor warrants may be exercised whether or not a current registration statement is in place and are exercisable upon the consummation of the Merger. In addition, on March 24, 2008, the warrant agreement was amended to provide that in the event the Merger is consummated, the sponsor warrants must be exercised on a cashless basis and may be redeemed at Global Ship Lease's option under the same conditions applicable to the public warrant holders. The mandatory cashless exercise provision will reduce the cash proceeds to be paid to Global Ship Lease upon the exercise of the sponsor warrants. The warrants issued in Marathon's initial public offering may only be exercised if a current registration statement is in place. Global Ship Lease is required only to use its best efforts to maintain a current registration statement; therefore, the warrants issued in Marathon's initial public offering may expire worthless.

### **The price of Global Ship Lease's common shares may be volatile.**

The price of Global Ship Lease's common shares may be volatile, and may fluctuate due to factors such as:

actual or anticipated fluctuations in quarterly and annual results;

limited operating history;

mergers and strategic alliances in the shipping industry;

market conditions in the industry;

changes in government regulation;

fluctuations in Global Ship Lease's quarterly revenues and earnings and those of its publicly held competitors;

shortfalls in Global Ship Lease's operating results from levels forecasted by securities analysts;

announcements concerning Global Ship Lease or its competitors; and

the general state of the securities markets.

The international containership industry has been highly unpredictable and volatile. The market for common shares in this industry may be equally volatile.

**There will be a substantial number of Global Ship Lease's common shares available for sale in the future that may adversely affect the market price of Global Ship Lease's Class A common shares.**

The common shares (not including the common shares underlying the sponsors warrants nor the common shares purchased by Mr. Gross and CMA CGM on the closing date of the Merger pursuant to assignment and acceptance agreements with Marathon) issued in the Merger to Marathon's initial stockholders and CMA CGM are subject to transfer restrictions set forth in the stockholders agreement. Generally, such shares cannot be sold for one year from the date of the Merger, except that CMA CGM is permitted to transfer (i) up to 4,094,600 Class A common shares after the date that is 120 days after the date of the Merger, (ii) Class A common shares to

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the extent necessary for CMA CGM to satisfy its obligation to return any prepaid amounts pursuant to the asset purchase agreement on or after March 31, 2009, and (iii) up to 125,000 common shares to its directors and officers. Pursuant to the registration rights agreement entered into at the effective time of the Merger, Marathon's initial stockholders and CMA CGM can demand that Global Ship Lease register the resale of their common shares at any time after the one year anniversary of the Merger. Holders of the sponsor warrants were also entitled to request at any time after the Merger and did so request that we register the Class A common shares underlying the sponsor warrants on a shelf registration statement. In addition to the 55,280,450 Class A common shares being registered by this registration statement, an aggregate of 25,969,044 Class A common shares may be registered after the first anniversary of the Merger (although Class A common shares held by CMA CGM may be registered on or after March 31, 2009 to satisfy its obligation to return any prepaid amounts pursuant to the asset purchase agreement). In addition, 780,000 restricted stock units were issued to officers of Global Ship Lease under the equity based compensation plan and will vest over three years. The Class A common shares underlying such stock units will be registered subsequent to the filing of this registration statement. The registration and availability of such a significant number of securities for trading in the public market may have an adverse effect on the market price of Global Ship Lease's Class A common shares.

### **Global Ship Lease cannot assure you that it will realize the expected benefits of its recently announced agreement to acquire two 4,250 TEU newbuildings scheduled to be delivered in the fourth quarter of 2010.**

Global Ship Lease has recently announced an agreement to acquire two 4,250 TEU newbuildings for approximately \$77 million per vessel. The two vessels are scheduled to be delivered in the fourth quarter of 2010 and are expected to be chartered to Zim Integrated Shipping Services Limited for a term of seven to eight years at a net rate of \$28,000 per vessel per day. The purchase is subject to the completion of customary documentation and closing conditions. Although Global Ship Lease anticipates that the acquisition will be accretive to revenues, distributable cash flow and dividends, Global Ship Lease cannot assure you that it will realize the expected benefits of the acquisition.

### **Risks Related to the Industry of Global Ship Lease**

**Global Ship Lease's growth and long term profitability depend mainly upon continued growth in demand for containerships and the condition of the charter market. The container shipping industry is cyclical and volatile and the industry's upward trend may have passed its peak. Should demand for containerships diminish, charterhire rates may fall, thus reducing its ability to secure new charterers at attractive rates.**

The container shipping industry is both cyclical and volatile in terms of charterhire rates and profitability. Charterhire rates are below their historical highs and rates may decrease in the future. Fluctuations in charter rates result from changes in the supply and demand for ship capacity, which is driven mainly by changes in the supply and demand for world trade container shipping services. If demand growth, for example, is not at a level sufficient to absorb the additional containership capacity to be delivered in the future, there may be an over supply of ship capacity which would typically cause freight rates, and in turn charter rates, to fall. The factors affecting the supply and demand for containerships and supply and container shipping services are outside Global Ship Lease's control, and the nature, timing and degree of changes in industry conditions are unpredictable.

The factors that influence demand for containership capacity include:

supply and demand for products suitable for shipping in containers;

changes in global production of products transported by containerships;

the globalization of manufacturing;

global and regional economic and political conditions;

developments in international trade;



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changes in seaborne and other transportation patterns, including changes in the distances over which container cargoes are transported, the size of containerships, and the extent of trans-shipments;

environmental and other legal and regulatory developments;

currency exchange rates; and

port and canal congestion.

The factors that influence the supply of containership capacity include:

the containership newbuilding orderbook compared to the existing cellular containership fleet;

the scrapping rate of older containerships;

the price of steel and other raw materials;

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

the availability of shipyard capacity; and

port and canal congestion.

Global Ship Lease's ability to re-charter its initial and contracted fleet upon the expiration or termination of its charters, and the charter rates receivable under and the duration of any renewal or replacement charters will depend upon, among other things, the then state of the containership market and how the then age and quality of Global Ship Lease's initial and contracted fleet are perceived by the market. If the containership market is in a period of depression when Global Ship Lease's vessels' charters expire for whatever reason, including an over supply of containership capacity, Global Ship Lease may be forced to re-charter its vessels at reduced or unprofitable rates, which may reduce or eliminate its earnings or make its earnings increasingly volatile, or it may not be able to re-charter its vessels at all. The same issues will exist if Global Ship Lease acquires additional vessels without charter arrangements in place, or at the expiration of such arrangements, obliging Global Ship Lease to try to fix employment of the additional vessels in the spot market while attempting to subject them to a long-term time charter arrangement.

**If the market value of vessels substantially declines when Global Ship Lease is attempting to sell one of its vessels, Global Ship Lease may incur a financial loss.**

Although the market value of containerships has increased since 2000, containership values can fluctuate substantially over time. A number of factors may contribute to a future decrease in the market value of containerships, including:

unfavorable economic conditions in the market in which the containership trades;

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a substantial or extended decline in world trade growth leading to reduced demand for container shipping services;

increases or an over supply in global containership capacity; and

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

If a charter terminates when the market value of its containerships has been depressed, Global Ship Lease may be unable to re-charter the vessel at attractive rates and, rather than continue to incur costs to maintain and finance the vessel, Global Ship Lease may seek to dispose of it. Inability to dispose of the containership at a reasonable price could result in a loss on the vessel's sale and adversely affect Global Ship Lease's results of operations and financial condition and its ability to pay dividends to its shareholders.

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Future fluctuations in charter rates and vessel values may trigger a possible impairment of Global Ship Lease's vessels as described in Management's Discussion and Analysis of Financial Condition and Results of Operations of Global Ship Lease Critical Accounting Policies and Estimates. This risk may also impact its ability to satisfy its financial covenants under its credit facility.

### **Global Ship Lease may have more difficulty entering into long-term charters if a more active and cheaper short-term or spot container shipping market develops.**

At the expiration of Global Ship Lease's charters, if a charter terminates early for any reason or if Global Ship Lease acquires vessels charter-free in addition to Global Ship Lease's current and contracted fleet, Global Ship Lease will need to charter or re-charter its vessels. Should more vessels be available on the spot or short-term market at the time Global Ship Lease is seeking to fix new long-term charters, Global Ship Lease may have difficulty entering into such charters at profitable rates and for any term other than short term and, as a result, Global Ship Lease's cash flow may be subject to instability in the long-term. In addition, it would be more difficult to fix relatively older vessels should there be an oversupply of younger vessels on the market. A more active short-term or spot market may require Global Ship Lease to enter into charters based on fluctuating market rates, as opposed to long-term contracts based on a fixed rate, which could result in a decrease in Global Ship Lease's cash flow in periods when the charter rates for container shipping is depressed.

### **Terrorist attacks and international hostilities could affect its results of operations and financial condition.**

Terrorist attacks, such as the attacks on the United States on September 11, 2001, and the continuing response of the United States and other countries to these attacks, as well as the threat of future terrorist attacks, continue to cause uncertainty in the world financial markets and may affect Global Ship Lease's business, results of operations and financial condition from increased security costs and more rigorous inspection procedures at borders and ports. The conflict in Iraq may lead to additional acts of terrorism, regional conflict and other armed conflict around the world, which may contribute to further economic instability in the global financial markets. These uncertainties could also adversely affect Global Ship Lease's ability to obtain additional financing on terms acceptable to Global Ship Lease or at all.

Terrorist attacks targeted at oceangoing vessels, such as the October 6, 2002 attack in Yemen on the VLCC Limburg, a ship not related to Global Ship Lease, may also negatively affect Global Ship Lease's future operations and financial condition and directly impact its containerships or its customers. Future terrorist attacks could result in increased market volatility or even a recession in the United States or global financial markets, and could further increase inspection and security requirements and regulation that could slow its operations and negatively affect its profitability. Any of these occurrences could have a material adverse impact on its operating results, revenue and costs.

### **Global Ship Lease's vessels may call on ports located in countries that are subject to restrictions imposed by the United States government, which could negatively affect the trading price of its common shares.**

From time to time and in relation to its charterers' business, Global Ship Lease's vessels may call on ports located in countries subject to sanctions and embargoes imposed by the United States government and countries identified by the United States government as state sponsors of terrorism, such as Syria and Iran. Although these sanctions and embargoes do not prevent Global Ship Lease's vessels from making calls to ports in these countries, potential investors could view Global Ship Lease's presence at those ports negatively, which could in turn adversely affect its reputation and the receptiveness of the market for Global Ship Lease's common shares.

### **Risks inherent in the operation of containerships could impair the ability of the initial Charterer to make payments to Global Ship Lease, increase its costs or reduce the value of Global Ship Lease's assets.**

Global Ship Lease's containerships and its cargoes are at risk of being damaged or lost because of events such as marine accidents, bad weather, mechanical failures, human error, war, terrorism, piracy, environmental

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accidents and other circumstances or events. Any of these events connected to Global Ship Lease's vessels or other vessels under the initial Charterer's control, or any other factor which negatively affects the initial Charterer's business, could impair the ability of the initial Charterer to make payments to Global Ship Lease pursuant to its charters. Although the initial Charterer is obligated to pay Global Ship Lease regardless of the safety of the cargoes, it is possible that such events may render the initial Charterer financially unable to pay Global Ship Lease its hire. Furthermore, there is a risk that the vessel may become damaged, lost or destroyed and any such occurrence may cause Global Ship Lease additional expenses to repair or substitute the vessel or may render Global Ship Lease unable to provide the vessel for chartering, which will cause Global Ship Lease to lose charterhire revenue.

These occurrences could also result in death or injury to persons, loss of property or environmental damage, loss of revenues from or termination of charter contracts, governmental fines, penalties or restrictions on conducting business, higher insurance rates, and damage to Global Ship Lease's reputation and customer relationships generally. Any of these circumstances or events could increase its costs or lower Global Ship Lease's revenues, which could result in reduction in the market price of its Class A common shares.

**Maritime claimants could arrest Global Ship Lease's vessels, which could interrupt the initial Charterer's or Global Ship Lease's cash flow.**

Crew members, suppliers of goods and services to a vessel, shippers of cargo and other parties may be entitled to a maritime lien against that vessel for unsatisfied debts, claims or damages. In many jurisdictions, a maritime lien holder may enforce its lien by arresting a vessel through foreclosure proceedings. The arrest or attachment of one or more of Global Ship Lease's vessels, for valid or invalid reasons, could interrupt the initial Charterer's or Global Ship Lease's cash flow and require the initial Charterer or Global Ship Lease or Global Ship Lease's insurance to pay a significant amount to have the arrest lifted. In addition, in some jurisdictions, such as South Africa, under the sister ship theory of liability, a claimant may arrest both the vessel that is subject to the claimant's maritime lien and any associated vessel, which is any vessel owned or controlled by the same owner. Claimants could try to assert sister ship liability against one vessel in its fleet for claims relating to another vessel in its fleet. In any event, any lien imposed may adversely affect its results of operations by delaying the revenue gained from ships.

**Governments could requisition Global Ship Lease's vessels during a period of war or emergency without adequate compensation.**

A government could requisition one or more of Global Ship Lease's vessels for title or for hire. Requisition for title occurs when a government takes control of a vessel and becomes its owner, while requisition for hire occurs when a government takes control of a vessel and effectively becomes its charterer at dictated charter rates. Generally, requisitions occur during periods of war or emergency, although governments may elect to requisition vessels in other circumstances. Although Global Ship Lease would likely be entitled to compensation in the event of a requisition of one or more of its vessels, the amount and timing of payment would be uncertain. Government requisition of one or more of Global Ship Lease's vessels may negatively impact its revenues and reduce the amount of cash Global Ship Lease has available for distribution as dividends to its shareholders.

**Technological innovation could reduce Global Ship Lease's charterhire income and the value of Global Ship Lease's vessels.**

The charterhire rates and the value and operational life of a vessel are determined by a number of factors including the vessel's efficiency, operational flexibility and physical condition. Efficiency includes speed, fuel economy and the ability to load and discharge containers quickly. Flexibility includes the ability to enter harbors, utilize related docking facilities, such as cranes, and pass through canals and straits. Physical condition is related to the original design and construction, maintenance and the impact of the stress of operations. If new containerships are built that are more efficient or more flexible or have longer physical lives than Global Ship



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Lease's vessels, competition from these more technologically advanced containerhips could adversely affect the amount of charterhire payments Global Ship Lease receives for its vessels once their initial charters expire and the resale value of its vessels could significantly decrease. As a result, the cash available for the payment of dividends could then be adversely affected.

### **Compliance with safety and other vessel requirements imposed by classification societies may be costly and may adversely affect Global Ship Lease's business and operating results.**

The hull and machinery of every commercial vessel must conform to the rules and standards of a classification society approved by Global Ship Lease's country of registry. Such societies set the rules and standards for the design, construction, classification, and surveys of vessels and conduct surveys to determine whether vessels are in compliance with such rules and standards. A certification by the society is an attestation that the vessel is in compliance with the society's rules and standards. A vessel involved in international trade must also conform to national and international regulations on safety, environment and security, including (but not limited to) the Safety of Life at Sea Convention, or SOLAS, and the International Convention for the Prevention of Pollution from Ships. A vessel conforms to such regulations by obtaining certificates from its country of registry and/or a classification society authorized by the country of registry.

A vessel must undergo annual surveys, intermediate surveys and special surveys. In lieu of a special or class renewal survey, a vessel's machinery may be reviewed on a continuous survey cycle, under which the machinery would be surveyed periodically over a five-year period. Please see *Our Business Inspection by Classification Societies* for more information regarding annual surveys, intermediate surveys and special surveys. Bureau Veritas, the classification society for all of the vessels in Global Ship Lease's current and contracted fleet, may approve and carry out in-water inspections of the underwater parts of its vessels once every three to five years, in lieu of drydocking inspections. In-water inspections are typically less expensive than drydocking inspections and Global Ship Lease intends to conduct in-water inspections when that option is available to it.

If a vessel does not maintain its in class certification or fails any annual survey, intermediate survey or special survey, port authorities may detain the vessel, refuse her entry into port or refuse to allow her to trade resulting in the vessel being unable to trade and therefore rendering her unemployable. In the event that a vessel becomes unemployable, Global Ship Lease could also be in violation of provisions in its charters, insurance coverage, covenants in its loan agreements and ship registration requirements and its revenues and future profitability would be negatively affected.

### **Global Ship Lease is subject to regulation and liability under environmental laws that could require significant expenditures and affect Global Ship Lease's cash flows and net income.**

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

Environmental requirements can also affect the value or useful lives of its vessels, require a reduction in cargo capacity, ship modifications or operational changes or restrictions, lead to decreased availability of insurance

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coverage for environmental matters or result in the denial of access to certain jurisdictional waters or ports, or detention in certain ports. Under local, national and foreign laws, as well as international treaties and conventions, Global Ship Lease could incur material liabilities, including cleanup obligations and natural resource damages, in the event that there is a release of oil-based products or other hazardous materials from its vessels or otherwise in connection with its operations. Global Ship Lease could also become subject to personal injury or property damage claims relating to the release of hazardous materials associated with its existing or historic operations. Violations of, or liabilities under, environmental requirements can result in substantial penalties, fines and other sanctions, including in certain instances, criminal liabilities or seizure or detention of its vessels.

In addition, significant compliance costs could be incurred due to existing environmental laws and regulations and those that may be adopted, which could require new maintenance and inspection procedures and new restrictions on air emissions from its containerships, the development of contingency arrangements for potential spills and/or obtaining insurance coverage. Government regulation of vessels, particularly in the areas of safety and environmental requirements, can be expected to become increasingly strict in the future and require Global Ship Lease to incur significant capital expenditures on its vessels to keep them in compliance, or even to scrap or sell certain vessels altogether. Global Ship Lease believes that regulation of the shipping industry will continue to become more stringent and more expensive for Global Ship Lease and its competitors. Substantial violations of applicable requirements or a catastrophic release of bunker fuel from one of its containerships, among other events, could have a material adverse impact on its financial condition, results of operations and its ability to pay dividends to its shareholders. For additional information on these and other environmental requirements, you should carefully review the information contained in Business Environmental and Other Regulations.

### **Risks Related to Tax Matters**

#### **Global Ship Lease's operating income could fail to qualify for an exemption from U.S. federal income taxation, which will reduce its cash flow.**

Global Ship Lease does not expect to be engaged in a United States trade or business. In the case of a foreign corporation that is not so engaged, the Internal Revenue Code of 1986, as amended (the Code), imposes a 4% U.S. federal income tax (without allowance of any deductions) on 50% of the corporation's gross transportation income that is attributable to transportation that begins or ends, but that does not both begin and end, in the United States, unless the corporation qualifies for the exemption provided in Section 883 of the Code. The imposition of this tax could have a negative effect on its business and could result in decreased earnings available for distribution to its shareholders. Under the charter agreements, the initial Charterer has agreed to provide reimbursement for any such taxes.

Global Ship Lease may qualify for the tax exemption provided by Section 883 of the Code. However, there are factual circumstances beyond its control that could cause Global Ship Lease not to have the benefit of this exemption and thereby be subject to the 4% tax described above. For example, if shareholders with a 5% or greater interest in its Class A common shares were collectively to own 50% or more of its outstanding common shares on more than half the days during a taxable year, Global Ship Lease would probably not be able to qualify for the exemption provided under Section 883 of the Code. Based on information that Marathon had as to its shareholders, it appears that if such shareholders were to retain the Global Ship Lease Class A common shares that they received in the Merger, Global Ship Lease likely would not qualify for the Section 883 exemption. Because this, as well as other factors relevant to the availability of the Section 883 exemption, will depend on future facts over which Global Ship Lease has no control, Global Ship Lease can give no assurances that it will qualify for the Section 883 exemption. See Material U.S. Federal Income Tax Consequences Taxation of Global Ship Lease The Section 883 exemption for a more comprehensive discussion of the transportation income exemption.

#### **Global Ship Lease could be taxed as a United States corporation.**

Section 7874 of the Code provides that a foreign corporation which acquires substantially all the properties of a U.S. corporation is generally treated as though it were a U.S. corporation for U.S. federal income tax

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purposes if, after the acquisition, at least 80% (by vote or value) of the stock of the foreign corporation is owned by former shareholders of the U.S. corporation by reason of owning stock in the U.S. corporation. Akin Gump Strauss Hauer & Feld LLP has given a legal opinion that this rule should not apply to Global Ship Lease. Such opinion relied, in part, on assumptions, representations and other information as to certain factual matters, including valuation. Valuation is a question of fact and is subjective. There can be no assurance that the Internal Revenue Service would not seek to challenge the correctness of such assumptions, representations or other information or the conclusion reached in such legal opinion, or that such a challenge would not be successful.

If Global Ship Lease were to be treated as a U.S. corporation, its net income would be subject to U.S. federal corporate income tax, with the highest statutory rate currently being 35%. The imposition of this tax would likely have a negative effect on its business and result in decreased earnings available for distribution to its shareholders. See **Material U.S. Federal Income Tax Consequences Taxation of Global Ship Lease Possibility of taxation as a U.S. corporation** for a more comprehensive discussion of the tax consequences to Global Ship Lease being taxed as a U.S. corporation.

**Certain adverse U.S. federal income tax consequences could arise for United States holders.**

Shareholders of a passive foreign investment company, or PFIC, that are United States persons within the meaning of the Code, which Global Ship Lease refers to as United States shareholders, are subject to a disadvantageous U.S. federal income tax regime with respect to the distributions they receive from a PFIC and the gain, if any, they derive from the sale or other disposition of their shares in a PFIC (as discussed below). In addition, dividends paid by a PFIC do not constitute qualified dividend income and, hence, are ineligible for the preferential rate of tax that applies to qualified dividend income.

A foreign corporation is treated as a PFIC if either (1) 75% or more of its gross income for any taxable year consists of certain types of passive income or (2) 50% or more of the average value of the corporation's assets produce or are held for the production of those types of passive income. For purposes of these tests, passive income includes dividends, interest and gains from the sale or exchange of investment property and rents and royalties other than rents and royalties which are received from unrelated parties in connection with the active conduct of a trade or business; income derived from the performance of services does not, however, constitute passive income.

While there are legal uncertainties involved in this determination, based on representations made by Global Ship Lease, GSL Holdings and Marathon, Simpson Thacher & Bartlett LLP, or Simpson Thacher, has advised Global Ship Lease, and has delivered an opinion to the effect, that (1) the charters Global Ship Lease has entered into with CMA CGM should constitute service contracts rather than leases for U.S. federal income tax purposes and (2) as a result, the income from these charters should not constitute passive income, and the assets Global Ship Lease owns for the production of this income should not constitute passive assets. Based on this opinion, Global Ship Lease does not expect that it will constitute a PFIC with respect to the current or any future taxable year.

There is, however, no direct legal authority under the PFIC rules addressing its current and projected future operations. In addition, Simpson Thacher's opinion was based on certain representations made by Global Ship Lease, GSL Holdings and Marathon, and such representations were not and will not be presented for review to the IRS. Accordingly, no assurance can be given that the IRS will not assert that Global Ship Lease is a PFIC with respect to any taxable year, nor that a court would not uphold any such assertion. Moreover, no assurance can be given that Global Ship Lease will be able to avoid PFIC classification for any future taxable year if Global Ship Lease decides to change the nature and/or extent of its operations.

If the IRS were to determine that Global Ship Lease is or has been a PFIC for any taxable year, its United States shareholders will face adverse United States tax consequences. Distributions paid by Global Ship Lease with respect to its shares will not constitute qualified dividend income if Global Ship Lease were a PFIC in the year Global Ship Lease pays a dividend or in the prior taxable year and, hence, will not be eligible for the

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preferential rate of tax that applies to qualified dividend income. In addition, its United States shareholders (other than shareholders who have made a qualified electing fund or mark-to-market election) will be subject to special rules relating to the taxation of excess distributions with excess distributions being defined to include certain distributions Global Ship Lease may make on its Class A common shares as well as gain recognized by a U.S. holder on a disposition of its Class A common shares. In general, the amount of any excess distribution will be allocated ratably to each day of the U.S. holder's holding period for its Class A common shares. The amount allocated to the current year and any taxable year prior to the first taxable year for which Global Ship Lease was a PFIC will be included in the U.S. holder's gross income for the current year as ordinary income. With respect to amounts allocated to prior years for which Global Ship Lease was a PFIC, the tax imposed for the current year will be increased by the deferred tax amount, which is an amount calculated with respect to each prior year by multiplying the amount allocated to such year by the highest rate of tax in effect for such year, together with an interest charge as though the amounts of tax were overdue. See Material U.S. Federal Income Tax Consequences Tax Consequences of Holding Class A Common Shares U.S. holders Consequences of possible passive foreign investment company classification for a more comprehensive discussion of the U.S. federal income tax consequences to United States shareholders if Global Ship Lease were treated as a PFIC (including those applicable to United States shareholders who make a qualified electing fund or mark-to-market election).

**Global Ship Lease may be subject to taxation on all or part of its income in the United Kingdom, which could have a material adverse affect on its results of operations.**

If Global Ship Lease were considered to be a resident of the United Kingdom or to have a permanent establishment in the United Kingdom, all or a part of its profits could be subject to UK corporate tax, which currently has a maximum rate of 30%. Global Ship Lease is managed and controlled from outside the United Kingdom and restricts its activities within the United Kingdom so that its UK taxes will be minimized. Certain intra-group services may be provided from within the United Kingdom, in which case UK corporate tax will be payable on the arms-length price for those services. The appropriate arms-length price in these circumstances is likely to be a matter of negotiation with the UK taxing authorities.

Because some administrative and executive services will be provided to Global Ship Lease by a subsidiary company located in the United Kingdom and certain of its directors may reside in the United Kingdom, and because UK statutory and case law fail to definitively identify the activities that constitute a trade being carried on in the United Kingdom through a permanent establishment, the UK taxing authorities may contend that Global Ship Lease is subject to UK corporate tax on all of its income, or on a greater portion of its income than Global Ship Lease currently expects to be taxed. If the UK taxing authorities made such a contention, Global Ship Lease could incur substantial legal costs defending its position, and, if Global Ship Lease was unsuccessful in its defense, its results of operations would be materially adversely affected.

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**FORWARD-LOOKING STATEMENTS**

This prospectus 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, 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. Examples of forward-looking statements in this prospectus include, but are not limited to, statements regarding Global Ship Lease's disclosure concerning its operations, cash flows, financial position, dividend policy and likelihood of success to acquire all vessels in its initial and contracted fleet to expand its business, including acquiring additional vessels.

Forward-looking statements appear in a number of places in this prospectus including, without limitation, in the sections entitled "Dividend policy," "Management's Discussion and Analysis of Financial Conditions and Operations," "The International Containership Industry" and "Our Business." The risks and uncertainties include, but are not limited to:

future operating or financial results;

expectations regarding the strength of the future growth of the shipping industry, including the rate of annual demand growth in the international containership industry;

future payments of dividends and the availability of cash for payment of dividends;

Global Ship Lease's expectations relating to dividend payments and forecasts of its ability to make such payments;

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;

Global Ship Lease's ability to repay its credit facility and grow using the available funds under its credit facility;

assumptions regarding interest rates and inflation;

change in the rate of growth of global and various regional economies;

risks incidental to vessel operation, including discharge of pollutants and vessel collisions;

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Global Ship Lease's financial condition and liquidity, including its ability to obtain additional financing in the future to fund capital expenditures, acquisitions and other general corporate activities;

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 long-term, fixed-rate charters;

Global Ship Lease's ability to capitalize on its management team'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;

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expectations about the availability of insurance on commercially reasonable terms;

unanticipated changes in laws and regulations;

potential liability from future litigation; and

other factors discussed in Risk factors.

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, including the factors described in Risk Factors in this prospectus. Accordingly, you should not unduly rely on these forward-looking statements, which speak only as of the date of this prospectus. Global Ship Lease undertakes no obligation to publicly revise any forward-looking statement to reflect circumstances or events after the date of this prospectus 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 Securities and Exchange Commission, or SEC, after the date of this prospectus.

### **USE OF PROCEEDS**

We will receive up to an aggregate of \$240,215,100 from the exercise of the public warrants, if they are exercised in full. We expect that any net proceeds from the exercise of the warrants will be used to redeem for \$48,000,000 the Series A preferred shares issued to CMA CGM and thereafter for acquisitions of additional vessels and/or repayment of borrowings under the credit facility and/or for general corporate purposes. The sponsor warrants must be exercised on a cashless basis.

The selling shareholders will receive all of the proceeds from the sale of any common shares sold by them pursuant to this prospectus. We will not receive any proceeds from these sales.

### **PLAN OF DISTRIBUTION**

Pursuant to the terms of the public warrants, the Class A common shares will be distributed to those warrant holders who surrender the certificates representing the warrants and provide payment of the exercise price through their brokers to our warrant agent, Mellon Investor Services LLC.

The sponsor warrants must be exercised on a cashless basis.

The Class A common shares (including Class A common shares issued upon the exercise of the sponsor warrants) may be sold by the selling shareholders from time to time in:

transactions in the over-the-counter market;

negotiated transactions;

underwritten offerings; or

a combination of such methods of sale.





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The selling shareholders may sell the Class A common shares (including Class A common shares issued upon the exercise of the sponsor warrants) at:

fixed prices which may be changed;

market prices prevailing at the time of sale;

prices related to prevailing market prices; or

negotiated prices.

Persons who were affiliates of Global Ship Lease, such as the selling shareholders, may resell all or a portion of the securities in reliance on the exemption contained in Rule 145(d) of the Securities Act.

The selling shareholders may effect these transactions by selling the Class A common shares (including Class A common shares issued upon the exercise of the sponsor warrants) to or through broker-dealers, and these broker-dealers may receive compensation in the form of discounts, concessions or commissions from the selling shareholders and/or the purchasers of the securities for whom such broker-dealers may act as agents or to whom they sell as principals, or both (which compensation as to a particular broker-dealer might be in excess of customary commissions).

The selling shareholders may enter into hedging transactions with broker-dealers or other financial institutions. In connection with these transactions, broker-dealers or other financial institutions may engage in short sales of our securities in the course of hedging the positions they assume with selling shareholders. The selling shareholders may also enter into options or other transactions with broker-dealers or other financial institutions which require the delivery to such broker-dealer or other financial institution of the securities covered by this prospectus, which securities the broker-dealer or other financial institution may resell pursuant to this prospectus (as supplemented or amended to reflect such transaction).

Because the selling shareholders may be deemed to be underwriters within the meaning of the Securities Act, they may be subject to the prospectus delivery requirements of the Securities Act. The selling shareholders have advised us that they have not entered into any agreements, understandings or arrangements with any underwriter or broker-dealer regarding the sale of the registered securities. There is currently no underwriter or coordinating broker acting in connection with the proposed sale of the registered securities by the selling shareholders.

All common shares held by Marathon Founders, LLC and 6,778,650 Class A common shares and all Class B and Class C common shares held by CMA CGM are subject to certain restrictions on transfer pursuant to the terms of the stockholders agreement, which provides that subject to certain exceptions, these shares and warrants may not be transferred until August 14, 2009. CMA CGM may transfer up to 4,094,600 Class A common shares after December 12, 2008.

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In order to comply with the applicable securities laws of particular states, if applicable, the Class A common shares (including Class A common shares issued upon the exercise of the sponsor warrants) will be sold in the jurisdictions only through registered or licensed brokers or dealers. In addition, in particular states, the Class A common shares (including Class A common shares issued upon the exercise of the sponsor warrants) may not be sold unless they have been registered or qualified for sale in the applicable state or an exemption from the registration or qualification requirement is available and is complied with.

The selling shareholders and any broker-dealers or agents that participate with the selling shareholders in the distribution of the Class A common shares (including Class A common shares issued upon the exercise of the sponsor warrants) may be deemed to be underwriters within the meaning of the Securities Act, and any commissions received by them and any profit on the resale of the Class A common shares (including Class A common shares issued upon the exercise of the sponsor warrants) purchased by them may be deemed to be underwriting commissions or discounts under the Securities Act of 1933.

Each selling shareholder will be subject to applicable provisions of the Exchange Act and the rules and regulations thereunder, which provisions may limit the timing of purchases and sales of shares of our securities by the selling shareholder.

We will pay for all costs of the registration of the Class A common shares (including Class A common shares issued upon the exercise of the sponsor warrants), including, without limitation, SEC filing fees and expenses of compliance with state securities or blue sky laws; except that, the selling holders will pay all underwriting discounts and selling commissions, if any. We have agreed to indemnify the selling shareholders against particular civil liabilities, including some liabilities under the Securities Act of 1933, or we will compensate them for some of these liabilities incurred in connection therewith.

**Table of Contents****DIVIDEND POLICY**

*The prospective financial information relating to our dividend policy included in this prospectus has been prepared by, and is the responsibility of, the company's management. PricewaterhouseCoopers Audit and Eisner LLP have neither examined nor compiled the accompanying prospective financial information and, accordingly, PricewaterhouseCoopers Audit and Eisner LLP do not express an opinion or any other form of assurance with respect thereto. PricewaterhouseCoopers Audit and Eisner LLP reports included in this prospectus relate to the Global Ship Lease's and Marathon Acquisition Corp.'s historical financial information. It does not extend to the prospective financial information and should not be read to do so.*

The Merger created three classes of common shares. Based on the assumptions and the other matters set forth below and subject to the matters set forth under "Risk Factors" in this prospectus, Global Ship Lease intends to pay a quarterly dividend of at least \$0.23 per share, or \$0.92 per share per year, payable with respect to the third quarter of 2008 and quarterly thereafter on the Class A common shares. There can be no assurance, however, that Global Ship Lease will pay regular quarterly dividends in the future.

The dividend policy of Global Ship Lease is to make distributions to its stockholders out of available cash flow, rather than net income, after all relevant cash expenditures, including cash interest expense on borrowings that finance operating assets, cash income taxes and after an allowance for the cash cost of future drydockings but not including deductions for non-cash items including depreciation and amortization and changes in the fair values of financial instruments, if any.

Global Ship Lease's preliminary calculations indicate that approximately (i) 15 to 20% of the dividends anticipated to be paid in 2008 will represent a return of capital for tax purposes and (ii) 60 to 70% of the dividends anticipated to be paid in 2009 and 2010 will represent a return of capital for tax purposes.

The table below analyzes Global Ship Lease's ability to pay the proposed dividend amounts on its Class A common shares based on the pro forma financial information for the six months ended June 30, 2008 as disclosed elsewhere in this prospectus. Changes in working capital are not expected to affect Global Ship Lease's ability to pay dividends.

	<b>Six months ended June 30, 2008 (\$ thousands)</b>
Pro forma net income	17,619
<b>Adjustment for non cash items</b>	
Depreciation	11,064
Reverse accretion of earnings for intangible liabilities (1)	(48)
Reverse charge for equity incentive awards (2)	1,377
Amortization of deferred financing fees	249
Change in fair value of derivatives instruments (3)	(5,341)
	24,920
Allowance for future dry dock (4)	(1,400)
Cash from operations available for common dividends	23,520
<b>Weighted average number of Class A common shares outstanding</b>	
Basic	33,463,859
Diluted (5)	44,287,809
<b>Dividend per common share per quarter (\$)</b>	<b>0.23</b>
<b>Total dividend for two quarters</b>	
Basic	15,393
Diluted	20,372
<b>Surplus</b>	
Basic	8,127

Diluted

3,148

- (1) Reversal of accretion to earnings for the amortization of the intangible liability established as a result of the Merger to record the effect of below market leases. See note O on page 73.

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- (2) Reversal of the pro forma charge for equity incentive awards which are not expected to give rise to a cash expense in the period. See note S on page 74.
- (3) Reversal of the credit included in pro forma net income for the non cash gain on revaluation of outstanding interest rate derivatives (mark-to-market).
- (4) In determining cash available from operations for the payment of dividends, it is the intention of the board of directors to set aside an amount estimated to cover anticipated cash costs of future drydockings to manage what would be otherwise potentially substantial and volatile effects on quarterly cashflow as the costs of drydocking are significant (an average of \$940,000 per ship) and at five yearly intervals with timing largely determined by the relevant regulatory rules.
- (5) Diluted shares includes the effect of 45,535,850 outstanding public warrants and sponsor warrants, as well as the compensation expense related to restricted stock grants for future services, determined on the treasury method. See note AB on page 76.

Retained cash flow may be used to fund vessel or fleet acquisitions, make debt repayments and for other purposes, as determined by Global Ship Lease's management and board of directors. Global Ship Lease's dividend policy reflects its judgment that by reinvesting cash flow in its business, it will be able to provide value to its shareholders by enhancing its long-term dividend paying capacity. Global Ship Lease's objectives are to increase distributable cash flow per share through acquisitions of additional vessels beyond its initial and contracted fleet of 17 vessels. Global Ship Lease cannot assure you that it will be successful in achieving these objectives.

In addition to its regular dividend payments, Global Ship Lease intends to pay a starting dividend of \$0.23 per Class A common share. The declaration of the dividend is expected to occur shortly after the filing of this registration statement with the Securities and Exchange Commission.

After the Merger, Marathon's initial stockholders and CMA CGM held an aggregate of 7,405,956 subordinated Class B common shares. The terms of the subordinated Class B common shares are intended to provide added assurance that Global Ship Lease will be able to pay regular quarterly dividends on its Class A common shares equal to its initial dividend of \$0.23 per share. In general, during the subordination period, Global Ship Lease will pay quarterly dividends on its Class A common shares and subordinated Class B common shares from its operating surplus (as defined in the amended and restated articles of incorporation) in the following manner:

*first*, 100% to all Class A common shares, pro rata, until each outstanding common share has been paid an amount equal to the applicable dividend for that quarter;

*second*, 100% to all Class A common shares, pro rata, until they have received any unpaid arrearages in the dividend for prior quarters during the subordination period;

*third*, 100% to all subordinated Class B common shares, pro rata, until each outstanding Class B common share has been paid an amount equal to the applicable dividend for that quarter;

*after that*, 100% to all Class A and Class B common shares, pro rata, as if they were a single class.

Notwithstanding the foregoing, subordinated Class B common shares will not be entitled to receive dividends prior to those paid with respect to the fourth quarter of 2008 and the dividend rights of the holders of Class B common shares will be subordinated to those of holders of Class A common shares until at least the third quarter of 2011 absent a prior change in control of Global Ship Lease. Class C common shares will not be entitled to receive dividends and will convert into Class A common shares on a one-for-one basis on January 1, 2009 or, if earlier, upon a change of control of Global Ship Lease.

The declaration and payment of any dividend is subject at all times to the discretion of Global Ship Lease's board of directors and will depend on, among other things, its earnings, financial condition and anticipated cash

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requirements and availability, additional acquisitions of vessels, restrictions under its credit facility, the provisions of Marshall Islands law affecting the payment of distributions to shareholders, required capital and drydocking expenditures, reserves established by its board of directors, increased or unanticipated expenses, a change in its dividend policy, additional borrowings or future issuances of securities and other factors, many of which will be beyond its control.

Global Ship Lease cannot assure you that its future dividends will be distributed in the frequency set forth in this prospectus, or that its estimate of cash available for distribution or its estimated future dividends for its initial and subsequent distribution periods will in fact be equal to the amount set forth above or elsewhere in this prospectus. Its ability to pay dividends may be limited by the amount of cash it can generate from operations following the payment of fees and expenses and the establishment of any reserves as well as additional factors unrelated to its profitability and assumes that Global Ship Lease does not make any vessel acquisitions beyond those set forth in this prospectus. Global Ship Lease is a holding company, and Global Ship Lease will depend on the ability of its subsidiaries to distribute funds to Global Ship Lease in order to satisfy its financial obligations and to pay dividend payments. Further, its board of directors may elect to not distribute any dividends or may significantly reduce the dividends Global Ship Lease projects in the prospectus. As a result, the amount of dividends actually paid, if any, may vary from the amount currently estimated and such variations may be material. Please see **Risk Factors** in the prospectus for a discussion of the risks associated with Global Ship Lease's ability to pay dividends.

Marshall Islands law generally prohibits the payment of dividends other than from surplus (retained earnings and the excess of consideration received for the sale of shares above the par value of the shares) or while a company is insolvent or would be rendered insolvent by the payment of such a dividend.

Global Ship Lease believes that, under current U.S. federal income tax law, some portion of the distributions you receive from Global Ship Lease will constitute dividends and, if you are an individual that is a citizen or resident of the United States and that meets certain holding period and other requirements, such dividends will be taxable as qualified dividend income (subject to a maximum 15% U.S. federal income tax rate through 2010). Please see **Material U.S. Federal Income Tax Consequences Tax Consequences of Holding Common Shares and Warrants U.S. holders Taxation of dividends paid on common shares** for information regarding the eligibility requirements for qualified dividend income and for a discussion of proposed legislation that, if enacted, would prevent dividends paid by Global Ship Lease from constituting qualified dividend income.

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The following table sets forth the capitalization as of June 30, 2008:

on an actual basis for Marathon;

on a pro forma basis giving effect to the Merger as set out in the Unaudited Pro Forma Combined Balance Sheet in the Unaudited Pro Forma Combined Financial Information section of this prospectus; and

as adjusted to reflect the proceeds of the exercise of outstanding warrants described in this prospectus and the use of proceeds therefrom including 948,276 Class A common shares for the sponsor warrants, determined using the treasury method at \$7.25, the closing price of Global Ship Lease's Class A common shares on the NYSE on September 3, 2008.

The capitalization of Global Ship Lease as adjusted does not reflect the estimated long-term intangible liability related to the below market leases totaling \$28,021,000.

You should read this capitalization table together with Management's Discussion and Analysis of Financial Condition and Results of Operations of Global Ship Lease and Management's Discussion and Analysis of Financial Condition and Results of Operation of Marathon and the financial statements and related notes appearing elsewhere in this prospectus.

	Actual	Pro Forma	Pro Forma as adjusted
	(in thousands of U.S. dollars)		
Long term debt	\$	\$ 267,901	\$ 267,901
Mandatorily redeemable preferred shares(1)		48,000	
		315,901	267,901
Common shares subject to possible redemption	61,795		
Interest attributable to common stock subject to possible conversion	1,776		
<b>Stockholders' equity:</b>			
Series A Preferred Shares, \$0.0001 par value (not applicable on an actual basis, 1,000,000 shares authorized and 1,000 issued and outstanding, on a pro forma basis; none issued and outstanding pro forma as adjusted)			
Common shares, \$0.0001 par value (249,000,000 shares authorized; 53,244,815 issued and outstanding, not applicable on a pro forma or pro forma as adjusted basis)	5		
Class A common shares, par value \$0.01 per share, (not applicable on an actual basis, 214,000,000 shares authorized; 33,463,859 pro forma, 74,447,985 pro forma as adjusted issued and outstanding)		334	744
Class B common shares, par value \$0.01 per share, (not applicable on an actual basis, 20,000,000 shares authorized; 7,405,956 issued and outstanding pro forma and pro forma as adjusted)		74	74
Class C common shares, par value \$0.01 per share, (not applicable on an actual basis, 15,000,000 shares authorized; 12,375,000 issued and outstanding pro forma and pro forma as adjusted)		124	124
Additional paid-in capital	240,533	343,684	583,489
Retained earnings	7,153	7,237	7,237
Total stockholders' equity	247,681	351,454	591,668
<b>Total capitalization</b> (including current maturities of long-term debt)	<b>\$ 311,252</b>	<b>\$ 667,355</b>	<b>\$ 859,569</b>

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- (1) Global Ship Lease will receive up to an aggregate of approximately \$240,215,000 as proceeds from the exercise of the public warrants. \$48,000,000 of the proceeds will be used to redeem the Company's mandatorily redeemable preferred stock.



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**DILUTION**

If holders of warrants exercise their warrants to purchase Global Ship Lease's Class A common shares, their interests will be diluted immediately to the extent of the difference between the exercise price per share of Global Ship Lease Class A common shares and the as adjusted net tangible book value per share of Global Ship Lease common shares assuming all outstanding warrants are exercised. Net tangible book value per share is determined by dividing the company's net tangible book value, which is its total tangible assets less total liabilities, by the total number of outstanding common shares.

As of June 30, 2008 as shown in the Unaudited Pro Forma Combined Balance Sheet included elsewhere in this prospectus, net tangible book value adjusted for the purposes of this calculation was approximately \$351,454,000, or \$6.60 per common share. After giving effect to the exercise of warrants to purchase 40,984,126 Class A common shares underlying the outstanding warrants, including 948,276 Class A common shares in respect of the 5,500,000 sponsor warrants determined using the treasury method at \$7.25, the closing price of Global Ship Lease's Class A common shares on the NYSE on September 3, 2008, as these warrants are to be exercised on a cashless basis, Global Ship Lease's pro forma net tangible book value per share would have been approximately \$6.28.

The following table illustrates this per share dilution:

Exercise per share price	\$ 6.00
Net tangible book value per share before warrant exercises	\$ 6.60
Decrease in net tangible book value per share attributable to warrant exercises	0.32
As adjusted net tangible book value per share after warrant exercises	\$ 6.28
Impact per share to warrant holders	\$ 0.28

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**SELECTED HISTORICAL COMBINED FINANCIAL AND  
OPERATING DATA OF GLOBAL SHIP LEASE**

You should read the information set forth below in conjunction with Management's Discussion and Analysis of Financial Condition and Results of Operations of Global Ship Lease and Global Ship Lease's combined financial statements and notes thereto, which are referred to as Global Ship Lease's combined financial statements, included elsewhere in this prospectus. Global Ship Lease uses the term "Predecessor Group" to mean the container shipping services provided by the 10 secondhand vessels and two newly built vessels in Global Ship Lease's initial fleet when these vessels were owned and operated by CMA CGM and its subsidiaries rather than to mean any particular entity or entities.

This summary financial information refers to Global Ship Lease, Inc. prior to giving effect to the Merger other than the selected pro forma financial information, which assumes that the Merger had been completed. See "Unaudited Pro Forma Combined Financial Information" for further information.

The historical selected combined financial data as of June 30, 2008 and for the six months ended June 30, 2008 and June 30, 2007, as of December 31, 2007 and 2006 and for each of the years then ended together with such information for the year ended December 31, 2005 have been derived from audited and unaudited combined financial statements of Global Ship Lease included elsewhere in this prospectus. The historical selected combined financial data as of December 31, 2005 and for the year ended December 31, 2004 is derived from carve-out information of the Predecessor Group prepared by management of CMA CGM. Selected historical financial data as of December 31, 2003 and for the year then ended is not provided because carve-out financial statements for the Predecessor Group as of dates prior to January 1, 2004 and periods ending prior to such date cannot be prepared without unreasonable effort and cost. Certain financial information has been rounded, and, as a result, certain totals shown in this prospectus may not equal the arithmetic sum of the figures that should otherwise aggregate to those totals. In addition, as discussed elsewhere in prospectus, there are significant differences between Global Ship Lease's business after the acquisition of its initial fleet and the business of Global Ship Lease's Predecessor Group to which most of the historical financial and operating data included in this prospectus statement applies. The Predecessor Group's business was the operation of vessels earning revenue from carrying cargo for customers, whereas Global Ship Lease operates as a vessel owner, earning revenue from chartering out its vessels. Accordingly, the selected historical combined financial data, which includes mainly the Predecessor Group's trading activities of the vessels earning freight rates or revenue from carrying cargo for third party customers, are not indicative of the results Global Ship Lease would have achieved had it historically operated as an independent shipowning company earning charterhire or of Global Ship Lease's future results. This information should be read together with, and is qualified in its entirety by, Global Ship Lease's combined financial statements and the notes thereto included elsewhere in this prospectus.

**Table of Contents****GLOBAL SHIP LEASE, INC.**

The following combined financial information is not representative of Global Ship Lease's future operations as Global Ship Lease derives its revenue only from chartering out its vessels under long-term fixed rate time-charters. Please refer to the Global Ship Lease's unaudited pro forma financial information included elsewhere in this prospectus, which reflects the pro forma effects of these charters and related agreements on Global Ship Lease's results of operations and financial condition.

	Selected combined financial information					
	Six months			Year ended December 31,		
	ended June 30,			2006		
	(unaudited)			2007	2005	2004
	2008	2007	2007	2006	2005	2004
(in millions of U.S. dollars, except per share data)						
<b>Statement of Income</b>						
<b>Operating revenues:</b>						
Freight revenue (1)	\$ 2.1	\$ 171.9	\$ 332.2	\$ 299.6	\$ 111.6	\$ 58.1
Time charter revenue (2)	44.8		2.9			
<b>Operating expenses:</b>						
Voyage expenses (3)	(1.9)	(119.4)	(249.5)	(213.1)	(70.2)	(38.6)
Vessel expenses	(14.2)	(11.7)	(24.0)	(22.6)	(13.7)	(8.7)
Depreciation	(9.8)	(7.3)	(16.1)	(16.7)	(7.2)	(5.3)
General and administrative (4)	(3.3)	(5.7)	(17.8)	(11.3)	(2.7)	(1.3)
Other operating income / (expense)	(0.1)	2.6	2.3	11.9	(2.5)	
<b>Total operating expenses</b>	<b>(29.4)</b>	<b>(141.5)</b>	<b>(304.9)</b>	<b>(251.9)</b>	<b>(96.2)</b>	<b>(53.9)</b>
<b>Operating income</b>	<b>17.4</b>	<b>30.4</b>	<b>30.2</b>	<b>47.7</b>	<b>15.4</b>	<b>4.2</b>
<b>Non operating income/ (expense)</b>						
Interest income	0.3		0.2			
Interest expense	(14.6)	(5.1)	(13.6)	(15.1)	(6.4)	(2.6)
Realized and unrealized gain on interest rate derivatives	5.2					
<b>Income before income taxes</b>	<b>8.4</b>	<b>25.4</b>	<b>16.8</b>	<b>32.7</b>	<b>9.0</b>	<b>1.7</b>
Taxes on income						
<b>Net income</b>	<b>\$ 8.3</b>	<b>\$ 25.4</b>	<b>\$ 16.8</b>	<b>\$ 32.7</b>	<b>\$ 9.0</b>	<b>\$ 1.7</b>
Net income per share in thousand \$ per share						
Basic and diluted (5)	83	254	168	327	90	17
Weighted average number of common shares outstanding						
Basic and diluted	100	100	100	100	100	100
<b>Statement of cash flow</b>						
Net cash from operating activities	\$ 13.9	\$ 31.0	\$ 56.6	\$ 22.8	\$ 17.4	\$ 3.0
<b>Balance sheet data (at period end)</b>						
Total current assets	13.2	n/a	192.9	32.1	11.2	n/a
Total vessels	467.1	n/a	475.3	286.2	177.8	n/a
Total assets	495.4	n/a	674.6	344.5	203.0	n/a
Long-term debt (current and non-current portion)	401.1	n/a	401.1	139.2	109.9	n/a
Shareholder loan (6)	176.9	n/a	176.9			n/a
Stockholder's equity	(93.4)	n/a	87.5	170.0	18.4	n/a

(1) This line item reports revenue earned by the Predecessor Group by carrying cargo on the vessels.

(2)

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This line item reports revenues earned from Global Ship Lease's chartering business following the purchase of its initial fleet of 10 secondhand vessels in December 2007.

- (3) This line item reports the voyage related expenses of carrying cargo by the Predecessor Group.
- (4) Global Ship Lease's combined financial statements include the general and administrative expenses incurred by its Predecessor Group related to its operations and such costs incurred by Global Ship Lease as a wholly owned subsidiary of CMA CGM. Subsequent to the completion of the Merger, Global Ship Lease will incur additional administrative expenses, including legal, accounting, treasury, premises, securities regulatory compliance and other costs normally incurred by an independent listed public entity. Accordingly, general and administrative expenses incurred by and allocated to the Predecessor Group do not purport to be indicative of future expenses.
- (5) The weighted average number of shares outstanding of Global Ship Lease as of June 30, 2008 has been used for purposes of computing earnings per share for all presented prior periods.
- (6) Amounts due to the former shareholder were not assumed by Global Ship Lease following completion of the Merger.

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

**AND RESULTS OF OPERATIONS OF GLOBAL SHIP LEASE**

*The following discussion of the financial condition and results of operations for Global Ship Lease and Global Ship Lease's Predecessor Group, or the Predecessor Group, should be read in conjunction with Global Ship Lease's combined financial statements and the related notes and the financial and other information included elsewhere in this prospectus. The term combined financial statements refers to the combined financial statements of Global Ship Lease, and its subsidiaries, and the Predecessor Group. The term Predecessor Group refers to the container shipping services provided by CMA CGM, and certain of its subsidiaries, using the vessels of Global Ship Lease's initial fleet. CMA CGM and its subsidiaries are in the business of providing container shipping services to shippers and earning revenue by carrying containerized cargo, whereas Global Ship Lease is a vessel owner earning revenue from chartering out its vessels.*

**Overview**

The combined financial statements include:

the carve out financial information reflecting the results and financial position of the 10 secondhand vessels and two newly built vessels (from their dates of purchase by the Predecessor Group) as they were operated by the Predecessor Group, in its business as a container shipping company, for the period up to the dates in December 2007 that CMA CGM transferred the 10 secondhand vessels to Global Ship Lease, and the dates in January 2008 that CMA CGM transferred the two newly built vessels to Global Ship Lease; and

the results and financial position of the 10 secondhand vessels and the two newly built vessels as they were operated by Global Ship Lease, in its business as a vessel owner earning revenue from chartering out vessels, from the dates of the vessels' acquisition in December 2007 and January 2008 by Global Ship Lease from CMA CGM.

Assets, liabilities, revenues and expenses that relate to the Predecessor Group have been included where relevant in the combined financial statements. The shipping interests and other assets, liabilities, revenues and expenses of the Predecessor Group that do not relate to the 12 vessels in Global Ship Lease's initial fleet are not included in the combined financial statements.

The combined financial statements have been prepared in accordance with the generally accepted accounting principles in the United States of America, which we refer to as U.S. GAAP, and are presented in United States dollars.

This discussion contains forward-looking statements based on assumptions about Global Ship Lease's future business. Global Ship Lease's actual results will likely differ materially from those contained in the forward-looking statements. See Special Note Regarding Forward-Looking Statements.

**Future Business**

Global Ship Lease acquired the 10 secondhand vessels and two newly built vessels of its initial fleet in December 2007 and January 2008, respectively. Global Ship Lease anticipates growing its fleet through the acquisition of four additional vessels from CMA CGM, including one newbuilding, in December 2008 and one secondhand vessel in July 2009. Global Ship Lease has chartered the 12 vessels in its initial fleet, and will charter the vessels in its contracted fleet, to CMA CGM under fixed-rate time charters, with staggered expirations, for terms that range from five years to 17 years, resulting in a non-weighted average term of 11 years. Each charter commenced or commences on the delivery of the vessels to Global Ship Lease.

Global Ship Lease has also entered into ship management agreements with its Ship Manager for the day-to-day technical management of its vessels. See Global Ship Lease's Ship Manager and management related agreements Management Agreements for a more detailed description of Global Ship Lease's ship management agreements. Prior to Global Ship Lease's purchase of the vessels, the Predecessor Group had been performing the ship management, where relevant, for the vessels in Global Ship Lease's initial fleet.



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Global Ship Lease commenced its business operations on December 2007 with its acquisition of the 10 secondhand vessels from CMA CGM. Global Ship Lease's future operations will differ significantly from the historical operations of the Predecessor Group. The Predecessor Group's historical carve-out financial information included in the combined financial statements is based on the Predecessor Group's historical operations. In particular, Global Ship Lease expects to generate revenues primarily from charter payments made to it by the charterers of Global Ship Lease's vessels and not from freight rates for transporting cargoes, as did the Predecessor Group. Costs will be similarly different. Global Ship Lease believes that its expenses will consist mainly of fees and vessel operating expenses under its ship management agreements as well as general and administrative expenses. Global Ship Lease believes that its charters and fixed fee and capped operating costs arrangements will provide it with a stable cash flow that is sufficient for Global Ship Lease's present operating requirements.

Because Global Ship Lease's operations as shipowner will differ significantly from the business operations of the Predecessor Group as a ship operator, trends or performance that likely had a material effect on the Predecessor Group's revenues will likely have limited direct impact on Global Ship Lease's future revenues, except to the extent that these trends are a result of changing economic conditions in the overall containership industry, which may generally affect the global demand for and the supply of containerships.

Global Ship Lease's financial results will be largely driven by the following factors:

the number of vessels in Global Ship Lease's fleet and their charter rates;

the number of days that Global Ship Lease's vessels are utilized and not subject to drydocking, special surveys or otherwise off-hire; and

Global Ship Lease's ability to control its fixed and variable expenses, including ship management fees, ship operating costs, drydock costs, and general, administrative and other expenses, including insurance. Operating costs may vary from month to month depending on a number of factors, including the timing of purchases of lube oil, crew changes and delivery of spare parts.

Global Ship Lease has entered into long-term fixed rate time charters for all of its vessels. Global Ship Lease expects that its base revenue will be largely fixed until (a) any of its charters terminates and it will need to seek a renewal or recharter at possibly a different rate, or (b) it acquires additional vessels. Global Ship Lease's revenue in a particular quarter will also partly depend on the actual delivery dates of the vessels that it has agreed to purchase from CMA CGM. As discussed further below, operational matters such as off-hire days for planned maintenance or for unexpected accidents and incidents may affect the actual amount of revenues Global Ship Lease receives. Global Ship Lease's shortest time charter agreement is five years and it does not expect to have to obtain new charters for any of the vessels in its initial and contracted fleet before the expiration of each charter. The charterhire rate that it will be able to achieve on renewal will be affected by market conditions at that time as discussed further in "The International Containership Industry" Ship Charter Rates.

CMA CGM will initially be Global Ship Lease's only customer and all of the 12 vessels in the initial fleet are, and the five vessels in the contracted fleet will be, chartered to CMA CGM under long-term time charters. These charter payments will be Global Ship Lease's sole source of operating cash flow. At any given time in the future, the cash resources of the initial Charterer may be diminished or exhausted, and Global Ship Lease cannot assure its shareholders that the initial Charterer will be able to make charter payments to it. If the initial Charterer is unable to make charter payments to it, Global Ship Lease's results of operations and financial condition will be materially adversely affected. Currently, Global Ship Lease has good commercial relations with CMA CGM, and CMA CGM believes it will be able to meet its commitments under its charter agreements with Global Ship Lease.

Part of Global Ship Lease's business strategy is to grow its customer base. If Global Ship Lease's existing charters with CMA CGM were terminated, Global Ship Lease believes it could recharter such vessels at rates in today's market similar to its existing rates over similar time periods, although it cannot be certain that this would

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be the case. If market rates decline, and Global Ship Lease was required to recharter at lower rates, its results of operations and financial condition could be materially adversely affected.

### **Critical Accounting Policies and Estimates**

The combined financial statements have been prepared in accordance with U.S. GAAP, which requires Global Ship Lease to make estimates in the application of certain accounting policies based on its best assumptions, judgments and opinions. Global Ship Lease bases these estimates on the information currently available to it and on various other assumptions it believes are reasonable under the circumstances. The following is a discussion of the principal accounting policies of Global Ship Lease and the Predecessor Group, some of which involve a high degree of judgment, and the methods of their application.

For a further description of Global Ship Lease's material accounting policies, please see notes 1 and 2 to the combined financial statements included elsewhere in this prospectus.

### **Combined Financial Statements of the Vessels of Global Ship Lease's Initial Fleet**

The combined financial statements up to December 31, 2007 reflect mainly the financial position, results of operations and cash flows of the 10 secondhand vessels of Global Ship Lease's initial fleet as they were operated by the Predecessor Group, in its business as a containership operator, up to the dates that those vessels were acquired by Global Ship Lease from CMA CGM in December 2007 and the two newly built vessels for the period of the Predecessor Group's ownership up to dates in January 2008 when they were also acquired by Global Ship Lease. The relevant financial information has been carved out of the consolidated financial statements of CMA CGM and its subsidiaries. The Predecessor Group's business is as a containership operating company providing cargo transportation services, not as an independent shipowner as Global Ship Lease's business will be. Global Ship Lease believes that the information on these vessels, including their assets, liabilities, results of operations and cash flows, reasonably represent each of those vessels' financial position, results of operations and cash flows for the Predecessor Group. However, the carve-out financial information on those vessels and their financial positions, results of operations and cash flows are not indicative of those that would have been realized had those or all the vessels of Global Ship Lease's initial fleet been operated by it as an independent, stand-alone shipowning entity for the periods presented. For example, the combined financial statements for the year ended December 31, 2007 include only approximately 159 ship days in December 2007 when the 10 secondhand vessels were owned by Global Ship Lease and operated by it in its business as a vessel owner chartering out its vessels on long-term time charters. Accordingly, the financial position, results of operations and cash flows reflected in the combined financial statements are not indicative of those that would have been achieved had Global Ship Lease's operated as an independent, stand-alone entity for the periods presented or of future results.

### **Business Combination**

In accordance with Statement of Financial Accounting Standards ( SFAS ) No. 141, Business Combinations ( SFAS 141 ), the purchase method of accounting is used to account for the acquisition of Global Ship Lease Inc. The cost of the acquisition is measured as the fair value of the assets given, equity instruments issued at the date of acquisition, plus costs directly attributable to the acquisition. The acquired assets, assumed liabilities, contractual contingencies and contingent liabilities, are recognized and measured at their fair value at the acquisition date. The purchase method of accounting is used as a basis of preparation of the unaudited pro forma information presented on pages 55 through 69. Management considers a number of factors, including valuations and appraisals, in determining the fair values of assets. Liabilities are revalued at present values using appropriate current interest rates. In addition to revaluing existing assets and liabilities, Global Ship Lease records certain previously unrecognized assets and liabilities, including an intangible asset for the favorable purchase agreements related to the five vessels to be delivered post-acquisition and an intangible liability for below-market charters. The sum of the amounts assigned to assets and liabilities is expected to exceed the allocable purchase price. In accordance with SFAS 141, Global Ship Lease allocates this excess as a reduction of asset values (to vessels in operation, other fixed assets, and intangible assets) on a pro-rata basis.



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### **Revenue Recognition**

Unlike the Predecessor Group, whose revenue is derived from freight revenue generated by cargo transportation services, Global Ship Lease's charter revenue is generated from long-term time charters for each vessel. The charters provide for a per vessel fixed daily charterhire rate and revenue is recorded as earned. Assuming Global Ship Lease's vessels are not off-hire, Global Ship Lease's charter revenues are fixed and, accordingly, little judgment is required to be applied to the amount of revenue recognition.

### **Vessel Lives**

Vessels represent Global Ship Lease's most significant tangible assets and Global Ship Lease states them in its financial statements at Global Ship Lease's historical cost as carved out from the CMA CGM consolidated financial statements at the dates of transfer, which includes where relevant capitalized interest during construction and other construction, design, supervision and pre-delivery costs less accumulated depreciation. Global Ship Lease depreciates its vessels using the straight-line method over their estimated useful lives. Global Ship Lease reviews the estimate of its vessels' useful lives on an ongoing basis to ensure they reflect current technology, service potential and vessel structure.

On a prospective basis, for accounting purposes, from the date of purchase of the vessels by it, Global Ship Lease estimates the useful life of each of its vessels to be 30 years; whereas the estimated useful life of the vessels was 25 years when operated by the Predecessor Group. This change in the estimated useful life reflects the fact that Global Ship Lease is a vessel owner, whereas CMA CGM is a container shipping company. As a vessel owner, with vessels being Global Ship Lease's principal assets, Global Ship Lease anticipates that it will be able to earn revenue from its vessels at least until they are 30 years old. CMA CGM, one of the largest global container shipping companies in the world, considers the useful life of its vessels to be 25 years. This change in estimated useful life period has a positive effect on net income amounting to \$0.1 million for the year ended December 31, 2007. If this change had been reflected in Global Ship Lease's combined financial statements, effective as of January 1, 2007, the positive effect on net income would have been \$2.9 million.

Should certain factors or circumstances cause Global Ship Lease to revise its estimate of vessel service lives in the future, depreciation expense could be materially lower or higher. Such factors and circumstances include, but are not limited to, the extent of cash flows generated from future charter arrangements, changes in international shipping requirements and other factors, many of which are outside of Global Ship Lease's control.

### **Derivative Instruments**

The Predecessor Group entered into bunker derivative agreements to reduce its exposure to cash flow risks from changing bunker prices. In accordance with the requirements of U.S. GAAP, Global Ship Lease has recognized these derivative instruments on its balance sheet at fair value with the changes in the fair value of these derivative instruments recognized in the statement of income or deferred in equity within Accumulated other comprehensive income/(loss) until settlement of the hedge transaction. Global Ship Lease does not expect to enter into such hedging transactions in its future business as bunker costs will be borne by its charterers.

In connection with its credit facility and as part of overall risk management, Global Ship Lease has entered into interest rate swap agreements to reduce its exposure to cash flow risks from floating interest rates. See Interest Rate Risk for more information about Global Ship Lease's interest rate swap agreements. The swaps are not accounted for as hedging instruments as they have not been designated as such and are not effective in mitigating the risks of changes in interest rates under U.S. GAAP. As such swaps are not accounted for as hedging instruments, Global Ship Lease recognizes them on its balance sheet at fair value with the changes in the fair value of these derivative instruments (mark to market adjustment) recognized in the statement of income. Global Ship Lease will not hold or issue derivative financial instruments for trading or other speculative purposes.

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### **Impairment of Long-lived Assets**

In accordance with SFAS 144 Accounting for the Impairment or Disposal of Long-Lived Assets, Global Ship Lease's long-lived assets are regularly reviewed for impairment. Global Ship Lease performs the impairment valuations at the individual vessel level pursuant to paragraph 10 of SFAS 144.

To determine whether there is an impairment indicator, Global Ship Lease compares the sum of the undiscounted future cash flows resulting from existing charters for each vessel less operating expenses, plus the expected undiscounted residual value of each vessel at the end of the charter, with its book value at the end of each reporting period in order to determine if the book value of such vessel is recoverable. The residual value at the end of the charter is determined taking into account the impact of possible future new charters and/or the eventual disposition of the vessel.

The assumptions used to determine whether the sum of undiscounted cash flows expected to result from the use and eventual disposition of the vessels exceeds the carrying value involve a considerable degree of estimation on the part of Global Ship Lease's management team. Actual results could differ from those estimates, which could have a material effect on the recoverability of the vessels.

The most significant assumptions used are:

the determination of the possible future new charters, future market values and/or the eventual disposition of each vessel. Estimates are based on market studies and appraisals made by independent shipping analysts and brokers, and assessment by management on the basis of market information, shipping newsletters, chartering and sale of comparable vessels reported in the press. Appraisals are made by independent appraisers, but are not based on a physical inspection of each vessel;

the days on-hire which are estimated at a level consistent with Global Ship Lease's on-hire statistics;

future operating costs; and

the drydock expenses which are estimated based on one drydock every five years.

Whenever the sum of the undiscounted future cash flows resulting from the charter of each vessel less operating expenses plus its expected residual value is above its book value, Global Ship Lease considers that there is no indication of impairment. Whenever the sum of the undiscounted future cash flows resulting from the charter of each vessel less operating expenses plus its expected residual value is below its book value, Global Ship Lease considers that there is a potential impairment and perform a recoverability test.

An impairment loss will be recognized if the carrying value of the vessel exceeds the sum of the discounted cash flows expected to result from the use and eventual disposition of the vessel.

### **Drydocking**

Global Ship Lease's drydocking costs are recognized as a component of the cost of the related vessel depreciated to the date of the next drydocking. Global Ship Lease's vessels are drydocked approximately every five years for major repairs and maintenance that cannot be performed while the vessels are operating. Costs associated with the drydocks will be capitalized as a component of the cost of the relevant vessel as they occur and be amortized on a straight line basis over the period to the next anticipated drydock. Other expenditures relating to maintenance and repairs are expensed when incurred.

Costs capitalized as part of the drydock include costs directly associated with the required regulatory inspection of the ship, its hull and its machinery and for the defouling and repainting of the hull. Any cost of repair to hull or machinery that extends useful life is capitalized. Other repair costs are expensed. One vessel was drydocked in the six months ended June 30, 2008 for a total cost of \$1.3 million. In 2007, three vessels of Global Ship Lease's initial fleet were drydocked for a total cost of \$4.7 million.



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***Six Months ended June 30, 2008 Compared to Six Months ended June 30, 2007***

Comparison between these two periods is of limited value as operations in the six months ended June 30, 2008 were comprised almost entirely of Global Ship Lease's on-going business of owning and chartering out containerships under time charters, whereas operations in the six months ended June 30, 2007 were comprised entirely of the Predecessor Group earning revenue from the transportation of containerized cargo.

*Total operating revenue*

Time charter revenue of \$44.8 million in six months ended June 30, 2008 reflects income under the fixed rate time charters in effect, including 10 vessels owned for the entire period and two vessels owned since their purchases by Global Ship Lease on January 9 and January 16, 2008. The total number of on-hire days was 2,134 out of 2,160 ownership days resulting in a utilization rate of 99%. Of the 26 off-hire days, 15 were for the planned drydocking of the *MOL Rainbow* and 11, representing approximately 0.5%, were unplanned. Subsequent to June 30, 2008 time charter rates were agreed to be increased with effect from August 12, 2008 which will increase annual revenue by approximately \$6.9 million for these 12 vessels. There was no time charter revenue in the comparative prior year period as Global Ship Lease was not established.

Freight revenue of \$2.1 million in the six months ended June 30, 2008 is the revenue earned by the Predecessor Group in carrying cargo on the two newly built vessels up to their dates of sale to Global Ship Lease in January 2008. Freight revenue at \$171.9 million in the comparative prior year period is significantly higher as it represents the Predecessor Group's freight revenue carrying containerized cargo on the 10 ships owned by it during the six months ended June 30, 2007 that are now owned by Global Ship Lease.

*Operating expenses*

Operating expenses totaled \$29.4 million for the six months ended June 30, 2008 compared to \$141.5 million in the comparative prior year period. Operating expenses can be analyzed as follows:

*Voyage expenses:* Voyage expenses, which are associated only with the Predecessor Group's activity of earning freight revenue, were \$1.9 million in the six months ended June 30, 2008 relating only to the two newly built ships for the part of January whilst they were owned by the Predecessor Group whereas voyage expenses of \$119.4 million in the comparative prior year period related to 10 vessels for the entire period.

*Vessel expenses:* Vessel expenses, which relate to the operation of the vessels themselves, associated with time charter revenue in the six months ended June 30, 2008 were \$14.0 million equal to \$6,476 per ownership day. Vessel operating expenses associated with the Predecessor Group's freight revenue were \$0.2 million in the six months ended June 30, 2008 compared to \$11.7 million in the comparative prior year period which is substantially higher due to the greater number of ships operated by the Predecessor Group in that prior period.

*Depreciation:* Depreciation in the six months ended June 30, 2008 associated with time charter revenue was \$9.6 million based on Global Ship Lease's ownership days and \$0.2 million associated with freight revenue based on the ownership of the two newly built vessels by the Predecessor Group. In the comparative prior year period depreciation accounted for \$7.3 million. Depreciation in the six months ended June 30, 2008 was \$2.5 million higher than the comparative prior year period mainly due to the effect of the two newly built vessels being included only in the six months ended June 30, 2008 offset by the impact of the application of the 30 year vessel life in the current year period compared to 25 years in the prior year period.

*General and Administrative:* General and administrative expenses incurred in the six months ended June 30, 2008 were \$3.3 million including approximately \$0.1 million of CMA CGM general and administrative costs were allocated to the two newly built vessels for the period of their ownership by the Predecessor Group during January 2008. In the comparative prior year period \$5.7 million of CMA

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CGM general and administrative costs were allocated to the 10 vessels owned and operated by the Predecessor Group during that period.

*Other operating expenses:* For the six months ended June 30, 2008, other operating expense was \$0.1 million and was entirely attributable to the Predecessor Group. In the comparative prior year period, other operating income was \$2.6 million relating to bunker hedging operations.

### *Operating Income*

As a consequence of all preceding items operating income was \$17.4 million for the six months ended June 30, 2008 compared to \$30.4 million in the comparative prior year period.

### *Interest Income*

Interest income in the six months ended June 30, 2008 was \$0.3 million on cash deposits made by Global Ship Lease. There were no such deposits in the prior period.

### *Interest Expense*

Interest expense, which is all attributable to time charter revenue, was \$14.6 million for the six months ended June 30, 2008 and arises on Global Ship Lease's fixed rate \$176.9 million shareholder loan and, at floating rates on \$401.1 million drawing under Global Ship Lease's \$800 million credit facility. Interest expense in the prior year period was \$5.1 million on borrowings associated with the relevant vessels.

### *Realized and unrealized gain on derivatives*

During May 2008, Global Ship Lease entered into derivative interest rate agreements to fix the interest rate on debt drawn or anticipated to be drawn under its credit facility. A total of \$444.0 million of anticipated core debt was swapped into fixed rate debt at an average rate of 3.54%. Of the notional amount of \$444.0 million \$188.0 million of the swaps were effective immediately with the balance of \$256.0 million becoming effective in December 2008 when debt is anticipated to be drawn to purchase the four vessels scheduled for delivery in December 2008. All swap agreements last until at least March 2013 at the full notional amount, without amortization.

None of the interest rate agreements qualify for hedge accounting, therefore, the net changes in the fair value of the interest rate derivative assets and liabilities at each reporting period are reflected in the current period operations as unrealised gains and losses on derivatives. Cash flows related to interest rate derivatives (initial payments of derivatives and periodic cash settlements) are included within cash flows from investing activities in the combined statement of cash flows. During the six months ended June 30, 2008 initial payments in respect of derivatives of \$4.7 million were made.

Realised gains or losses from interest rate derivatives are recognised in the statement of income concurrent with cash settlements. In addition, the interest rate derivatives are marked to market each reporting period to determine the fair values which generate unrealised gains or losses. The unrealised gain on interest rate derivatives for the six months period ended June 30, 2008 was \$5.3 million.

### *Taxes on Income*

Taxes on income were not material.

### *Net Income*

As a consequence of all preceding items net income was \$8.3 million for the six months ended June 30, 2008 compared to \$25.4 million in the prior year period.

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***Year ended December 31, 2007 Compared to Year ended December 31, 2006***

Global Ship Lease has identified two main operating segments for the year ended December 31, 2007: (1) containerized transportation as performed by the Predecessor Group and (2) operations as vessel owner, Global Ship Lease's future business. All activity in the year ended December 31, 2006 was in containerized transportation by the Predecessor Group. As a result, this review of the Results of Operations is a comparison of the performance of the containerized transportation segment between the years ended December 31, 2007 and 2006, and where relevant, an analysis of the results of the vessel owner segment of Global Ship Lease as an operating company for part of December 2007.

***Total Operating Revenue***

Operating revenue increased 12%, or \$35.5 million, from \$299.6 million in 2006 to \$335.1 million in 2007. \$32.6 million of the increase is related to the period when vessels were owned by the Predecessor Group and \$2.9 million is related to the period after the vessels had been purchased by Global Ship Lease. The \$32.6 million increase in total operating revenue for the period when vessels were under the Predecessor Group's ownership is despite the loss of approximately 160 service days due to the sale of the 10 secondhand ships in the initial fleet to Global Ship Lease in December 2007. The \$32.6 million increase is additional revenue of \$4.5 million earned after the delivery to the Predecessor Group of *CMA CGM Alcazar* in November 2007, improvement on revenue for \$32.7 million on the six CMA CGM ships, mainly related to increases of freight rates out of Asia and to a reduction of \$4.6 million on the four DELMAS ships mainly related to the fact that three of these vessels were drydocked in 2007 losing approximately 40 service days. *CMA CGM Chateau d'If* was delivered to the Predecessor Group on December 27, 2007 and that vessel did not contribute to total operating revenue in the year ended December 31, 2007. The \$2.9 million revenue in the period after Global Ship Lease purchased the 10 secondhand vessels in December 2007 is the timecharter rates in effect for the total of approximately 160 on-hire days for the 10 vessels in the month.

***Operating Expenses***

Operating expenses increased 21%, or \$53.1 million, from \$251.9 million in 2006 (or 84% of operating revenue) to \$304.9 million in 2007 (or 91% of operating revenue). Out of this amount, \$298.2 million is related to the period when vessels were under the Predecessor Group's ownership, and \$6.7 million is related to the period when the vessels were under Global Ship Lease's ownership. Operating expenses consist of the following items:

*Voyage expenses:* Voyage expenses grew 17% or \$36.3 million, from \$213.1 million in 2006 (or 71% of operating revenue) to \$249.5 million in 2007 (or 74% of operating revenue) despite the reduction in service days of approximately 160 following the sale of the vessels. Voyage expenses are trade related and refer therefore exclusively to the period when vessels were owned by the Predecessor Group. The \$36.3 million increase is related to the introduction of *CMA CGM Alcazar*, an impact of \$4.2 million, to a \$37.1 million, or 34%, increase in voyage expenses relating to CMA CGM vessels, mainly due to a 20% increase in bunker fuel price from \$305 per ton in 2006 to \$352 per ton in 2007, and to a 5%, or \$5.0, million decrease in voyage expenses relating to the Predecessor Group vessels due to the drydock period when three vessels did not incur voyage expenses.

*Vessel expenses:* Vessel expenses increased 6%, or \$1.3 million, from \$22.6 million in 2006 (or 8% of operating revenue) to \$24.0 million in 2007 (or 7% of operating revenue). The increase related to the period when vessels were under the Predecessor Group's ownership accounts for \$0.6 million while the increase related to the period when vessels were under Global Ship Lease's ownership accounts for \$0.7 million representing approximately 159 days in service for all 10 secondhand vessels.

*Depreciation:* Depreciation decreased 3%, or \$0.5 million, from \$16.7 million in 2006 (or 6% of operating revenue) to \$16.1 million in 2007 (or 5% of operating revenue). The addition of the *CMA CGM Alcazar* increased depreciation by \$0.6 million, but this increase is mitigated by the fact that

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depreciation on two of the vessels was calculated in 2006 in British Pounds, the functional currency of the entity owning the vessels, before being converted to U.S. dollars whilst they were directly depreciated in U.S. dollars following their transfer to a U.S. dollars functional currency entity in 2007. The main impact, however, is related to the revision of the vessels' scrap value due to the steady increase of the price of steel. The prospective change in the vessels' useful lives from 25 to 30-years following the transfer of the 10 vessels of Global Ship Lease's initial fleet accounted for \$0.1 million in this decrease.

*General and Administrative:* General and Administrative expenses grew 57%, or \$6.4 million, from \$11.3 million in 2006 (or 4% of operating revenue) to \$17.8 million in 2007 (or 5% of operating revenue). This increase is split between \$0.9 million increase relating to the period when vessels were owned by the Predecessor Group and to \$5.5 million when vessels were owned by Global Ship Lease. The \$0.9 million increase reflects the addition of the *CMA CGM Alcazar* and a currency translation effect on certain general and administrative costs denominated in Euro while the \$5.5 million under Global Ship Lease's ownership reflects mainly one off costs relating to the establishment of the corporation and the costs of the initial public offering of Global Ship Lease that was postponed in November 2007.

*Other operating expenses/income:* Other operating expenses changed from an income of \$11.9 million in 2006 to an income of \$2.3 million in 2007. The change is related to a change in the valuation of bunker hedges.

*Operating Income*

As a consequence of all preceding items operating income decreased 37%, or \$17.6 million, from \$47.7 million in 2006 to \$30.1 million in 2007.

*Interest Income*

Interest income was \$0.2 million (\$0 in 2006) being interest earned on cash deposits made by Global Ship Lease.

*Interest Expense*

Interest expense decreased 10%, or \$1.5 million, from \$15.1 million in 2006 (or 5% of operating revenue) to \$13.6 million in 2007 (or 4% of operating revenue). Interest expenses relating to the period when vessels were owned by the Predecessor Group accounts for \$12.3 million while the period relating to Global Ship Lease ownership incurred a cost of \$1.3 million. The reduction in interest expenses relating to the period when vessels were owned by the Predecessor Group from \$15.1 million to \$12.3 million is mainly related to (i) debt on *CMA CGM La Tour and CMA CGM Manet* being repaid at the end of 2006 and (ii) debt on the eight other secondhand vessels in the initial fleet being repaid during 2007, and certain positive currency translation effects on vessel financings. These positive effects were offset by the write off of unamortized deferred financing costs associated with the repaid debt.

*Taxes on Income*

The Predecessor Group was not subject to taxes on income for the periods presented by the combined financial statements. Global Ship Lease is exposed to the risk of UK corporate taxation liability based on the operation of its UK service company subsidiary.

*Net Income*

As a result of all preceding items, net income decreased \$15.9 million or 49% from \$32.7 million in 2006 to

\$16.8 million in 2007.

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***Liquidity and Capital Resources***

***Six Months ended June 30, 2008 Compared to Six Months ended June 30, 2007***

For the six months ended June 30, 2008 Global Ship Lease's operating activities were comprised almost entirely of the chartering out its vessels under time charters. Net cash provided by operating activities was \$13.9 million reflecting net income of \$8.3 million, depreciation and amortization expense of \$10.2 million \$1.7 million improvement in net working capital less \$5.1 million change in fair value of certain financial instruments net of settlement of hedges which do not qualify for hedge accounting and \$1.3 million payment of drydock costs.

For the six months ended June 30, 2007 when the operating activities were comprised exclusively the carrying of containerized cargo by the Predecessor Group, net cash provided by operating activities was \$31.0 million reflecting net income of \$25.4 million, depreciation and amortization expense of \$8.2 million, \$1.6 million change in fair value of financial derivative instruments net of settlement of hedges which do not qualify for hedge accounting less \$1.2 million payment of drydock costs and \$2.9 million deterioration in net working capital.

The settlement of hedges which did not qualify for hedge accounting absorbed \$4.9 million cash in investing activities during the six months ended June 30, 2008 whereas in the prior period \$4.4 million was received for the settlement of hedges and \$37.1 million was paid for the purchase of vessels.

For the six months ended June 30, 2008 net cash used by financing activities was \$1.5 million including cash in flow of \$188.0 million from the release of cash on restricted deposit which was used to part fund the reduction of \$188.7 million in the amount due to CMA CGM on the purchase of the two newly built vessels from it. In addition there were \$0.3 million further costs associated with the establishment of the credit facility and \$0.5 million deemed distribution to CMA CGM on the purchase of the two newly built vessels in January 2008.

In the prior year period \$6.3 million of debt was repaid and \$8.0 million borrowed from CMA CGM.

Overall, the net increase in cash and cash equivalents for the six months ended June 30, 2008 was \$7.6 million compared to \$0 in the prior period.

***Year ended December 31, 2007 Compared to Year ended December 31, 2006***

During the period covered by the combined financial statements, including both the operation of the vessels of Global Ship Lease's initial fleet by the Predecessor Group and the period after Global Ship Lease's acquisition of those vessels, the principal sources of liquidity were loans secured by the vessels and operating cash flows. In addition, in part to finance Global Ship Lease's purchase of the 10 secondhand vessels in December 2007, Global Ship Lease obtained a shareholder loan from CMA CGM. The remaining financing was provided from drawings under the credit facility. The two newly built vessels purchased in January 2008 were wholly financed by drawings under the credit facility.

For the year ended December 31, 2007, Global Ship Lease's operating activities, largely those of the Predecessor Group until Global Ship Lease's acquisition of the 10 secondhand Vessels in December 2007, generated \$56.6 million. This amount reflects net income of \$16.8 million, depreciation and amortization expenses of \$18.3 million, \$9.1 million change in the fair value of financial derivative instruments less payment of drydock costs of \$4.7 million. Improvements in working capital contributed \$17.0 million. In 2006, the Predecessor Group's operating activities for the year generated \$22.8 million. This amount primarily reflects a profit of \$32.7 million, depreciation and amortization expenses of \$16.7 million less a \$10.0 million change in the fair value of financial derivative instruments settlements of hedges of \$6.9 million and payment of \$1.0 million for drydocks. Changes in working capital in that year negatively impacted the Predecessor Group's cash position by \$9.1 million, mainly related to the fact that the four additional vessels were deployed on a North Europe to West Africa route where payment delays are typically longer.



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For the year ended December 31, 2007, net cash used in Global Ship Lease's and the Predecessor Group's investing activities amounted to \$183.8 million, almost entirely being the acquisition of the two newly built vessels for \$183.7 million. In 2006, net cash used in the Predecessor Group's investing activities for the year totaled \$106.3 million, which included \$107.4 million to acquire the four vessels previously owned by Delmas and \$6.9 million received for the settlement of hedges.

For the year ended December 31, 2007, net cash received from Global Ship Lease's and the Predecessor Group's financing activities was \$129.1 million. Drawings under Global Ship Lease's credit facility were \$401.1 million of which \$188.0 million was placed on deposit pending the acquisition of the two newly built vessels in Global Ship Lease's initial fleet in January 2008. A shareholder loan totaling \$176.9 million was received from CMA CGM. Out of these inflows, issuance costs of \$5.9 million for the credit facility were paid and \$146.2 million debt relating to certain vessels when owned by the Predecessor Group was repaid. The remaining cash outflow of \$108.8 million is comprised (i) a reduction of \$11.9 million in the amount due to CMA CGM within stockholders equity and (ii) a deemed distribution of \$96.9 million relating to the difference between the purchase price of the initial fleet paid by Global Ship Lease and the value at which the initial fleet was recorded in the Predecessor Group's financial statements at the dates of sale. In 2006, net cash received from Global Ship Lease's Predecessor Group's financing activities was \$83.5 million. \$57.2 million of that amount was received from the issuance of long-term debt, net of \$0.7 million issuance costs. \$64.6 million of net cash was used for the repayment of capital lease obligations related to the change in financing arrangements for the *CMA CGM La Tour* and *CMA CGM Manet*. Amounts payable to CMA CGM within stockholders equity increased by \$110.0 million largely in connection with the acquisition of the four vessels delivered at the beginning of 2006 and the repayment of the financing of *CMA CGM La Tour* and *CMA CGM Manet*. Repayment of long-term debt totaled \$19.1 million in 2006.

**Global Ship Lease's Credit Facility**

Global Ship Lease has established an eight year \$800.0 million senior secured revolving credit facility with Fortis Bank (Nederland) N.V., the Agent, Citibank Global Markets Limited, HSH Nordbank AG, Sumitomo Mitsui Banking Corporation, Brussels Branch, KfW and DnB Nor Bank ASA.

Borrowings under the credit facility bear interest at a rate of the margin over one, three, six, nine or 12 month United States Dollar LIBOR, or such other periods as the Agent may agree. The margin will depend on the leverage ratio, which is defined as the aggregate amount outstanding under the credit facility net of surplus cash held in the retention account to the aggregate market value of the vessels securing the credit facility. The charter-free market value of a vessel is calculated semi-annually as the arithmetic average of valuations determined by two independent sale and purchase brokers acceptable to the Agent. Set forth below is the margin that applies to the applicable leverage ratio. Interest is payable at least quarterly.

<b>Leverage Ratio</b>	<b>Margin</b>
Up to 50%	0.75%
Greater than 50% to 60%	0.80%
Greater than 60% to 70%	0.90%
Greater than 70% to 75%	1.10%

During the continuance of any principal or interest default, the margin will increase by 2%.

Global Ship Lease's ability to borrow amounts under its credit facility is subject to the execution of customary documentation, including security documents, satisfaction of certain customary conditions precedent and compliance with terms and conditions included in the loan documents. Subject to meeting certain requirements, Global Ship Lease can borrow under the facility to acquire additional vessels that will be included in the security package. In certain limited circumstances, Global Ship Lease can utilize the credit facility to purchase vessels that will not be required to form part of the security package. In order to draw funds under the credit facility, Global Ship Lease's total borrowings under the credit facility must not exceed 70% of the aggregate charter-free market value of the vessels within the security package.

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The credit facility amount will reduce, commencing five years from December 10, 2007, the date of closing of the credit facility, in 12 equal quarterly installments calculated in accordance with the provisions of the credit facility. Global Ship Lease must repay any amount outstanding that is in excess of the newly-reduced maximum credit facility amount. Any amount outstanding under the credit facility at the maturity date must be repaid in one installment.

See Global Ship Lease Credit Facility for further details on Global Ship Lease's credit facility, including a description of the security to be provided, covenants and events of default.

Global Ship Lease financed the purchase of the 10 secondhand vessels in December 2007 with \$213.1 million of borrowings under the credit facility and drawings of \$171.9 million under a shareholder loan made between Global Ship Lease and CMA CGM. In addition, Global Ship Lease drew approximately \$5.0 million under the shareholder loan to pay lenders' fees and expenses in connection with the credit facility bringing the total borrowings under the shareholder loan to \$176.9 million. Prior to December 31, 2007, Global Ship Lease drew a further \$188.0 million under the credit facility, which was placed on restricted cash deposit, in order to pay for the two newly built vessels of Global Ship Lease's initial fleet purchased in January 2008. Total drawings under the credit facility as at June 30, 2008 and December 31, 2007 were \$401.1 million. Based on the unaudited pro forma information, which does not take account of the starting dividend expected to be paid in September 2008 of \$0.23 per Class A common share or any proceeds from the exercise of warrants, it is anticipated that the aggregate amount of outstanding borrowings under the Global Ship Lease credit facility upon the closing of the Merger and after the conversion of dissenting shareholders common stock into cash will total approximately \$267.9 million. The shareholder loan of \$176.9 million was cancelled on the closing of the Merger.

Pursuant to the terms of the merger agreement, \$99.0 million of the total \$355.0 million purchase price of the four vessels of Global Ship Lease's contracted fleet to be acquired in December 2008 has been prepaid by the issuance of 12,375,000 Class C common shares of GSL Holdings to CMA CGM. The balance of the purchase price of \$256.0 million will be settled from further borrowings under Global Ship Lease's credit facility. Global Ship Lease intends to borrow an additional \$82.0 million under its credit facility to purchase the final ship in its contracted fleet in July 2009. Further, Global Ship Lease recently agreed to purchase two 4,250 TEU newbuildings for \$77.4 million per vessel, of which 10% will be paid shortly and 90% will be paid upon delivery, which is expected to be in the fourth quarter of 2010.

After the closing of the Merger, the purchase of the five ships in Global Ship Lease's contracted fleet and the purchase of the two 4,250 TEU newbuildings, the total anticipated drawings from Global Ship Lease's credit facility will be \$760.7 million based on the proforma without giving effect to the starting dividend or the proceeds of the exercise of the warrants and not taking account of cash generated from operations, resulting in \$39.3 million of undrawn credit facility capacity which Global Ship Lease believes will be fully available to fund future ship purchases, for working capital, and for other corporate expenses.

Global Ship Lease's net cash flows from operating activities correspond directly with the number of vessels under charter, days on-hire, vessel charter rates, operating expenses, drydock costs and general and administrative expenses. Global Ship Lease's net cash flows from operating activities will not be exposed to the same fluctuations in operating expenses to which the Predecessor Group's cash flows were subject. Pursuant to Global Ship Lease's ship management agreements, Global Ship Lease has agreed to pay its Ship Manager an annual management fee of \$114,000 per vessel and it will reimburse its Ship Manager for operating costs it incurs on Global Ship Lease's behalf up to a quarterly cap pursuant to the global expense agreement (other than drydocking expenses and insurance premiums which will not be subject to the cap). Global Ship Lease will collect its charterhire 15 days in advance and pay its estimated ship management costs monthly in advance. Although Global Ship Lease can provide no assurances, it expects that its cash flow from its chartering arrangements will be sufficient to cover its ship management costs and fees, interest payments, commitment fees and other financing costs under its credit facility, insurance premiums, vessel taxes, general and administrative expenses and other costs and any other working capital requirements for the short and medium term and planned drydocking expenses. Based on such arrangements, Global Ship Lease expects that its operating cash flow will be stable for at least the initial three year terms of the ship management agreements and will be sufficient to fund its working capital requirements.

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Under the terms of Global Ship Lease's credit facility, it may not pay dividends if there is a continuing default under the credit facility, if the payment of the dividend would result in a default or breach of any other loan covenant or if Global Ship Lease's payments into a pledged retention account are not fully up to date. Furthermore, it is probable that the market value of Global Ship Lease's vessels will decrease over time, as vessels generally decrease in value as they age. In addition to depreciation, the market value of Global Ship Lease's vessels can fluctuate substantially depending on market supply and demand for vessels. Consequently, the ratio of Global Ship Lease's outstanding borrowings under its credit facility relative to the asset value of its vessels will likely increase, which will negatively affect Global Ship Lease's ability to comply with its financial ratio covenants. This, in turn, will impact Global Ship Lease's ability to pay dividend payments. In addition, in December, 2012, five years from the date of the closing of the credit facility, the amounts available for borrowing will be permanently reduced. Therefore, unless Global Ship Lease is able to obtain other financing or funding sources or refinance borrowings under Global Ship Lease's credit facility with new indebtedness that has a later maturity date, then in December 2012, five years after the closing of the Merger, the amount of cash that Global Ship Lease will have available to pay as dividends in any period may be decreased by the amount of any principal repayments that Global Ship Lease is required to make.

Over the five years following the closing of the Merger, Global Ship Lease estimates that the average cost of the first drydocking of each of the 17 vessels of its initial and contracted fleet will be \$940,000. Global Ship Lease has included a schedule of the next anticipated drydocking date for each of Global Ship Lease's vessels in the section of this prospectus entitled "Inspection by Classification Societies."

If necessary, Global Ship Lease may fund its working capital requirements or vessel acquisitions with borrowings under its credit facility (subject to the restrictions set forth therein). Global Ship Lease's longer term liquidity requirements include repayment of the principal balance of its credit facility. In addition to funds retained in the business, Global Ship Lease will require new borrowings, issuances of equity or other securities, or a combination of the former and the latter to meet this repayment obligation.

### **Contractual Obligations**

The contractual obligations presented below represent Global Ship Lease's estimates of future payments under fixed contractual obligations and commitments as of June 30, 2008 after giving effect to the transactions contemplated by the merger agreement. This presentation does not reflect the recently announced commitments to purchase two 4,250 TEU newbuildings for \$77.4 million per vessel, of which 10% will be paid shortly and 90% will be paid upon delivery, which is expected to be in the fourth quarter of 2010. Changes in Global Ship Lease's business needs or in interest rates, as well as actions by third parties and other factors, may cause these estimates to change. These estimates are necessarily subjective and Global Ship Lease's actual payments in future periods are likely to vary from those presented in the table.

Contractual Obligations	Less than	1-3	3-5	More than	Total
	1 year	years	years	5 years	
(in millions of U.S. dollars)					
Long term debt obligations (1)	\$	\$	\$	\$ 605.9	\$ 605.9
Interest on long term debt obligations (2)	21.3	59.9	59.6	69.9	210.7
Net obligation under Interest Rate Swaps (3)	1.6	4.1	3.6		9.3
Ship management agreements (4)	1.6	3.2	0.3		5.1
Asset purchase agreement (5)	355.0	82.0			437.0
Shareholder loan interest (6)	1.2				1.2
Mandatorily Redeemable Preferred Shares and related interest (7)	3.3	6.5	48.0		57.8
	\$ 384.0	\$ 155.7	\$ 111.5	\$ 675.8	\$ 1,327.0

- (1) Global Ship Lease will not assume any of the Predecessor Group's debt relating to the vessels in Global Ship Lease's initial and contracted fleet. Amounts shown in the table reflect debt and interest payable to Fortis Bank (Nederland) N.V., or Agent, Citibank Global Markets Limited, HSH Nordbank AG, Sumitomo Mitsui Banking Corporation, Brussels Branch, KfW and DnB Nor Bank ASA, under Global Ship Lease's \$800.0 million credit facility. Interest on the outstanding portion of Global Ship Lease's credit facility will

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- be charged at the rate of the margin over one, three, six, nine or 12 month LIBOR as determined by the Agent. During the continuance of any principal or interest default, the margin will increase by 2%. Global Ship Lease expects that interest on the balance outstanding will be payable at least quarterly. The calculation of the level of debt assumes conversions of common stock and includes the effect of the financing of the contracted fleet.
- (2) The estimated contractual interest obligation has been calculated using an assumed all in interest rate of 4.8%. The commitment fee payable on the undrawn amount of the credit facility is also included.
  - (3) The estimated net obligations under Global Ship Lease's interest rate swaps has been calculated using a LIBOR of 4.0%.
  - (4) Obligations under Global Ship Lease's ship management agreements are based on the assumptions that (a) Global Ship Lease pays the Ship Manager only the annual management fee of \$114,000 per vessel and does not include the reimbursement of costs incurred on Global Ship Lease's behalf and (b) four additional vessels will be delivered in December 2008, and the final vessel in Global Ship Lease's second contracted fleet will be delivered in July 2009.
  - (5) Global Ship Lease expects to acquire (a) the three secondhand vessels and one newbuilding of Global Ship Lease's contracted fleet in December 2008 and (b) the one secondhand vessel of Global Ship Lease's contracted fleet in July 2009. In the event that Global Ship Lease does not purchase any vessel from CMA CGM or certain of its subsidiaries, Global Ship Lease's contractual obligations payable under this item will be correspondingly reduced. The purchase prices of the individual vessels of Global Ship Lease's contracted fleet are as follows (in millions): *Hull 4.126* (\$154.0), *CMA CGM Jamaica* (\$67.0), *CMA CGM Sambhar* (\$67.0), *CMA CGM America* (\$67.0) and *CMA CGM Berlioz* (\$82.0). See Related Party Transactions Asset Purchase Agreement. \$99.0 million of the purchase price of the four vessels anticipated to be delivered in December 2008 has been prepaid by the issuance at the closing of the Merger of 12,375,000 Class C common shares of GSL Holdings.
  - (6) Pursuant to the merger agreement, Global Ship Lease will cease to have any obligation under the shareholder loan from CMA CGM upon completion of the Merger, although interest will be payable at 5.25% up to the completion of the Merger.
  - (7) Series A Preferred Shares will be mandatorily redeemable on the third anniversary of the merger at a cash price of \$48,000,000. Interest obligation has been determined using an assumed interest rate of 4.8% plus 2%.

**Ability to Pay Dividends**

The Merger created three classes of common shares. For the third quarter of 2008, Global Ship Lease intends to pay a quarterly dividend of \$0.23 per share to only Class A common shareholders.

The dividend policy of Global Ship Lease is to make distributions to its stockholders out of available cash flow, rather than net income, after all relevant cash expenditures, including cash interest expense on borrowings that finance operating assets, cash income taxes and after an allowance for the cash cost of future drydockings but not including deductions for non-cash items including depreciation and amortization and changes in the fair values of financial instruments, if any. Based on the first quarter of 2008 pro forma earnings before depreciation and amortization, Global Ship Lease is expected to have the ability to pay the proposed amounts.

Global Ship Lease preliminary calculations indicate that approximately (i) 15 to 20% of the dividends anticipated to be paid in 2008 will represent a return of capital for tax purposes and (ii) 60 to 70% of the dividends anticipated to be paid in 2009 and 2010 will represent a return of capital for tax purposes.

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The table below analyzes Global Ship Lease's ability to pay the proposed dividend amounts on its Class A common shares based on the pro forma financial information for the six months ended June 30, 2008 as disclosed elsewhere in this prospectus. Changes in working capital are not expected to affect Global Ship Lease's ability to pay dividends.

	<b>Six months ended June 30, 2008 (\$ thousands)</b>
Pro forma net income	17,619
Adjustment for non cash items	
Depreciation	11,064
Reverse accretion of earnings for intangible liabilities (1)	(48)
Reverse charge for equity incentive awards (2)	1,377
Amortization of deferred financing fees	249
Change in fair value of derivative instrument (3)	(5,341)
	24,920
Allowance for future dry dock (4)	(1,400)
Cash from operations available for common dividends	23,520

**Weighted average number of Class A common shares outstanding**

Basic	33,463,859
Diluted (5)	44,287,809

**Dividend per common share per quarter (\$)** **0.23**

**Total dividend for two quarters**

Basic	15,393
Fully diluted	20,372

**Surplus**

Basic	8,127
Fully diluted	3,148

- (1) Reversal of accretion to earnings for the amortization of the intangible liability established as a result of the Merger to record the effect of below market leases. See note O on page 73.
- (2) Reversal of the pro forma charge for equity incentive awards which are not expected to give rise to a cash expense in the quarter. See note S on page 74.
- (3) Reversal of the credit included in pro forma net income for the non cash gain on revaluation of outstanding interest rate derivatives (mark-to-market).
- (4) In determining cash available from operations for the payment of dividends, it is the intention of the board of directors to set aside an amount estimated to cover anticipated cash costs of future drydockings to manage what would be otherwise potentially substantial and volatile effects on quarterly cashflow as the costs of drydocking are significant (an average of \$940 per ship) and at five yearly intervals with timing largely determined by the relevant regulatory rules.
- (5) Diluted shares includes the effect of 45,535,850 outstanding public warrants and sponsor warrants, as well as the effect of restricted stock grants determined on the treasury method. See note AB on page 76.

There can be no assurance that Global Ship Lease will pay regular quarterly dividends in the future. For additional information on the dividend policy of Global Ship Lease, see Dividend Policy.

In addition to its regular dividend payments, Global Ship Lease intends to pay a starting dividend of \$0.23 per Class A common share. The declaration of the dividend is expected to occur shortly after the filing of this registration statement with the Securities and Exchange Commission.



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### **Quantitative and Qualitative Disclosures About Market Risk**

#### ***Interest Rate Risk***

Global Ship Lease is exposed to the impact of interest rate changes primarily through its floating-rate borrowings under Global Ship Lease's credit facility. Significant increases in interest rates could adversely affect Global Ship Lease's results of operations and its ability to service its own debt. The Predecessor Group did not enter into interest rate swap agreements to reduce its exposure to cash flow risks from changing interest rates.

In connection with Global Ship Lease's credit facility and as part of overall risk management, it has entered into interest rate swap agreements to reduce its exposure to market risks of variable interest rates. The swaps are not accounted for as hedging instruments as for accounting purposes they are not expected to be effective in mitigating the risks of changes in interest rates over the term of the debt and they do not meet all U.S. GAAP requirements. As a result, changes in the fair value of the interest rate swaps (mark to market adjustment) are included in earnings each period.

Counterparties to these financial instruments expose Global Ship Lease to credit-related losses in the event of non-performance; however, counterparties to these agreements are major financial institutions, and Global Ship Lease considers the risk of loss due to non-performance to be minimal. Global Ship Lease will not require collateral from these institutions. Global Ship Lease will not issue interest rate swaps for trading purposes.

#### ***Sensitivity Analysis***

Global Ship Lease's analysis of the potential effects of variations in market interest rates is based on a sensitivity analysis, which models the effects of potential market interest rate changes on Global Ship Lease's financial condition and results of operations. The following sensitivity analysis may have limited use as a benchmark and should not be viewed as a forecast as it does not include a variety of other potential factors that could affect Global Ship Lease's business as a result of changes in interest rates.

Without applying the effect of any interest rate swap arrangements that Global Ship Lease may enter into in connection with Global Ship Lease's credit facility, and based on borrowings under the credit facility and ignoring cash on deposit as of June 30, 2008 without giving effect to the Merger or taking into account the purchase of the contracted fleet, a hypothetical 1% increase in LIBOR would have the impact of reducing Global Ship Lease's net income, before income taxes, by approximately \$4.0 million.

The interest rate swaps agreements that Global Ship Lease entered into in connection with the credit facility is intended to minimize the risks associated with Global Ship Lease's variable rate debt under its credit facility. Global Ship Lease expects that these interest rate swaps will reduce the additional cash interest expense that could be caused by upward changes in variable market interest rates.

#### ***Foreign Currency Exchange Risk***

The shipping industry's functional currency is the United States dollar. All of Global Ship Lease's revenues and the majority of Global Ship Lease's operating costs are in United States dollars. In the future, Global Ship Lease does not expect to be exposed to any significant extent to the impact of changes in foreign currency exchange rates. Consequently, Global Ship Lease does not presently intend to enter into derivative instruments to hedge the foreign currency translation of assets or liabilities or foreign currency transactions nor to use financial instruments for trading or other speculative purposes.

#### ***Inflation***

With the exception of rising costs associated with the employment of international crews for Global Ship Lease's vessels and the impact of the price of lube oil costs, Global Ship Lease does not believe that inflation has

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had or is likely, in the foreseeable future, to have a significant impact on vessel operating expenses, drydocking expenses and general and administrative expenses. For the duration of the Ship Management Agreements, daily operating costs, including the costs of crews and lube oils, are capped as discussed elsewhere in this prospectus.

### ***Off-Balance Sheet Arrangements***

Other than the commitments described above, debt instruments and interest rate swaps, Global Ship Lease does not have any other transactions, obligations or relationships that could be considered material off-balance sheet arrangements.

### **Recent Developments**

On March 21, 2008, Global Ship Lease entered into a merger agreement with Marathon, GSL Holdings and CMA CGM and thereafter entered into amendments to the merger agreement pursuant to which Marathon merged with and into GSL Holdings, its newly-formed, wholly owned Marshall Islands subsidiary, and then Global Ship Lease merged with and into GSL Holdings, with GSL Holdings (now renamed Global Ship Lease, Inc.) continuing as the surviving company incorporated in the Republic of the Marshall Islands. The Merger was consummated on August 14, 2008. Pursuant to the Merger, holders of shares of Marathon common stock (other than Marathon Founders, LLC and the other initial stockholders of Marathon) received one Class A common share of Global Ship Lease for each share of Marathon common stock issued and outstanding immediately prior to the effective time of the Merger. In respect of the aggregate 9,375,000 shares of Marathon common stock held by them, Marathon Founders, LLC and the other initial stockholders of Marathon received in the Merger an aggregate of 2,846,906 Class A common shares of Global Ship Lease, 3,471,906 Class B common shares and warrants to acquire an aggregate of 3,056,188 Class A common shares at an exercise price of \$9.25. CMA CGM received consideration consisting of 6,778,650 Class A common shares, 3,934,050 Class B common shares, 12,375,000 Class C common shares, 1,000 Series A preferred shares, warrants to acquire 3,131,900 Class A common shares, and \$18,570,135 in cash.

In connection with the Merger, 7,724,677 shares of Marathon common stock were converted for cash at an approximate trust value of \$7.935 per share. The approximate trust value per share was based upon an estimated effective tax rate. A final adjustment may be made after the final tax returns are filed. In addition, pursuant to its previously announced repurchase program, Global Ship Lease purchased and retired 8,472,870 shares (net of 1,000,000 shares re-issued as part payment of compensation expenses) of Marathon common stock. Global Ship Lease has outstanding 33,463,859 Class A common shares, 7,405,956 subordinated Class B common shares, and 12,375,000 Class C common shares.

Immediately prior to the Merger, Global Ship Lease entered into an amendment and restatement of the asset purchase agreement with CMA CGM and certain of its vessel-owning subsidiaries pursuant to which Global Ship Lease will purchase five additional vessels from CMA CGM with expected deliveries in December 2008 and July 2009 for an aggregate purchase price of \$437 million, of which \$99 million has been prepaid by the consideration of 12,375,000 Class C common shares issued to CMA CGM in the Merger. Please see [Other Transaction Agreements](#) [Asset Purchase Agreement](#) and [Acquisition of Initial and Contracted Fleet of Global Ship Lease](#) [Asset Purchase Agreement](#).

Immediately prior to the Merger, the applicable subsidiaries of Global Ship Lease entered into amended charter agreements with CMA CGM pursuant to which CMA CGM charters the Global Ship Lease vessels. The terms of the amended agreements are substantially the same as the previous agreements and reflect an increase in the charter rates for the 12 vessels of the initial fleet as of with effect from August 12, 2008, increasing annual revenue by approximately \$6.9 million. The charter agreements to be entered into at the time of delivery of the vessels in the contracted fleet also reflect an increase in the charter rates as initially contemplated by CMA CGM and Global Ship Lease. The aggregate amount of the increased charter rates will be \$11.4 million per year. Please see [Other Transaction Agreements](#) [Amended Charter Agreements](#) and [Our Business](#) [Time Charters](#).



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Immediately prior to the Merger, the applicable subsidiaries of Global Ship Lease entered into amended ship management agreements with CMA Ships, a wholly owned subsidiary of CMA CGM, pursuant to which CMA Ships provides a variety of ship management services, including purchasing, crewing, vessel maintenance including arranging drydocking inspections and ensuring compliance with flag, class and other statutory requirements necessary to support Global Ship Lease's business. The terms of the amended agreements are substantially the same as those in the current agreements. Please see [Other Transaction Agreements](#), [Amended Ship Management Agreements](#) and [Our Business Time Charters](#).

Immediately prior to the Merger, Global Ship Lease and CMA CGM entered into amended and restated guarantees under which each guaranteed the obligations of each of its subsidiaries, as applicable, under the charter agreements and ship management agreements. Please see [Other Transaction Agreements](#), [Amended and Restated Ship Guarantees](#), [Our Business Time Charters](#) and [Ship Manager and Management Related Agreements of Global Ship Lease](#), [Ship Management Agreements](#).

Immediately prior to the Merger, Global Ship Lease entered into an amended and restated global expense agreement with CMA CGM pursuant to which Global Ship Lease will reimburse the ship managers for operating expenses incurred under the ship management agreements. The terms of the amended and restated agreement are substantially the same as those in the current agreement. Please see [Other Transaction Agreements](#), [Amended and Restated Ship Guarantees](#) and [Ship Manager and Management Related Agreements of Global Ship Lease](#), [Ship Global Expense Agreement](#).

Immediately prior to the Merger, Global Ship Lease entered into a transitional services agreement with CMA CGM pursuant to which CMA CGM will provide general administrative and support services to Global Ship Lease upon its request. Please see [Other Transaction Agreements](#), [Transitional Services Agreement](#) and [Our Business](#), [Transitional Services Agreement](#).

Immediately following the Merger, the Global Ship Lease board of directors approved the grant of a total of 780,000 restricted stock units as equity-based compensation to the officers of the company. The restricted stock units vest one third on the first anniversary of the Merger, one third on the second anniversary and one third on the third anniversary. Please see [Unaudited Pro Forma Financial Information](#) elsewhere in this prospectus.

Global Ship Lease entered into an agreement on September 15, 2008 to acquire two 4,250 TEU newbuildings. The purchase price is approximately \$77 million per vessel, of which 10% will be paid shortly and 90% on delivery. The purchase is subject to the completion of customary documentation and closing conditions. The two vessels, which are being built in China at Jiangsu New Yangzi Shipbuilding, part of a publicly owned group, are scheduled to be delivered in the fourth quarter of 2010. Both vessels will be chartered to Zim Integrated Shipping Services Limited for a term of seven to eight years at a net rate of \$28,000 per vessel per day. The acquisition is expected to be accretive to revenues, distributable cash flow and dividends. Global Ship Lease expects the two new vessels will increase total annual revenues by approximately \$20.2 million beginning in 2011. Global Ship Lease expects to finance the acquisition through borrowings under its \$800 million credit facility or with proceeds from the exercise of the public warrants. Information regarding Global Ship Lease's fleet included in the remainder of this prospectus does not reflect this acquisition unless otherwise stated.

**Table of Contents****SELECTED HISTORICAL FINANCIAL INFORMATION OF MARATHON**

Marathon Acquisition Corp. was incorporated in Delaware on April 27, 2006 as a blank check company for the purpose of acquiring, through a merger, stock exchange, asset acquisition, reorganization or similar business combination, one or more operating businesses. The condensed financial information set forth below should be read in conjunction with the financial statements of Marathon and related notes included elsewhere in this prospectus as well as Management's Discussion and Analysis of Financial Condition and Results of Operations of Marathon included elsewhere in this prospectus. The accompanying unaudited summary financial information has been prepared in accordance with U.S. GAAP for interim financial information and pursuant to the rules and regulations of the Securities and Exchange Commission. In the opinion of management, such statements include all adjustments (consisting only of normal recurring items) which are considered necessary for a fair presentation of the financial position of Marathon and the results of its operations and cash flows for the periods presented.

**Marathon Acquisition Corp.****Consolidated Balance Sheets**

	June 30, 2008 (unaudited)	December 31, 2007	December 31, 2006
<b>ASSETS</b>			
Current assets:			
Cash and cash equivalents	\$ 798,013	\$ 2,671,034	\$ 1,370,943
Prepaid expenses		39,935	
Prepaid income taxes	363,815	458,139	181,304
Interest receivable attributable to trust	486,618	999,199	1,333,770
<b>Total current assets</b>	<b>1,648,446</b>	<b>4,168,307</b>	<b>2,886,017</b>
Investments held in trust account	316,741,146	314,130,809	308,608,131
Deferred acquisition costs	3,614,087		
Deferred tax asset			193,441
<b>Total assets</b>	<b>\$ 322,003,679</b>	<b>\$ 318,299,116</b>	<b>\$ 311,687,589</b>
<b>LIABILITIES AND STOCKHOLDERS' EQUITY</b>			
Current liabilities:			
Accrued expenses	\$ 4,346,281	\$ 162,559	\$ 215,316
Income tax payable		47,886	66,398
Deferred underwriting discounts and commissions	6,405,736	6,405,736	6,405,736
<b>Total current liabilities</b>	<b>10,752,017</b>	<b>6,616,181</b>	<b>6,687,450</b>
Common stock subject to possible conversion (8,003,166 shares at \$7.72 per share)	61,795,116	61,795,116	61,795,116
Interest attributable to common stock subject to possible conversion (net of income taxes of \$1,464,954 and \$1,156,989 at June 30, 2008 and December 31, 2007, respectively)	1,776,095	1,402,720	
Stockholders' equity:			
Preferred stock, \$0.0001 par value, 1,000,000 shares authorized; none issued or outstanding			
Common stock, \$0.0001 par value, 249,000,000 shares authorized; 49,410,850 shares issued and outstanding (including 8,003,166 shares subject to possible conversion)	4,942	4,942	4,942
Additional paid-in capital	240,553,066	240,553,066	240,553,066
Retained earnings accumulated during development stage	7,122,443	7,927,091	2,647,015

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Total stockholders' equity	247,680,451	248,485,099	243,205,023
Total liabilities and stockholders' equity	\$ 322,003,679	\$ 318,299,116	\$ 311,687,589

**Table of Contents****Marathon Acquisition Corp.****Consolidated Statements of Operations**

	Six Months ended June 30, 2008 (unaudited)	Six Months ended June 30, 2007 (unaudited)	Year ended December 31, 2007	Period from April 27, 2006 (inception) through December 31, 2006
Formation and general and administrative costs	\$ 2,291,185	\$ 573,224	\$ 1,183,948	\$ 423,957
Net loss from operations	(2,291,185)	(573,224)	(1,183,948)	(423,957)
Other income interest	3,454,976	7,825,334	14,875,339	5,253,929
Income before provision for taxes	1,163,791	7,252,110	13,691,391	4,829,972
Provision for income taxes	(1,595,065)	(3,713,000)	(7,008,594)	(2,182,957)
Net (loss) income	(431,274)	3,539,110	6,682,797	2,647,015
Less: Interest attributable to common stock subject to possible conversion (net of income taxes of \$134,967, \$348,440, \$307,965, \$531,258, and \$1,464,954)	(373,374)	(644,091)	(1,402,721)	
Net (loss) income attributable to common stock not subject to possible conversion	\$ (804,648)	\$ 2,895,019	\$ 5,280,076	\$ 2,647,015
Maximum number of shares subject to possible conversion:				
Weighted average shares outstanding subject to possible conversion	8,003,166	8,003,166	8,003,166	4,162,937
Income per share amount (basic and diluted)	\$ 0.05	\$ 0.08	\$ 0.18	\$ 0.00
Weighted average shares outstanding not subject to possible conversion (basic and diluted)	41,407,684	41,407,684	41,407,684	26,035,219
Net (loss) income per share attributable to common stock not subject to possible conversion (basic and diluted)	\$ (0.02)	\$ 0.07	52,374,624	30,224,108
Proforma diluted weighted average shares not subject to possible conversion	41,407,684	51,036,852	\$ 0.13	\$ 0.10
Proforma diluted (loss) income per share attributable to shares not subject to possible conversion	\$ (0.02)	\$ 0.06	\$ 0.10	\$ 0.09

**Table of Contents****Marathon Acquisition Corp.****Consolidated Statements of Stockholders Equity****For the period from April 27, 2006 (inception) through June 30, 2008**

	Common Stock			Earnings Accumulated in the Development Stage	Stockholders Equity
	Shares	Amount	Additional Paid-In Capital		
Issuance of common stock to initial stockholders	9,375,000	\$ 938	\$ 24,062	\$	\$ 25,000
Sale of 40,035,850 units, net of underwriters discounts and commissions and offering expenses (including 8,003,1666 shares subject to possible conversion)	40,035,850	4,004	296,824,120		296,828,124
Sale of private placement warrants			5,500,000		5,500,000
Net proceeds subject to possible conversion of 8,003,166 shares			(61,795,116)		(61,795,116)
Net Income				2,647,015	2,647,015
Balance at December 31, 2006	49,410,850	\$ 4,942	\$ 240,553,066	\$ 2,647,015	\$ 243,205,023
Accretion of trust account relating to common stock subject to possible conversion				(1,402,721)	(1,402,721)
Net income				6,682,797	6,682,797
Balance at December 31, 2007	49,410,850	\$ 4,942	\$ 240,553,066	\$ 7,927,091	\$ 248,485,099
Accretion of trust account relating to common stock subject to possible conversion				(373,374)	(373,374)
Net loss				(431,274)	(431,274)
Balance at June 30, 2008 (unaudited)	49,410,850	\$ 4,942	\$ 240,553,066	\$ 7,122,443	\$ 247,680,451

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

**Overview**

The following Management's Discussion and Analysis of Financial Condition and Results of Operations should be read in conjunction with Marathon's financial statements and the related notes and schedules thereto.

Marathon was formed on April 27, 2006 as a blank check company for the purpose of acquiring, through a merger, stock exchange, asset acquisition, reorganization or similar business combination, one or more operating businesses.

Through June 30, 2008, Marathon's efforts had been limited to organizational activities, activities relating to Marathon's initial public offering, activities relating to identifying and evaluating prospective acquisition candidates, and activities relating to general corporate matters; Marathon has incurred significant costs conducting due diligence and negotiating the Merger; and Marathon has neither engaged in any operations nor generated any revenues, other than interest income earned on the proceeds of its private placement and initial public offering. Interest income was \$3.5 million and \$7.8 million for the six months ended June 30, 2008 and 2007, respectively. For the six months ended June 30, 2008, approximately \$3.0 million of interest income was received and \$0.5 million was accrued interest.

As of June 30, 2008, approximately \$316.7 million was held in trust (plus accrued interest of approximately \$0.5 million). Marathon has incurred substantial costs related to the Merger. As of June 30, 2008, however, Marathon had only approximately \$0.8 million of unrestricted cash available for completing the Merger, for payment of approximately \$4.3 million of accrued expenses and for general corporate purposes. As a result, Marathon cannot assure stockholders that the cash Marathon has available will be sufficient to cover its expenses. The following table shows the total funds held in the trust account through June 30, 2008:

Net proceeds from the initial public offering and private placement of warrants to Marathon Investors, LLC placed in trust	\$ 302,416,724
Deferred underwriters' discounts and commissions	6,405,736
Total interest received to date for investments held in trust account	22,976,376
Less total interest disbursed to Marathon for working capital through June 30, 2008	(3,900,000)
Less total taxes paid through June 30, 2008	(11,157,690)
<b>Total funds held in trust account at June 30, 2008</b>	<b>\$ 316,741,146</b>
Interest receivable attributable to the trust	\$ 486,618

For the six months ended June 30, 2008, Marathon paid or incurred an aggregate of approximately \$2.3 million (excluding income taxes) in expenses and recorded approximately \$3.6 million in deferred acquisition costs as of June 30, 2008 for the following purposes:

premiums associated with directors and officers liability insurance;

expenses for due diligence and investigation of prospective target businesses;

professional fees and other expenses related to proposed mergers with GSL Holdings and Global Ship Lease;

legal and accounting fees relating to SEC reporting obligations and general corporate matters; and

miscellaneous expenses.

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This represents an increase in expenses from the six months ended June 30, 2007 of approximately \$1.7 million, reflecting additional legal and accounting fees and due diligence expenses associated with our negotiation and entry into a definitive merger agreement relating to a business combination with GSL Holdings and Global Ship Lease.

### **Results of Operations**

#### ***Six Months Ended June 30, 2008 Compared to the Six Months Ended June 30, 2007***

For the six months ended June 30, 2008, Marathon earned approximately \$3.5 million of interest income compared to approximately \$7.8 million of interest income for the six months ended June 30, 2007, reflecting lower interest rates on its funds during the six months ended June 30, 2008. Average three-month LIBOR during the first six months of 2008 was approximately 3.18% while average three-month LIBOR during the first six months of 2007 was 5.36%.

Net loss from operations was \$0.4 million for the six months ended June 30, 2008 compared with net income from operations of \$3.5 million for the six months ended June 30, 2007. The net loss from operations during 2008 was primarily due to increases in expenses related to finding an acquisition target including due diligence and legal expenses.

Despite recording a net loss, Marathon recognized a provision for income taxes of \$1.6 million for the six months ended June 30, 2008. The provision for income taxes was \$3.7 million for the six months ended June 30, 2007. See Note 9 of the Notes to the consolidated financial statements of Marathon as of June 30, 2008.

#### ***Year Ended December 31, 2007 Compared to the Period from April 27, 2006 through December 31, 2006***

Marathon earned approximately \$14.9 million and \$5.2 million in interest income for the year ended December 31, 2007 and for the period from April 27, 2006 through December 31, 2006, respectively. The increase in interest income during 2007 was primarily due to a longer investment period and a higher average invested balance during 2007. The investment period for the year ended December 31, 2007 was 12 months while the period from April 27, 2006 through December 31, 2006 was only approximately eight months. Average three-month LIBOR during 2007 was approximately 5.31% while average three-month LIBOR during the last eight months of 2006 was 5.39%.

Loss from operations was \$1.2 million for the year ended December 31, 2007 compared with a loss of \$0.4 million for the period from April 27, 2006 through December 31, 2006. The increase in loss from operations during 2007 was primarily due to increases in expenses related to finding an acquisition target including due diligence and legal expenses. Recurring expenses such as insurance, auditing and SEC reporting expenses were also greater during the 12 month of 2007 versus an eight-month period in 2006.

The effective tax rate for 2007 was 51.1% versus 45.5% for 2006. The increase during 2007 was primarily attributable to a \$725,000 increase in the deferred tax valuation allowances during 2007, which includes the establishment of a valuation allowance against the deferred tax assets of December 31, 2007.

Beginning in the first quarter of 2007, Marathon earned enough interest on a cumulative basis to begin accreting interest income to common stock subject to possible conversion. Interest attributable to common stock subject to possible conversion was \$1.4 million for the year ended December 31, 2007, net of income taxes of \$1.2 million. During 2006, Marathon had not earned enough interest on a cumulative basis to begin accreting interest income to common stock subject to possible conversion.



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**Quantitative and Qualitative Disclosure About Market Risk**

To date, Marathon's efforts have been limited to organizational activities, activities relating to its initial public offering, and the acquisition of a target business; Marathon has neither engaged in any operations nor generated any revenues. As the proceeds from its initial public offering held in trust have been invested in short term investments, the only market risk exposure relates to fluctuations in interest rates.

As of June 30, 2008, approximately \$316.7 million (excluding approximately \$6.4 million of deferred underwriting discounts and commissions) was held in trust for the purposes of consummating a business combination. The proceeds held in trust (including approximately \$6.4 million of deferred underwriting discounts and commissions) have been invested in a money market fund that invests principally in short-term securities issued or guaranteed by the United States. The effective interest rate earned on our investment for the six months June 30, 2008 was approximately 2.17%. Assuming no other changes to Marathon's holdings as of June 30, 2008, a 1% increase in the underlying interest rate payable on the investment as of June 30, 2008 would result in an increase of approximately \$791,853 in the interest earned on the investment for the following 90-day period, and a corresponding increase in Marathon's net increase in stockholders' equity resulting from operations, if any, for that period.

Marathon has not engaged in any hedging activities since inception on April 27, 2006. Marathon does not expect to engage in any hedging activities with respect to the market risk to which it is exposed.

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**UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION**

The following unaudited pro forma combined balance sheet presents the financial position of GSL Holdings (now renamed Global Ship Lease, Inc.) as of June 30, 2008, assuming the Merger, as contemplated by the merger agreement as amended by the third amendment, had been completed as of that date. The historical financial information has been adjusted to give effect to pro forma events that are directly attributable to the Merger and factually supportable. GSL Holdings was formed on March 14, 2008, did not have any assets or operations as of June 30, 2008, and therefore has not been included within this analysis because its results would not differ from those of Marathon.

The unaudited pro forma combined financial information and explanatory notes present how the combined financial statements of Marathon and Global Ship Lease may have appeared had the businesses actually been combined as of the dates noted below. The unaudited pro forma combined financial information shows the impact of the Merger on the combined balance sheets and the combined income statement under the purchase method of accounting with Marathon treated as the acquiror. Under this method of accounting, the assets and liabilities of Global Ship Lease are recorded by Marathon at their estimated fair values as of the acquisition date. The unaudited pro forma combined balance sheet as of June 30, 2008 assumes the Merger was completed on that date.

The unaudited pro forma combined income statements for the year ended December 31, 2007 and for the six months ended June 30, 2008 were prepared assuming the Merger was completed on January 1, 2007.

The pro forma statement of income reflects the contracted charterhire revenue of the 10 secondhand vessels in the initial fleet at the amended charterhire rates which were agreed upon as part of the merger transaction which were operated by Global Ship Lease's Predecessor Group until their sale to Global Ship Lease in December 2007 and that are now chartered to CMA CGM by Global Ship Lease under long-term charter agreements. Additionally, the pro forma statement of income includes the contracted charterhire revenue and related expenses including depreciation and interest expense for the two newly built vessels for the period from delivery to the Predecessor Group on November 5 and December 27, 2007 through December 31, 2007 and through June 30, 2008.

The pro forma financial information does not reflect the five contracted vessels, four of which are expected to be delivered in December 2008 and one of which is expected to be delivered in July 2009, or the anticipated purchase of the two 4,250 TEU newbuildings, which are expected to be delivered in the fourth quarter of 2010.

The pro forma balance sheet does not reflect the impact of the starting dividend, which is expected to be declared shortly after the filing of this registration statement with the Securities and Exchange Commission.

It is anticipated that the Merger will provide financial benefits such as possible expense efficiencies among other factors, although no assurances can be given that such benefits will actually be achieved. These benefits have not been reflected in the unaudited pro forma financial information. As required, the unaudited pro forma combined financial information includes adjustments which give effect to events that are directly attributable to the transaction, expected to have a continuing impact and are factually supportable; as such, any planned adjustments affecting the balance sheet, statement of operations, or shares of common stock outstanding subsequent to the assumed acquisition completion date are not included. The unaudited pro forma combined financial information is presented for illustrative purposes only and does not indicate the financial results of the combined businesses had they actually been combined on the dates noted above. However, management believes (a) that the assumptions used provide a reasonable basis for presenting the significant effect of (i) the change in activity from the activities of the CMA CGM as a ship operator deriving its revenue from the provision of containerized transportation to Global Ship Lease's activities as a ship owner deriving its revenue from long-term time charters and (ii) the Merger, and (b) that the pro forma adjustments give appropriate effect to the assumptions and are properly applied in the unaudited pro forma financial statements.

As explained in more detail in the accompanying notes to the unaudited pro forma combined financial information, the allocation of the purchase price reflected in the pro forma combined financial information is

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subject to adjustment. The actual purchase price allocation will be recorded based upon final estimated fair values of the assets and liabilities acquired, which is likely to vary from the purchase price allocations adopted in the pro forma combined financial statements. In addition, there may be further refinements of the purchase price allocation as additional information becomes available.

The unaudited pro forma combined financial information is derived from and should be read in conjunction with the financial statements and related notes of Marathon and the combined financial statements and related notes of Global Ship Lease, which are included in the prospectus.

**Table of Contents****UNAUDITED PRO FORMA COMBINED BALANCE SHEET**

The following unaudited pro forma combined balance sheet as of June 30, 2008, combines the June 30, 2008 historical balance sheets of Marathon and Global Ship Lease assuming the businesses had been combined on June 30, 2008, on a purchase accounting basis.

**Unaudited Pro Forma Combined Balance Sheet, June 30, 2008**

(\$ thousands)	Marathon	Global Ship Lease Inc.	Pro Forma Adjustments	Note	Pro Forma Combined
Cash and cash equivalents	\$ 798	\$ 9,444	\$ 301,741	A	\$ 1,000
			(18,570)	B	
			(8,879)	C	
			(6,406)	D	
			(75,167)	E	
			(61,296)	F	
			(2,796)	G	
			(133,199)	G	
			(4,669)	J	
Restricted cash			15,000	A	15,000
Interest receivable	487				487
Prepaid expenses and other receivables	364	3,030	(1,190)	G	2,204
Deferred financing costs		774	(276)	H	498
Current assets	1,649	13,248	4,293		19,190
Investments held in trust account	316,741		(316,741)	A	
Vessel deposit			99,000	B	99,000
Vessels in operation		467,065	58,201	B	525,266
Other fixed assets		27	(5)	B	22
Derivatives instruments		10,071			10,071
Intangible assets			42,807	B	42,807
Non-current assets	316,741	477,163	(116,738)		677,166
Deferred offering costs	3,614		(3,614)	I	
Deferred financing costs		4,987	(4,987)	H	3,488