

Global Ship Lease, Inc.
Form F-1
September 12, 2008
Table of Contents

As filed with the Securities and Exchange Commission on September 11, 2008

Registration No. 333-

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

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

44 (0) 207 960 6340

Edgar Filing: Global Ship Lease, Inc. - Form F-1

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

Puglisi & Associates

850 Library Avenue, Suite 204

Newark, Delaware 19711

(302) 738-6680 (Phone)

(302) 738-7210 (Fax)

(Name, address, including zip code, and telephone number, including area code, of agent for service)

Copies of communications to:

Edward J. Chung, Esq.

Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, New York 10017

(212) 455-2000 (Phone)

(212) 455-2502 (Fax)

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

Edgar Filing: Global Ship Lease, Inc. - Form F-1

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed		Amount of Registration Fee
		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.

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.

Table of Contents

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 11, 2008

Global Ship Lease, Inc.

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

This prospectus relates to the issuance by us of 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

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.

Table of Contents

TABLE OF CONTENTS

	Page
<u>PROSPECTUS SUMMARY</u>	1
<u>GLOBAL SHIP LEASE SUMMARY FINANCIAL INFORMATION</u>	4
<u>THE OFFERING</u>	7
<u>MARKET PRICE INFORMATION</u>	8
<u>RISK FACTORS</u>	9
<u>FORWARD-LOOKING STATEMENTS</u>	28
<u>USE OF PROCEEDS</u>	29
<u>PLAN OF DISTRIBUTION</u>	29
<u>DIVIDEND POLICY</u>	32
<u>CAPITALIZATION OF GLOBAL SHIP LEASE</u>	35
<u>DILUTION</u>	36
<u>SELECTED HISTORICAL COMBINED FINANCIAL AND OPERATING DATE OF GLOBAL SHIP LEASE</u>	37
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF GLOBAL SHIP LEASE</u>	39
<u>SELECTED HISTORICAL FINANCIAL INFORMATION OF MARATHON</u>	57
<u>MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF MARATHON</u>	60
<u>UNAUDITED PRO FORMA COMBINED FINANCIAL INFORMATION</u>	63
<u>THE INTERNATIONAL CONTAINERSHIP INDUSTRY</u>	78
<u>OUR BUSINESS</u>	92
<u>ACQUISITION OF INITIAL AND CONTRACTED FLEET OF GLOBAL SHIP LEASE</u>	109
<u>GLOBAL SHIP LEASE CREDIT FACILITY</u>	112
<u>SHIP MANAGER AND MANAGEMENT RELATED AGREEMENTS OF GLOBAL SHIP LEASE</u>	116
<u>OTHER TRANSACTION AGREEMENTS</u>	119
<u>MANAGEMENT</u>	122
<u>CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS</u>	128
<u>SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT</u>	130
<u>SELLING SHAREHOLDERS</u>	132
<u>DESCRIPTION OF SECURITIES</u>	134
<u>MATERIAL U.S. FEDERAL INCOME TAX CONSEQUENCES</u>	144
<u>LEGAL MATTERS</u>	153
<u>EXPERTS</u>	153
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	153
<u>GLOSSARY OF SHIPPING TERMS</u>	154
<u>INDEX TO FINANCIAL STATEMENTS</u>	F-1

Table of Contents

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

Table of Contents

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.

Table of Contents

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.

Table of Contents

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
(in millions of U.S. dollars, except per share data)								
Statement of Income								
Operating revenues:								
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
Operating expenses:								
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	
Total operating expenses	(29.4)	(141.5)	(304.9)	(251.9)	(96.2)	(53.9)	(29.5)	(48.9)
Operating income	17.4	30.4	30.2	47.7	15.4	4.2	19.6	26.7
Non operating income / (expense)								
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	
Income before income taxes	8.4	25.4	16.8	32.7	9.0	1.7	17.6	15.3
Taxes on income								(0.1)
Net income	\$ 8.3	\$ 25.4	\$ 16.8	\$ 32.7	\$ 9.0	\$ 1.7	\$ 17.6	\$ 15.2
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								