

Global Ship Lease, Inc.
Form F-3/A
July 28, 2014
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As filed with the Securities and Exchange Commission on July 28, 2014.

Registration No. 333-197518

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

AMENDMENT NO. 1
to
FORM F-3
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

N/A
(I.R.S. Employer

Incorporation or Organization)

Identification Number)

c/o Global Ship Lease Services Limited

Portland House

Stag Place

London SW1E 5RS

United Kingdom

+44 (0) 20 7869 8006

(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive Offices)

SEE TABLE OF ADDITIONAL REGISTRANTS

Puglisi & Associates

850 Library Avenue

Suite 204

Newark, Delaware 19711

(302) 738 6680

(Name, Address, Including Zip Code, and Telephone Number, Including Area Code, of Agent for Service)

Copies to:

Lesley Peng, Esq.

Simpson Thacher & Bartlett LLP

425 Lexington Avenue

New York, New York 10017

(212) 455 2000 (Phone)

Approximate date of commencement of proposed sale to the public: From time to time after the effective date of this registration statement.

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If the only securities being registered on this Form are being offered pursuant to dividend or interest reinvestment plans, please check the following box.

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 registration statement pursuant to General Instruction I.C. or a post-effective amendment thereto that shall become effective upon filing with the Commission pursuant to Rule 462(e) under the Securities Act, check the following box.

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If this Form is a post-effective amendment to a registration statement filed pursuant to General Instruction I.C. filed to register additional securities or additional classes of securities pursuant to Rule 413(b) under the Securities Act, check the following box. "

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to Be Registered	Amount to be Registered	Proposed Maximum Offering Price Per Unit	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Primary Offering				
Common Shares, par value \$0.01 ⁽⁴⁾				
Preferred Shares, par value \$0.01 ⁽⁴⁾				
Depository Shares ⁽⁵⁾				
Warrants ⁽⁶⁾				
Rights ⁽⁷⁾				
Debt Securities ⁽⁴⁾⁽⁸⁾				
Guarantees of Debt Securities ⁽⁹⁾				
Units ⁽¹⁰⁾				
Total Primary Offering	(1)	(2)	\$ 500,000,000	\$ 64,400 ⁽³⁾
Secondary Offering				
Common Shares, par value \$0.01	10,737,004 ⁽¹¹⁾	3.80 ⁽¹²⁾	\$ 40,800,615	\$ 5,255 ⁽¹³⁾
Total			\$ 540,800,615	\$ 69,655

(1) There are being registered hereunder such indeterminate number of common shares, preferred shares, depository shares, warrants, rights, debt securities, guarantees of debt securities and units as will have an aggregate initial offering price not to exceed \$500,000,000. This registration statement shall also cover any additional securities to be offered or issued from share splits, share dividends, recapitalizations or similar transactions.

(2) With respect to the primary offering, the proposed maximum aggregate price for each class of securities to be registered is not specified pursuant to General Instruction II.D of Form S-3.

(3) Estimated solely for the purpose of calculating the registration fee, which is calculated in accordance with Rule 457(o) under the Securities Act of 1933. Rule 457(o) permits the registration fee to be calculated on the basis of

the maximum offering price of all of the securities listed and, therefore, the table does not specify by each class information as to the amount to be registered or the proposed maximum offering price per security. Global Ship Lease, Inc. has previously paid \$69,946 with respect to \$500,000,000 aggregate initial offering price of securities previously registered and remaining unissued under the Registration Statement on Form F-3 (333-196338), filed by Global Ship Lease, Inc. on May 28, 2014. Pursuant to Rule 457(p), such unutilized filing fees are being applied to the filing fee payable pursuant to this Registration Statement.

- (4) Also includes such indeterminate amount of debt securities and number of preferred shares and common shares as may be issued upon conversion of, or in exchange for, any other debt securities or preferred shares that provide for conversion or exchange into other securities.
- (5) Such indeterminate number of depositary shares to be evidenced by depositary receipts issued pursuant to a deposit agreement. In the event Global Ship Lease, Inc. elects to offer to the public fractional interests in the preferred shares or common shares registered hereunder, depositary receipts will be distributed to those persons purchasing such fractional interests and the preferred shares or common shares will be issued to the depositary under the deposit agreement. No separate consideration will be received for the depositary shares.
- (6) Represents warrants to purchase preferred shares, common shares or debt securities (and any guarantees thereof as described herein) which may be issued by Global Ship Lease, Inc.
- (7) The rights to purchase common shares, preferred shares, warrants or debt securities will be offered without separate consideration.
- (8) If any debt securities are issued at an original issue discount, then the offering price of such debt securities shall be in such greater principal amount as shall result in a maximum aggregate offering price not to exceed \$500,000,000, less the aggregate dollar amount of all securities previously issued hereunder.
- (9) The guarantees will be offered without separate consideration. Pursuant to Rule 457(n) under the Securities Act, no registration fee is required with respect to the guarantees.
- (10) An indeterminate number of units as may from time to time be sold at indeterminate prices are being registered hereunder. Units may consist of any combination of the securities registered hereunder.
- (11) Pursuant to Rule 416(a) under the Securities Act of 1933, the number of common shares being registered on behalf of the selling shareholders shall be adjusted to include any additional common shares to be offered or issued from share splits, share dividends, recapitalizations or similar transactions.
- (12) Estimated solely for the purpose of calculating the registration fee in accordance with Rule 457(c) under the Securities Act of 1933. The proposed maximum offering price per unit is estimated to be \$3.80, based on the average of the high and low prices of the common shares as reported on the New York Stock Exchange on July 21, 2014.
- (13) Calculated in accordance with Rule 457(a) under the Securities Act of 1933.

The registrants hereby amend this registration statement on such date or dates as may be necessary to delay its effective date until the registrants 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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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Exact Name of Registrant as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number	Address, Including Zip Code, and Including Telephone Number, Including Area Code, of Registrant's Principal Executive Offices	Name, Address, Including Zip Code, and Telephone Number, Area Code, of Agent for Service
Global Ship Lease Services Limited	United Kingdom	n/a	Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 1 Limited	Republic of Cyprus	98-0582447	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 2 Limited	Republic of Cyprus	98-0582448	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 3 Limited	Republic of Cyprus	98-0582450	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680

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Global Ship Lease 4 Limited	Republic of Cyprus	98-0582451	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, + (44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 5 Limited	Republic of Cyprus	n/a	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, + (44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 6 Limited	Republic of Cyprus	n/a	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, + (44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 7 Limited	Republic of Cyprus	n/a	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, + (44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 8 Limited	Republic of Cyprus	n/a	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, + (44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680

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Exact Name of Registrant as Specified in its Charter	State or Other Jurisdiction of Incorporation or Organization	I.R.S. Employer Identification Number	Address, Including Zip Code, and Including Telephone Number, Including Area Code, of Registrant's Principal Executive Offices	Name, Address, Including Zip Code, and Telephone Number, Area Code, of Agent for Service
Global Ship Lease 9 Limited	Republic of Cyprus	98-0582454	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 10 Limited	Republic of Cyprus	98-0582455	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 12 Limited	Republic of Cyprus	98-0664367	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 13 Limited	Republic of Cyprus	n/a	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 14 Limited	Republic of Cyprus	98-1102892	c/o Global Ship Lease Services Limited,	Puglisi & Associates 850 Library Avenue

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			Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 15 Limited	Republic of Cyprus	n/a	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 16 Limited	Republic of Cyprus	n/a	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
Global Ship Lease 17 Limited	Republic of Cyprus	n/a	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680
GSL Alcazar Inc.	Republic of the Marshall Islands	98-0664362	c/o Global Ship Lease Services Limited, Portland House, Stag Place, London, SW1E 5RS, United Kingdom, +(44) (0) 20 7869 8006	Puglisi & Associates 850 Library Avenue Suite 204 Newark, Delaware 19711 (302) 738 6680

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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 jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED JULY 28, 2014

PROSPECTUS

\$500,000,000

Global Ship Lease, Inc.

Common Shares

Preferred Shares

Depositary Shares

Warrants

Rights

Debt Securities

Units

10,737,004 Common Shares

offered by selling shareholders

Through this prospectus, we may offer, from time to time, in one or more series:

our common shares;

our preferred shares;

depositary shares;

warrants to purchase common shares, preferred shares or debt securities;

rights to purchase common shares, preferred shares, warrants, debt securities or units;

debt securities, which may be secured or unsecured senior debt securities and which may or may not be guaranteed by one or more of the subsidiaries identified in this prospectus; and

units.

The aggregate offering price of the securities we issue under this prospectus may not exceed \$500,000,000. The prices and other terms of the securities that we will offer will be determined at the time of their offering and will be described in a supplement to this prospectus.

In addition, certain principal shareholders may, from time to time, sell common shares, as described under Selling Shareholders and in any prospectus supplement. We will not receive any of the proceeds from the sale of these common shares by the principal shareholders.

Our Class A common shares are listed on the NYSE under the symbol GSL. We will provide information in the prospectus supplement for the trading market, if any, for any preferred shares, warrants, rights, debt securities or units that we may offer.

The securities issued under this prospectus may be offered directly or through underwriters, agents or dealers. The names of any underwriters, agents or dealers will be included in a supplement to this prospectus.

Investing in our securities involves a high degree of risk. Please read Risk Factors beginning on page 3.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is _____, 2014.

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You should rely only on the information contained in this prospectus. We have not authorized any other person to provide you with different information. If anyone provides you with different information, you should not rely on it. We are not making an offer of these securities in any jurisdiction where an offer is not permitted. Information contained on our website does not constitute part of this prospectus. You should not assume that the information incorporated by reference or provided in this prospectus is accurate as of any date other than the date on the front of this prospectus or the date of such incorporated documents, as the case may be.

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ABOUT THIS PROSPECTUS

Unless we otherwise specify, when used in this prospectus, the terms Global Ship Lease, the Company, we, our and us refer to Global Ship Lease, Inc. and its wholly owned subsidiaries. CMA CGM refers to CMA CGM S.A., initial Charterer refers to CMA CGM in its capacity as a charterer of our vessels, and Ship Manager refers to CMA Ships, a wholly-owned subsidiary of CMA CGM and our current ship manager. Unless otherwise indicated, all dollar references in this prospectus are to U.S. dollars and financial information presented in this prospectus that is derived from financial statements incorporated by reference is prepared in accordance with accounting principles generally accepted in the United States.

This prospectus is part of a registration statement we filed with the Securities Exchange Commission, or the Commission, using a shelf registration process. Under the shelf registration process, we may sell the securities described in this prospectus in one or more offerings up to a total dollar amount of \$500,000,000 and the principal shareholders may sell up to 10,737,004 shares of our common shares. This prospectus provides you with a general description of the securities we may offer. Each time we offer securities, we will provide you with a prospectus supplement that will describe the specific amounts, prices and terms of the offered securities. The prospectus supplement may also add, update or change the information contained in this prospectus. You should read carefully both this prospectus and any prospectus supplement, together with the additional information described below.

This prospectus does not contain all the information provided in the registration statement we filed with the Commission. For further information about us or the securities offered hereby, you should refer to that registration statement, which you can obtain from the Commission as described below under Where You Can Find More Information.

We use the term TEU , meaning twenty-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 vessels. Unless otherwise indicated, we calculate the average age of Global Ship Lease s vessels on a weighted average basis, based on TEU capacity.

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ABOUT GLOBAL SHIP LEASE

Overview

Global Ship Lease is a Republic of the Marshall Islands corporation that owns a fleet of modern containerships of a range of sizes and whose business is to charter them out under long-term, fixed-rate charters to reputable container shipping companies to generate stable revenues and predictable cash flows.

Global Ship Lease maintains its principal executive offices at: c/o Global Ship Lease Services Limited, Portland House, Stag Place, London SW1E 5RS, United Kingdom. Its telephone number is +44 (0) 20 7869 8006.

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RISK FACTORS

An investment in our securities involves a high degree of risk. You should carefully consider all of the information included in this prospectus, any prospectus supplement and the information that we have incorporated herein by reference, including the risk factors incorporated by reference to our Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 20 F for the year ended December 31, 2013, or our 2013 Annual Report, or included in any Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 on Form 20 F or Report of Foreign Private Issuer on Form 6 K filed after the date of this prospectus that is incorporated by reference herein in evaluating an investment in us. If any such risks were actually to occur, our business, financial condition or results of operations could be materially adversely affected. In that case, the trading price of any of our securities could decline, and you could lose all or part of your investment. When we offer and sell any securities pursuant to a prospectus supplement, we may include additional risk factors relevant to such securities in the prospectus supplement.

Table of Contents**USE OF PROCEEDS**

Unless we specify otherwise in any prospectus supplement, we will use the net proceeds from the sale of securities offered by this prospectus for repayment of indebtedness, for working capital, to make vessel acquisitions or for general corporate purposes. We will not receive any of the proceeds from the sale of common shares by the principal shareholders.

RATIO OF EARNINGS TO FIXED CHARGES AND EARNINGS TO COMBINED FIXED CHARGES AND PREFERRED SHARE DIVIDENDS

The following table sets forth our ratio of earnings to fixed charges for the periods presented:

	Three months ended March 31,	Year ended December 31,				
	2014	2013	2012	2011	2010	2009
Ratio of earnings to fixed charges ⁽¹⁾	1.2	2.7	2.5	1.4		2.7
Ratio of earnings to combined fixed charges and preferred share dividends ⁽²⁾	1.2	2.7	2.5	1.4		2.7
Dollar amount (in thousands) of deficiency in earnings to fixed charges and earnings to combined fixed charges and preferred share dividends ⁽³⁾					4,444	

(1) This data is unaudited for all periods presented. For purposes of calculating the ratios of earnings to fixed charges and earnings to combined fixed charges and preferred share dividends:

earnings consist of pre-tax income from continuing operations prepared under United States generally accepted accounting principles (which includes non-cash unrealized gains and losses on derivative financial instruments including interest rate derivatives) plus fixed charges and net of capitalized interest;

fixed charges represent interest incurred (whether expensed or capitalized) and amortization of deferred financing costs (whether expensed or capitalized); and

combined fixed charges and preferred share dividends consist of fixed charges and preferred share dividends declared.

The ratio of earnings to fixed charges is a ratio that we are required to present in this prospectus and has been calculated in accordance with SEC rules and regulations. This ratio is different from the ratios that we are required to maintain under our credit facility and may not be a ratio used by investors to evaluate our overall operating performance.

- (2) The dividend paid to holders of Series A preferred shares is presented as part of interest expense. Therefore, our ratio of earnings to combined fixed charges and preferred share dividends is equal to our ratio of earnings to fixed charges for all periods presented.
- (3) For the year ended December 31, 2010 the ratios of earnings to fixed charges and earnings to combined fixed charges and preferred share dividends was less than one. This row presents the amount of the deficiency of earnings compared to fixed charges and earnings compared to combined fixed charges and preferred share dividends for this period.

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DESCRIPTION OF CAPITAL SHARES

Authorized and Outstanding Shares

Under our articles of incorporation, our authorized shares consist of 250 million shares, par value \$0.01 per share, consisting of (1) 214 million Class A common shares, (2) 20 million Class B common shares, (3) 15 million Class C common shares and (4) one million preferred shares.

As of March 31, 2014, 47,541,484 Class A common shares were issued and outstanding.

As of March 31, 2014, 7,405,956 Class B common shares were issued and outstanding.

As of March 31, 2014, no Class C common shares were issued and outstanding (on January 1, 2009, all issued Class C common shares were converted to Class A common shares).

1,000 Series A preferred shares were issued to CMA CGM as part of the consideration paid to it in connection with the Merger. As of March 31, 2014, 937 Series A preferred shares were outstanding.

As of March 31, 2014, no Class A warrants were outstanding. On September 1, 2013, 6,188,088 Class A Warrants which were convertible to Class A common shares at a price of \$9.25 expired without being exercised.

As of March 31, 2014, no shares were held in treasury.

Share History

The following is a summary of the history of our share capital for the last four years. As of January 1, 2010, 46,680,194 Class A common shares and 7,405,956 Class B common shares were issued and outstanding.

Class A Common Share Issuances

Equity Incentive Plan. From January 1, 2010, to March 31, 2014, we have issued 861,290 Class A common shares in connection with the vesting of share grants awarded under our 2008 Equity Incentive Plan.

Series A Preferred Shares Redemption

The initial charters for two of our vessels, *Ville d Aquarius* and *Ville d Orion* expired in September 2012 and were renewed with CMA CGM until May 23, 2013 plus or minus 22 days at charterer's option. As part of the agreement for replacement time charters for the vessels, we redeemed 63 Series A preferred shares of \$48,000 each for \$3,024,000 in July 2012.

Warrants

In addition to the expired Class A warrants, there were 39,531,348 Public Warrants previously outstanding which gave the holder the right to purchase one Class A common share at a price of \$6.00 per share, which expired on August 24, 2010. There were 5,500,000 Sponsor Warrants previously outstanding which had similar terms to the Public Warrants except that the exercise had to be on a cashless basis, and these warrants also expired on August 24, 2010.

Transfer Agent

The registrar and transfer agent for the common shares is Computershare.

Listing

Our Class A common shares are listed on the NYSE under the symbol `GSL` .

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Characteristics of Our Capital Shares, Articles of Incorporation and Bylaws

The following is a description of certain terms of our capital shares, articles of incorporation and bylaws that are in effect. You should read the applicable prospectus supplement relating to an offering of shares of our common shares, or of securities convertible, exchangeable or exercisable for shares of our common shares, for the terms of such offering, including the number of shares of common shares offered, the initial offering price and market prices and dividend information relating to our common shares.

Purpose

Our purpose, as stated in our articles of incorporation, is to engage in any lawful act or activity for which corporations may now or hereafter be organized under the Republic of the Marshall Islands Business Corporations Act (the "BCA"). Our bylaws contain certain provisions designed to ensure that we remain a tax resident outside the United Kingdom, including that our board of directors shall at all times include a majority of directors who are neither resident for tax purposes in the United Kingdom nor reside in the United Kingdom, and that meetings or actions of the board of directors shall not in any circumstances take place within the United Kingdom.

Common Shares

The common shares have the voting rights described below under "Voting" and the dividend rights described below under "Dividends", subject to preferences that may be applicable to any outstanding preferred shares. Holders of our common shares do not have solely by reason thereof conversion or redemption rights or any preemptive rights to subscribe for any of our unissued securities pursuant to the articles of incorporation, other than the conversion of Class B common shares into Class A common shares as described below under "Conversion". The rights, preferences and privileges of holders of our common shares are subject to the rights of the holders of any preferred shares which may be issued in the future.

Preferred Shares

Our articles of incorporation authorize our board of directors to determine, with respect to any series of preferred shares, the rights and preferences of that series, including:

the designation of the series;

the number of preferred shares in the series;

the preferences and relative participating option or other special rights, if any, and any qualifications limitations or restrictions of such series; and

the voting rights, if any, of the holders of the series (subject to certain terms with regard to the policy of our board of directors regarding preferred shares).

The outstanding 937 Series A preferred shares have the following terms:

Ranking. The Series A preferred shares rank senior to the common shares and any class of equity securities issued by us which do not by their terms expressly provide that they are senior to or pari passu with the Series A preferred shares, with respect to dividend rights and rights upon our liquidation, dissolution or wind up.

Dividends. Cash dividends on the Series A preferred shares are payable when and as authorized by our board of directors, and will be equal to three-month LIBOR plus a spread of 2% per annum of the original issue price of \$48,000 per share, payable quarterly on the last day of each fiscal quarter or at such other times as the board of directors shall determine.

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Liquidation Preference. In the event of a liquidation of our assets, the holders of the Series A preferred shares are entitled to receive, prior and in preference to any distribution of the proceeds of the liquidation to holders of common shares (or any junior series of preferred shares) by reason of their ownership thereof, an amount per share equal to the sum of the original issue price of \$48,000 per share plus accrued but unpaid dividends on such shares.

Redemption. The Series A preferred shares are mandatorily redeemable in eleven quarterly installments of approximately \$4 million commencing on August 31, 2016 with a twelfth and final balancing payment on May 31, 2019.

Non-Voting. Except as required by law, the holders of Series A preferred shares have no voting rights.

Voting

The Class A common shares and the Class B common shares each have one vote and vote together as a single class except that any amendment to the articles of incorporation, including those made pursuant to the terms of any merger, consolidation or similar transaction, that would increase or decrease the aggregate number of authorized common shares of a class, increase or decrease the par value of common shares of a class, or alter or change the powers, preferences or rights of the class of common shares so as to affect them adversely, must be approved by the holders of not less than a majority of the votes entitled to be cast by the holders of such class of common shares then outstanding, voting separately as a class. Our directors are elected by the vote of the majority of the votes cast of the Class A and Class B common shares, voting as a single class with respect to each director. For purposes thereof, a majority of the votes cast means that the number of shares voted for a director must exceed the number of votes cast against that director. A majority of the Class A and Class B common shares in the aggregate shall constitute a quorum.

Dividends

The dividend rights of holders of Class B common shares are subordinated to those of holders of Class A common shares. Dividends, when declared, must be paid as follows:

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

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

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

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

The Class B common shares remain subordinated until we have paid a dividend at least equal to \$0.23 per quarter per share on both the Class A and Class B common shares for the immediately preceding four-quarter period. Due to the requirements described above, Class B common shares cannot receive any dividend until all Class A common shares have received dividends representing \$0.23 per share per quarter for all preceding quarters. The last quarter for which a dividend was paid was fourth quarter 2008.

Conversion

Should the notional arrearages of dividends on the Class A common shares be made up and a dividend at the rate of \$0.23 per share be paid for four consecutive quarters, the Class B common shares convert to Class A common shares on a one-for-one basis. Also, each Class B common share will convert into a Class A common share on a change of control of the Company.

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Directors

The number of persons constituting our board of directors shall not be less than one or more than twelve, as fixed from time to time by the vote of the holders of a majority of the outstanding common shares (subject to any rights of the holders of preferred shares) or by majority vote of the entire board of directors. Our board of directors will be divided into three classes that are as nearly equal in number as possible. The directors of each class are elected for terms of three years.

Shareholder Meetings

Under our bylaws, annual shareholder meetings will be held at a time and place selected by our board of directors. The meetings may be held in or outside of the Republic of the Marshall Islands. Special meetings may be called by the Chairman of our board of directors or by resolution of our board of directors. Our board of directors may set a record date between 15 and 60 days before the date of any meeting to determine the shareholders that will be eligible to receive notice and vote at the meeting.

Anti-Takeover Effects of Certain Provisions of Our Articles of Incorporation and Bylaws

Several provisions included in the articles of incorporation and bylaws may have anti-takeover effects. These provisions were intended to avoid costly takeover battles, lessen our vulnerability to a hostile change of control and enhance the ability of the board of directors to maximize shareholder value in connection with any unsolicited offer to acquire us. However, these anti-takeover provisions, which are summarized below, could also discourage, delay or prevent (1) the merger or acquisition of us by means of a tender offer, a proxy contest or otherwise, that a shareholder may consider in its best interest, and (2) the removal of incumbent officers and directors.

Authorized Preferred and Common Shares

The articles of incorporation authorize the issuance of one million blank check preferred shares with such designation, rights and preferences as