

GLOBAL SIGNAL INC
Form DEF 14C
April 05, 2005
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

SCHEDULE 14C

Information Statement Pursuant to Section 14(c) of the Securities Exchange Act of 1934

Check the appropriate box:

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| <input type="checkbox"/> | Preliminary Information Statement | <input type="checkbox"/> | Confidential, for Use of the Commission Only (as |
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GLOBAL SIGNAL INC.

(Name of Registrant As Specified in Its Charter)

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GLOBAL SIGNAL INC.

INFORMATION STATEMENT

April 6, 2005

WE ARE NOT ASKING YOU FOR A PROXY

AND YOU ARE REQUESTED NOT TO SEND US A PROXY.

On February 14, 2005, we entered into a definitive agreement with Sprint Corporation and certain of its subsidiaries (Sprint) under which we will have the exclusive right to lease or, if certain consents have not been obtained, operate more than 6,600 wireless communication tower sites and the related towers and assets (the Towers) for a period of 32 years for approximately \$1.2 billion (the Sprint Transaction). Prior to the execution of the definitive documents for the Sprint Transaction, we submitted several bids to Sprint in an auction process conducted by Sprint with respect to the Towers. On August 23, 2004, we submitted our first bid. After the first round of bidding, Sprint required that any bidder also provide commitments for the financing necessary to consummate that bidder's proposed transaction. For more information on the auction process conducted by Sprint, see *The Equity Transaction* Background of the Equity Transaction. For more information on the terms of the Sprint Transaction, see *The Equity Transaction* The Sprint Transaction.

In connection with the financing necessary for the Sprint Transaction, our board of directors established a special committee of the board (the Special Committee) on September 10, 2004 to explore and negotiate the equity financing for the Sprint Transaction. On September 27, 2004, an affiliate of Fortress Investment Holdings LLC (Fortress), our largest stockholder, in connection with our bid for the Towers, submitted a commitment letter to us to provide up to 50% of the anticipated equity financing for the proposed transaction with respect to the Towers. On November 19, 2004, in connection with our submission of a revised bid to Sprint, Fortress, on behalf of itself and certain of its affiliates, submitted to us a revised commitment letter to provide up to \$400 million of equity financing to us, with the expectation that one or more large institutional investors would also participate. Subsequently, in connection with additional revised bids by us to Sprint, affiliates of Fortress, Abrams Capital LLC (Abrams) and Greenhill Capital Partners LLC (Greenhill), our three largest stockholders (the Investors), proposed to commit to provide up to \$500 million of equity financing in connection with the Sprint Transaction. The terms of this proposed equity financing transaction with the Investors (which we refer to herein as the Equity Transaction) are described in greater detail below in this information statement. See *Terms of the Equity Transaction*.

On February 3, 2005, the Special Committee engaged Bear, Stearns & Co. Inc. (Bear Stearns) to assist it in analyzing and evaluating the equity financing proposal from the Investors and to render an opinion as to the fairness, from a financial point of view, to us of the terms and price to be paid to us for the common stock to be issued to the Investors in the Equity Transaction. On February 7, 2005, Bear Stearns delivered an oral opinion to the Special Committee, confirmed in writing on February 9, 2005, that as of the date of the opinion, and based upon and subject to the assumptions made, matters considered, qualifications and limitations set forth in the opinion, the terms and price to be paid to us for our common stock to be issued to the Investors in the Equity Transaction were fair from a financial point of view to us. A copy of the opinion is included in Annex A to this information statement.

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On February 7, 2005, the Special Committee determined that it was advisable, desirable and in the best interests of us and all of our stockholders that our board approve and authorize the Equity Transaction. On February 8, 2005, our board determined that the Equity Transaction is advisable and in our, and all of our stockholders', best interests and unanimously approved the Equity Transaction. On February 14, 2005, Fortress, Abrams and Greenhill, holders of approximately 75.3% of our common stock, entered into an Investment Agreement with us (the "Investment Agreement") and executed a written consent approving the Equity Transaction. This consent constitutes the consent of a majority of the total number of shares of our outstanding common stock and is sufficient to approve the Equity Transaction. As a result, we will not be asking you to take action on the Equity Transaction. See *Terms of The Equity Transaction* Investment Agreement.

We are furnishing this information statement to our stockholders to provide you with certain information in connection with the Equity Transaction. The Equity Transaction will not be effected until at least 20 days after we first send this information statement to stockholders.

This information statement provides further information about Global Signal and the Equity Transaction. Please carefully read the information statement in its entirety. You may also obtain other information about Global Signal from publicly available documents that have been filed with the Securities and Exchange Commission. See *Where You Can Find More Information*.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of this transaction or passed upon the fairness or merits of such transaction or upon the accuracy or adequacy of the information contained in this document. Any representation to the contrary is a criminal offense.

This information statement is first being mailed to stockholders on or about April 6, 2005.

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For convenience in this information statement unless indicated otherwise, Global Signal, we, us and our refer to Global Signal Inc. and its consolidated subsidiaries, including Global Signal Operating Partnership, L.P., and Global Signal Inc. refers to Global Signal Inc., formerly Pinnacle Holdings Inc., prior to its name change effective December 18, 2003. Global Signal OP refers to Global Signal Operating Partnership, L.P. Fortress refers to Fortress Investment Holdings LLC and certain of its affiliates, Greenhill refers to Greenhill Capital Partners, L.P. and affiliated investment funds and Abrams refers to Abrams Capital LLC and certain of its affiliates.

THE EQUITY TRANSACTION

The following is a summary of the material terms of the Equity Transaction and agreements relating to the Equity Transaction, including the Sprint Transaction. The following summary is qualified in its entirety by reference to the applicable agreements, which we have filed with the Securities and Exchange Commission (the SEC) as exhibits to our Current Report on Form 8-K filed with the SEC on February 17, 2005. In addition, we have included the Investment Agreement and Option Agreement (as defined below) in Annex B to this information statement. We encourage you to read these agreements in their entirety.

General

On February 14, 2005, Fortress, Abrams and Greenhill and certain of their respective affiliates, holders of approximately 75.3% of our common stock, entered into the Investment Agreement and executed a written consent approving the Equity Transaction. In the Equity Transaction, the Investors have committed to purchase from us, at a price of \$25.50 per share, up to \$500 million in aggregate of our common stock. The Investors' commitment will be reduced automatically by (i) the amount of net proceeds received by us from any offering of our equity securities prior to the closing of the Sprint Transaction (the Sprint Closing) and (ii) the amount of any borrowings in excess of \$750 million outstanding at the Sprint Closing under any credit facility or similar agreements provided to us in connection with the Sprint Transaction. However, the Equity Transaction commitment cannot be reduced below \$250 million. On March 10, 2005, we signed a term sheet from Morgan Stanley Asset Funding Inc., Bank of America, N.A. and Banc of America Securities LLC setting forth the terms and conditions on which they would provide bridge financing of up to \$850 million to us for the Sprint Transaction (the Debt Financing). The Debt Financing would decrease the Investors' commitment in the Equity Transaction to a maximum of \$400 million.

The Investors in the Equity Transaction consist of the following entities:

Fortress Investment Fund II LLC, a Delaware limited liability company (FIF II), an affiliate of our largest stockholder, Fortress Investment Holdings LLC;

Abrams Capital Partners II, L.P., a Delaware limited partnership, Abrams Capital Partners I, L.P., a Delaware limited partnership, Whitecrest Partners, L.P., a Delaware limited partnership, Abrams Capital International, LTD, a Cayman Island limited liability company and Riva Capital Partners, L.P., a Delaware limited partnership, affiliates of our third largest stockholder Abrams Capital, LLC; and

Greenhill Capital Partners, L.P., a Delaware limited partnership, which together with its affiliates, is our second largest stockholder, and the following affiliates of Greenhill Capital Partners, L.P.: Greenhill Capital Partners (Executive), L.P., a Delaware limited partnership, Greenhill Capital, L.P., a Delaware limited partnership, Greenhill Capital Partners (Cayman), L.P., a Cayman Islands limited partnership, Greenhill Capital Partners (Employees) II, L.P., a Delaware limited partnership.

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As a result of the Equity Transaction, the total number of outstanding shares of our common stock will increase by the number of shares obtained by dividing (i) the total purchase price for the shares issued in the Equity Transaction by (ii) the per-share purchase price of \$25.50.

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If we do not complete an offering of our equity securities prior to the Sprint Closing, under an Option Agreement with us (the Option Agreement), the Investors will issue to us, at the closing of the Investment Agreement, a one-time option to purchase from the Investors a number of shares of our common stock having a value equal to the difference between the total consideration paid by the Investors for the Common Stock at the closing and \$250 million. Pursuant to the Option Agreement, we would purchase those shares at a price per share of \$26.50. The option would be immediately vested upon issuance at the closing and would expire six months and one day after the closing. If we were to exercise the option, we would purchase shares from each Investor in proportion to that Investor's participation in the Investment Agreement. In the event that we complete an offering of our equity securities prior to the Sprint Closing, we will not be entitled to this option and no option will be issued by the Investors. The option is non-transferable.

Background of the Equity Transaction

On February 14, 2005, we entered into a definitive agreement (the Agreement to Lease) with respect to the Sprint Transaction. Pursuant to the Agreement to Lease, we agreed to lease or, if certain consents have not been obtained, operate for a period of 32 years over 6,600 wireless communication tower sites and the related towers and assets (collectively, the Towers) from one or more newly formed special purpose entities of Sprint (collectively, Sprint TowerCo), under one or more master leases for which we have agreed to pay approximately \$1.2 billion as prepaid rent (the Upfront Rental Payment), subject to certain conditions, adjustments and pro-rations. The closing of the Sprint Transaction (the Sprint Closing) is expected to occur near the end of the second quarter of 2005. See The Sprint Transaction.

Prior to the execution of the Agreement to Lease, we submitted several bids to, and engaged in discussions with, Sprint in an auction process conducted by Sprint with respect to the Towers. On August 23, 2004, we submitted our first bid relating to the Towers. After the first round of bidding, Sprint required that any bidder also provide commitments for the financing necessary to consummate such bidder's proposed transaction with respect to the Towers. In order to obtain such commitments within the time allowed by the auction process, we began discussions with Fortress and other large institutional investors regarding possible financing arrangements. Our board of directors established the Special Committee on September 10, 2004, consisting of Howard Rubin and Robert H. Niehaus, who are unaffiliated with Fortress, to evaluate and negotiate the equity financing for our proposed transaction with respect to the Towers. On September 27, 2004, an affiliate of Fortress, in connection with our bid for the Towers, submitted a commitment letter addressed to us to provide up to 50% of the anticipated equity financing for the proposed transaction with respect to the Towers. Subsequently, we also began discussions with Greenhill and another institutional investor regarding possible participation in the financing arrangements. Mr. Niehaus, a Managing Director of Greenhill & Co., Inc. and Chairman of Greenhill, resigned from the Special Committee on November 14, 2004, and the board appointed Mark Whiting to the Special Committee. On November 19, 2004, in connection with our submission of a revised bid to Sprint, Fortress, on behalf of itself and its affiliates, submitted to us a commitment letter to provide up to \$400 million of equity financing to us, with the expectation that one or more large institutional investors would also participate. In connection with this commitment, the Special Committee established \$24.43 per share as the price we would receive for our common stock, based on the previous five-trading-day average.

On December 15, 2004, Sprint announced its merger agreement with Nextel Communications, Inc., resulting in a delay in the auction process for the Towers until late January, 2005. On January 31, 2005, we submitted a revised bid to Sprint. On February 1, 2005, we and Sprint entered into an exclusivity agreement in connection with the negotiation of the Sprint Transaction. On February 4, 2005, Fortress submitted another revised commitment letter to us, pursuant to which certain of its affiliates agreed to provide up to \$450 million in equity financing to us in connection with our revised bid for the proposed transaction with Sprint. As a result of our successful bid for the Towers and Fortress's commitment for equity financing for the Sprint Transaction, the Investors entered into the Investment Agreement with us on February 14, 2005. In entering into the Investment Agreement, we and the Investors assumed that consummation of the Sprint Transaction would cost approximately \$1.25 billion, including all fees and expenses, and that we would finance this amount by raising \$850 million in debt and issuing \$400 million of equity.

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On February 3, 2005, the Special Committee engaged Bear Stearns to assist it in analyzing and evaluating the equity financing proposal from the Investors and to render an opinion as to the fairness, from a financial point of view, to us of the terms and price to be paid to us for the common stock to be issued to the Investors in the Equity Transaction. On February 7, 2005, Bear Stearns delivered an oral opinion to the Special Committee, confirmed in writing on February 9, 2005, that, as of the date of the opinion and based upon and subject to the assumptions made, matters considered, qualifications and limitations set forth in the opinion, the terms and price to be paid to us for our common stock to be issued to the Investors in connection with the Sprint Transaction were fair from a financial point of view to us. For more information regarding the opinion, see Summary of Opinion of Financial Advisor to the Special Committee of the Board of Directors. The foregoing summary of Bear Stearns' opinion is qualified in its entirety by reference to the full text of the opinion, which is included as Annex A to this information statement. On February 7, 2005, the Special Committee determined that it was advisable, desirable and in the best interests of Global Signal and all of its stockholders that Global Signal's board of directors approve and authorize the Investment Agreement and the other transactions contemplated thereby. Global Signal's board of directors, in connection with the approval of the Sprint Transaction, subsequently approved the Investment Agreement and determined that consummation of the transactions contemplated by the Investment Agreement were advisable and in the best interests of Global Signal and all of its stockholders. At this meeting, our board of directors also delegated to the Special Committee the final determination of whether any modifications still being negotiated to the transaction documents for the Sprint Transaction after the date of this meeting were material and would effect the fairness of the Sprint Transaction.

The Sprint Transaction

Agreement to Contribute, Lease and Sublease

On February 14, 2005, we, Sprint and certain Sprint subsidiaries (the Sprint Contributors) entered into the Agreement to Lease. Under the Agreement to Lease, we agreed to lease or, if certain consents have not been obtained, operate for a period of 32 years the Towers from Sprint TowerCo, under one or more master leases for which we have agreed to pay the Upfront Rental Payment at the Sprint Closing, subject to certain conditions, adjustments and pro-rations. The Sprint Closing, which is subject to customary closing conditions, is expected to occur in the latter part of the second quarter of 2005. Certain Sprint entities will sublease space on approximately 6,400 of the Towers (as described in more detail under Master Lease) and the Towers have over 5,600 collocation leases with other wireless tenants and substantially all the revenue is derived from wireless telephony tenants. Upon the Sprint Closing, we will own, lease or manage over 10,600 wireless communications towers and other communications sites.

Upon the signing of the Agreement to Lease, we placed a \$50 million deposit in escrow. If the Sprint Closing occurs, the deposit and earnings thereon will be credited against the Upfront Rental Payment. If, however, the Sprint Closing does not occur as a result of our material breach, or in the event that we are unable to obtain the funds necessary to close the Sprint Transaction, then Sprint will be entitled to retain the deposit.

The Agreement to Lease also contains various covenants, including, but not limited to, (a) covenants by us to use commercially reasonable efforts to obtain certain consents and to enter into agreements with respect to the financing needed to consummate the Sprint Transaction and (b) covenants by Sprint to conduct its business pending the Sprint Closing in the ordinary course and not to solicit any submissions, or engage in any discussions with any third party, with respect to any proposal for the acquisition or lease of the Towers. In addition, both parties covenant to use their respective commercially reasonable efforts to close the Sprint Transaction.

Sprint has agreed to indemnify us (including our officers, directors and affiliates) for any losses related to (i) a breach of a Sprint representation, (ii) a breach of a Sprint covenant, (iii) any taxes of Sprint or Sprint TowerCo created in connection with the Agreement to Lease (other than those which we expressly assume), and (iv) the assets and liabilities of Sprint specifically excluded in the Agreement to Lease. We have agreed to indemnify Sprint (including its officers, directors and affiliates) for any losses related to (i) a breach of one of our

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representations, (ii) a breach of one of our covenants, and (iii) any failure of ours to discharge the liabilities we assume in connection with the Sprint Transaction. We and Sprint have agreed that, subject to certain exceptions, neither party shall make any indemnity claim for any individual loss related to a breach of a representation that is less than \$15,000 unless and until all indemnifiable losses, irrespective of amount, related to breaches of representations exceed \$10,000,000, in the aggregate.

The Agreement to Lease contains certain other customary covenants and agreements, including termination rights for each of Sprint and us, including the right of either party to terminate if the Sprint Closing does not occur by August 13, 2005. In the event that we do not meet certain milestones in obtaining certain consents, Sprint may have additional termination rights; however, we may be able to extend such milestones and/or waive the consent requirements and proceed to closing.

Master Lease

At the Sprint Closing, Sprint TowerCo will enter into a Master Lease and Sublease (the *Master Lease*) with one or more special purpose entities (collectively, *Lessee*) created by us. The term of the Master Lease will expire in 2037 and there are no contractual renewal options. Except for the Upfront Rental Payment, the Lessee will not be required to make any further payments to Sprint TowerCo for the right to lease or operate the Towers during the term of the Master Lease. The Sprint Contributors currently lease the land under substantially all of the Towers from third parties and the Lessee will assume all of the Sprint Contributors' obligations that arise under the Tower ground leases after the Sprint Closing. Additionally, the Lessee will be required to pay all costs of operating the Towers as well as an agreed-upon amount for real and personal property taxes attributable to the Towers. During the period commencing one year prior to the expiration of the Master Lease and ending one hundred and twenty days prior to the expiration of the Master Lease, the Lessee will have the option to purchase all (but not less than all) of the Towers then leased for approximately \$2.3 billion, subject to adjustment, including based on a final appraisal of the Towers to be completed prior to the Sprint Closing.

The Lessee will be entitled to all revenues from the Towers leased or operated by it during the term of the Master Lease, including amounts payable under existing Tower collocation agreements with third parties. In addition, under the Master Lease, Sprint entities that are part of Sprint's wireless division have agreed to sublease or otherwise occupy collocation space (the *Sprint Collocation Agreement*) at approximately 6,400 of the Towers for an initial monthly collocation charge of \$1,400 per Tower (the *Sprint Collocation Charge*) for an initial period of ten years. The Sprint Collocation Charge is scheduled to increase each year, beginning January 2006, at a rate equal to the lesser of (i) 3% or (ii) the sum of 2% and the increase in the consumer price index during the prior year. After ten years, Sprint may terminate the Sprint Collocation Agreement at any or all Towers; provided, however, that if Sprint does not exercise its termination right prior to the end of nine years at a Tower (effective as of the end of the tenth year), the Sprint Collocation Agreement at that Tower will continue for a further five-year period. Sprint may, subsequent to the ten-year initial term, terminate the Sprint Collocation Agreement as to any or all Towers upon the 15th, 20th, 25th or 30th anniversary of the commencement of the Master Lease.

Subject to arbitration and cure rights of the Lessee's lender(s), in the event of an uncured default under a ground lease, Sprint TowerCo may terminate the Master Lease as to the applicable ground lease site. In the event of an uncured default with respect to more than 20% of the sites during any rolling five-year period, and subject to certain other conditions, Sprint TowerCo may terminate the entire Master Lease.

We will guarantee the full and timely payment and performance and observance of all of the terms, provisions, covenants and obligations of the Lessee under the Master Lease up to a maximum aggregate amount of \$200 million.

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Sprint Transaction Signing Deposit

On December 3, 2004, Global Signal Operating Partnership, L.P. entered into a 364-day \$20 million revolving credit agreement with Morgan Stanley Asset Funding Inc. and Bank of America, N.A., to provide funding for working capital and other corporate purposes. Amounts available under the revolving credit facility will be reduced to \$15.0 million upon the earlier of the completion of certain equity issuances by us in excess of \$5 million (excluding any equity issuances by us in connection with the Sprint Transaction or as a result of the exercise of options or warrants outstanding as of February 9, 2005) or June 3, 2005. On February 9, 2005, we amended and restated our revolving credit facility to provide an additional \$50 million term loan facility to be used in connection with the Sprint Transaction. On February 14, 2005, the full amount of the term loan was posted as a deposit, as required under the Agreement to Lease. The term loan must be repaid on the earlier of (i) the six-month anniversary of the funding of the term loan, (ii) the date that we receive a refund of the deposit from Sprint under the Agreement to Lease and (iii) the date of the Sprint Closing.

Debt Financing

On February 8, 2005, we received a letter from Morgan Stanley Asset Funding Inc., Bank of America, N.A. and Banc of America Securities LLC setting forth the terms on which they would provide bridge financing of approximately \$750 million to us for use in funding the Sprint Transaction. On March 10, 2005, we signed a non-binding term sheet from these bridge lenders that set forth the terms and conditions on which they would provide an increased amount of financing of up to \$850 million. The terms provide for advance funding of \$75 million, of which \$50 million would be used to repay the \$50 million term loan advanced under our revolving credit facility discussed above and the remaining \$25 million would be utilized to fund fees and expenses associated with the Sprint Transaction. The loan advance would have to be repaid by the earlier of (i) August 14, 2005, (ii) the date on which we receive a refund of the \$50 million deposit under the Agreement to Lease, and (iii) the consummation of the acquisition of the Towers. The loan advance will bear interest at 30-day LIBOR plus 1.75%. The bridge loan is expected to have a term of 12 months after the closing and, subject to compliance with certain conditions, two six-month extensions at our option. During the first 12 months of the loan, the bridge loan is expected to bear interest at 30-day LIBOR plus either 1.5% or 1.75% per annum, depending on the cash flow generated by the Towers. In either case, the rate is expected to increase by 0.25% upon the first extension and 0.75% upon the second, if such extension options are exercised. The loan is expected to require an origination fee of 0.375% of \$775 million of the loan amount and an extension fee in connection with each extension option of 0.25% of the loan amount. In addition, we expect to be required under the facility to pay an exit fee under certain circumstances. The loan is expected to contain customary events of default, including bankruptcy of the borrower or us, change of control or cross-default to our other indebtedness.

Interest Rate Swaps

In February 2005, we entered into interest rate swap agreements for a total notional value of \$750 million to hedge the variability of interest rates until we obtain fixed rate financing to finance the Sprint Transaction. Under the interest rate swaps, we agreed to pay the counter party a fixed interest rate of 4.303% from June 1, 2005 through December 1, 2010, with a mandatory maturity date of March 31, 2006, in exchange for receiving floating payments based on three-month LIBOR on the same notional amount for the same period. In March 2005, we entered into interest rate swap agreements for a total notional value of \$100 million for the same purpose and under the same terms except with a fixed interest rate of 4.733%.

Recommendation of the Board of Directors

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Our board of directors has determined that this proposed issuance and sale of common stock is advisable, desirable and in the best interests of Global Signal and all of our stockholders. Accordingly, the board has unanimously approved the Equity Transaction. Holders of approximately 75.3% of our common stock have executed a written consent approving this proposed issuance and sale of our common stock. As a result, it is not

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necessary for us to call a special meeting of stockholders to consider the Equity Transaction, and your approval is not required and is not being sought. This proposed issuance and sale of our common stock will not be effected until at least 20 days after this information statement has first been sent to stockholders.

Reasons for the Equity Transaction

In approving the Equity Transaction, our board of directors considered, among other things, each of the following favorable factors:

the fact that our board of directors believed that the Sprint Transaction was in our, and all of our stockholders', best interests and that the Equity Transaction enabled us to participate in the Sprint auction;

the fact that after the first round of bidding in the auction process conducted by Sprint with respect to the Towers, Sprint required that any bidder provide commitments for the financing necessary to consummate such bidder's proposed transaction with respect to the Towers, and Fortress (on behalf of itself and other of its affiliates) provided commitments with respect to the equity financing for our proposed transaction with respect to the Towers;

the oral opinion of Bear Stearns to the Special Committee, subsequently confirmed in writing, that as of the date of the opinion and based upon and subject to the assumptions made, matters considered, qualifications and limitations set forth in the opinion, the terms and price to be paid to us for our common stock to be issued to the Investors in connection with the Sprint Transaction were fair from a financial point of view to us;

the range and timing of alternative transactions the board of directors considered as possible sources of financing and our board of directors' belief, after considering such alternatives, that the Equity Transaction was the best source of financing reasonably available to us; and

the terms of the Investment Agreement, which, among other things, provide that if we do not complete an offering of our equity securities prior to the Sprint Closing, the Investors will issue to us, at the closing of the Investment Agreement, a one-time option to purchase from the Investors, at a price of \$26.50 per share, such number of shares of common stock having a value equal to the difference between the total consideration paid by the Investors for the common stock at the Sprint Closing and \$250 million.

Our board of directors also considered certain adverse factors in its deliberations concerning the Equity Transaction, including:

the dilutive effect to shareholders, other than the Investors, of the increase in our outstanding voting securities; and

the provisions in the Investment Agreement requiring us to indemnify the Investors, subject to limitations, for certain losses the Investors may incur.

In addition, the Special Committee and our board of directors considered the interests of the Investors (and our directors appointed by the Investors or their affiliates) that may be different from, or in addition to, the interests of our other stockholders.

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The foregoing discussion concerning the information and factors considered by the Special Committee and our board of directors is not intended to be exhaustive, but includes [all of the] material factors considered by our board of directors in making its determination. In view of the variety of factors considered in connection with its evaluation of the Equity Transaction, our board of directors did not quantify or otherwise attempt to assign relative weights to the specific factors it considered in reaching its determinations. In addition, individual directors may have given different weight to different factors.

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Summary of Opinion of Financial Advisor to the Special Committee of the Board of Directors

General

On February 3, 2005, the Special Committee engaged Bear Stearns to assist it in analyzing and evaluating the equity financing proposal from the Investors and to render an opinion as to the fairness, from a financial point of view, to us of the terms and price to be paid to us for the common stock to be issued to the Investors in connection with the Sprint Transaction (the Equity Transaction, the Debt Financing and the Sprint Transaction, each a Transaction and together, the Transactions). In selecting Bear Stearns, the Special Committee considered the fact that Bear Stearns is an internationally recognized investment banking firm with substantial experience advising companies in our industry and has substantial experience providing strategic advisory services and rendering fairness opinions. Bear Stearns, as part of its investment banking business, is continuously engaged in the valuation of businesses and securities in connection with mergers and acquisitions, negotiated underwritings, secondary distributions of listed and unlisted securities, private placements and valuations for corporate and other purposes.

On February 7, 2005, Bear Stearns delivered its oral opinion to the Special Committee. Following delivery of its oral opinion to the Special Committee, Bear Stearns reviewed drafts dated February 8, 2005 of the Agreement to Lease and the Master Lease and drafts dated February 9, 2005 of the Investment Agreement and the Option Agreement. On February 9, 2005, Bear Stearns confirmed in writing that as of the date of the opinion, based upon and subject to the assumptions made, matters considered, qualifications and limitations set forth in the opinion, the terms and price to be paid to us for our common stock issued to the Investors in connection with the Sprint Transaction were fair from a financial point of view to us.

The full text of Bear Stearns' written opinion is attached as Annex A to this information statement, and you should read the opinion carefully and in its entirety. The opinion sets forth the assumptions made, the material matters considered and qualifications and limitations of the review undertaken by Bear Stearns. The Bear Stearns opinion is subject to the assumptions and conditions contained therein and is necessarily based on economic, market and other conditions and the information made available to Bear Stearns as of the date of the Bear Stearns opinion. In reading the discussion of the fairness opinion set forth below, our stockholders should be aware that Bear Stearns' opinion:

is intended solely for the benefit and use of the Special Committee and us and is not intended to confer rights or remedies upon any other entity or person;

does not constitute a recommendation of any kind to the Special Committee, our board of directors or any holders of our common stock; and

does not address our underlying business decision to pursue the Transactions, the relative merits of the Transactions as compared to any alternative business strategies or financing strategies that might exist for us or the effects of any other transaction in which we might engage.

Although Bear Stearns evaluated the fairness of the terms and price to be paid for the common stock to be issued to the Investors in the Equity Transaction, the price and terms were determined by us and the Investors through arm's-length negotiations between the Investors and the Special Committee. We did not provide specific instructions to, or place any limitations on, Bear Stearns with respect to the procedures to be followed or factors to be considered by it in performing its analyses or providing its opinion.

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In connection with rendering its opinion, Bear Stearns, among other things:

reviewed the drafts dated February 8, 2005 of the Agreement to Lease and the Master Lease;

reviewed the Proposed Acquisition Financing Term Sheet, dated January 28, 2005, provided by Morgan Stanley Asset Funding Inc., Bank of America, NA and Banc of America Securities LLC to us (such term

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sheet, together with the Investment Agreement, the Option Agreement, the Agreement to Lease and the Master Lease, the Transaction Agreements);

reviewed the draft dated February 9, 2005 of the Investment Agreement;

reviewed the draft dated February 9, 2005 of the Option Agreement;

reviewed our publicly available Initial Public Offering Prospectus dated June 2, 2004, our Quarterly Reports on Form 10-Q for the periods ended June 30, 2004 and September 30, 2004, our registration statement on Form S-11 filed with the SEC on December 23, 2004 and our publicly available Current Reports on Form 8-K for the period following our initial public offering;

reviewed certain operating and financial information relating to our and the Towers businesses and prospects, including projections (on a stand-alone and combined basis) for the five years ended December 31, 2009, all as prepared and provided to Bear Stearns by our management;

met with certain members of our senior management to discuss our and the Towers businesses, operations, historical and projected financial results and future prospects;

reviewed the reported historical prices, trading multiples and trading volume of our common stock;

reviewed publicly available financial data, terms and conditions of certain financings which Bear Stearns deemed generally comparable to the Equity Transaction;

reviewed publicly available financial data, stock market performance data and trading multiples of companies which Bear Stearns deemed generally comparable to us;

reviewed the terms (to the extent publicly available) of recent acquisitions of assets which Bear Stearns deemed generally comparable to the Towers;

reviewed our pro forma financial results, financial condition and capitalization giving effect to the Transactions as prepared and provided to Bear Stearns by our management; and

conducted such other studies, analyses, inquiries and investigations as Bear Stearns deemed appropriate.

In arriving at its opinion, Bear Stearns did not perform or obtain any independent appraisal of the assets or liabilities (contingent or otherwise) of us or the Towers, nor did we furnish Bear Stearns with any such appraisals. In rendering its opinion, Bear Stearns assumed that the final executed Transaction Agreements would not differ materially from the various draft Transaction Agreements reviewed by them. Bear Stearns assumed that (i) the representations and warranties of each party contained in the Transaction Agreements were true and complete, (ii) each party to the Transaction Agreements will perform all of the covenants and agreements required to be performed by such party thereunder and (iii) the Transactions will be consummated in a timely manner and in accordance with the terms of the Transaction Agreements without any limitations, restrictions, conditions, amendments or modifications, regulatory or otherwise, that collectively would have a material effect on us.

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Bear Stearns relied upon and assumed, without independent verification, the accuracy and completeness of the financial and other information reviewed by them for the purpose of the Bear Stearns opinion, including, without limitation, the financial and other information we provided to them. With respect to our projected financial results that could be achieved upon consummation of the Transactions, Bear Stearns relied on representations that the projected financial results have been reasonably prepared on bases reflecting the best currently available estimates and judgments of our senior management as to our expected future performance. Bear Stearns did not assume any responsibility for the independent verification of any such information or of the projected financial results, and they have further relied upon the assurances of our senior management that senior management is unaware of any facts that would make the information and the projected financial results provided to Bear Stearns incomplete or misleading. Subsequent developments may affect the Bear Stearns opinion and Bear Stearns assumes no responsibility for updating or revising its opinion based on circumstances or events occurring after the date of the Bear Stearns opinion.

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We instructed Bear Stearns to assume that (i) our management and our board of directors have determined, in consultation with our own financial and other advisors and not in reliance on any advice or opinion from Bear Stearns, (x) that the Sprint Transaction is strategically important to us and (y) to limit the amount of incremental indebtedness incurred by us in connection with the Sprint Transaction to \$850 million; (ii) fully committed debt and equity financing is a condition to execution of the agreements related to the Sprint Transaction; (iii) the terms of the Equity Transaction have been negotiated by the Special Committee and the Investors; and (iv) circumstances did not permit us to explore any alternate potential sources for, or to obtain, equity financing for the Sprint Transaction other than the Equity Transaction.

Summary of Analyses

The following is a brief summary of the material financial analyses performed by Bear Stearns that were presented to the Special Committee in connection with Bear Stearns rendering its fairness opinion.

Some of the financial analyses summarized below include summary data and information presented in tabular format. In order to understand fully the financial analyses, the summary data and tables must be read together with the full text of the analyses. Considering the summary data and tables alone could create a misleading or incomplete view of Bear Stearns' financial analyses.

Comparison of Common Stock Purchase Price to Historical Stock Prices. Bear Stearns compared the price to be paid to us for our common stock issued to the Investors in the Equity Transaction of \$25.50 per share, referred to in this summary as the Common Stock Purchase Price, to (i) our closing stock price on February 4, 2005 (the last full trading day prior to the meeting of the Special Committee on February 7, 2005 at which Bear Stearns delivered its oral opinion), (ii) the average closing stock prices for the period of five trading days preceding February 4, 2005 weighted based on volume of shares traded and (iii) the average closing stock prices for the periods two weeks, one month, three months and six months preceding February 4, 2005. The following table summarizes the analysis:

	<u>Stock Price</u>	<u>Common Stock Purchase Price Premium / (Discount) to Stock Price</u>
		<u>\$25.50</u>
February 4, 2005 Close	\$ 27.79	(8.2)%
Five Day Volume Weighted Average	26.84	(5.0)
Two Week Average	26.48	(3.7)
One Month Average	26.60	(4.1)
Three Month Average	26.93	(5.3)
Six Month Average	24.75	3.0

Bear Stearns estimated the value of our option to repurchase common stock issued in the Equity Transaction at a purchase price of \$26.50 per share based on the terms contained in the Option Agreement, referred to in this summary as the Repurchase Option. Bear Stearns valued the Repurchase Option based on the Black-Scholes option pricing model which takes into consideration, among other things, the (i) duration of the option, (ii) historical volatility of our common stock and (iii) current dividend yield of our common stock. Based on the Black-Scholes option pricing model, Bear Stearns estimated the value of the Repurchase Option to be between \$0.80 to \$1.49 per share. Bear Stearns added to the Common Stock Purchase Price the range of values of the Repurchase Option of \$0.80 to \$1.49 per share to arrive at an adjusted common stock purchase price range of \$26.30 to \$26.99 per share, referred to in this summary as the Adjusted Common Stock Purchase Price Range. Bear Stearns compared the Adjusted Common Stock Purchase Price Range to (i) our closing stock price on February 4, 2005 (the last full trading day prior to the meeting of the Special Committee on February 7, 2005 at which Bear Stearns delivered its oral opinion), (ii) the average closing

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stock prices for the period of five trading days preceding February 4, 2005 weighted based on volume of shares traded and (iii) the average closing stock

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prices for the periods two weeks, one month, three months and six months preceding February 4, 2005. The following table summarizes the analysis:

	Stock Price	Adjusted Common Stock Purchase Price Range	
		Premium / (Discount) to Stock Price	
		\$26.30	\$26.99
February 4, 2005 Close	\$ 27.79	(5.4)%	(2.9)%
Five Day Volume Weighted Average	26.84	(2.0)	0.5
Two Week Average	26.48	(0.7)	1.9
One Month Average	26.60	(1.1)	1.5
Three month Average	26.93	(2.4)	0.2
Six month Average	24.75	6.3	9.1

Calculation of Our Enterprise Value. For purposes of analyzing the Common Stock Purchase Price, Bear Stearns calculated our enterprise value by adding the equity value of our common stock (including calculating the value of in-the-money stock options with a deduction for the exercise prices of such options) and our total debt outstanding as of December 31, 2004 and subtracting our cash and cash equivalents as of December 31, 2004.

Bear Stearns calculated multiples of our enterprise value to our earnings before interest, taxes, depreciation and amortization, referred to in this summary as EBITDA, and the number of owned, leased and managed towers, referred to in this summary as Existing Towers, for the fiscal year ending December 2004.

Comparable Company Analysis. Bear Stearns analyzed selected historical, 2004 budgeted, projected operating information provided by our management, referred to in this summary as Global Signal Management, and projected operating information based on Wall Street analyst research reports, referred to in this summary as Global Signal Research, stock price performance data and valuation multiples for Global Signal and compared this data to that of four publicly traded companies deemed by Bear Stearns to be generally comparable to us. No company used in the analyses described below is directly comparable to us. The analyses performed by Bear Stearns are not necessarily indicative of actual values or future results, which may be significantly more or less favorable than suggested by these analyses. Bear Stearns used the earnings forecasts for these companies from publicly available data and selected Wall Street equity research reports. In conducting its analysis, Bear Stearns analyzed the multiples of the following comparable companies:

American Tower Corporation

Crown Castle International Corp.

SBA Communications Corporation; and

SpectraSite, Inc.

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Bear Stearns reviewed, among other things, the comparable companies' multiples of enterprise value to fiscal year 2005 estimated EBITDA, referred to in this summary as 2005E EBITDA, and the comparable companies' multiples of enterprise value to their numbers of Existing Towers as of February 4, 2005. The multiples are based on our and the comparable companies' closing stock prices on February 4, 2005. The following table summarizes the analysis:

<u>Comparable Company</u>	<u>Enterprise Value / 2005 EBITDA</u>	<u>Enterprise Value / Existing Towers</u>
American Tower Corporation	15.0x	\$ 506
Crown Castle International Corp.	17.6	466
SBA Communications Corporation	16.4	479
SpectraSite, Inc.	17.7	509
Global Signal Management	18.3	535
Global Signal Research	15.6	535

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Bear Stearns also compared the change in common stock prices for the week ended February 4, 2005 for us and for the four companies (above) in the tower industry that Bear Stearns deemed to be generally comparable to us. Bear Stearns observed that the increase in our common stock price over this period was 8.6% compared to the comparable companies' stock price performance that ranged from a decrease of 1.1% to an increase of 8.1%. The following table summarizes the observations over this period:

<u>Comparable Company</u>	<u>Change in Stock Price for the Week Ended February 4, 2005</u>	
	<u>\$</u>	<u>%</u>
American Tower Corporation	\$ (0.20)	(1.1)%
Crown Castle International Corp.	(0.18)	(1.1)
SBA Communications Corporation	0.70	8.1