

GLOBAL SIGNAL INC

Form S-11/A

April 22, 2005

As filed with the Securities and Exchange Commission on April 22, 2005

Registration No. 333-121576

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Amendment No. 1
to

Form S-11

REGISTRATION STATEMENT
UNDER THE SECURITIES ACT OF 1933

Global Signal Inc.

(Exact name of registrant as specified in its governing instruments)

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Sarasota, Florida 34232
(941) 364-8886

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

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Approximate date of commencement of proposed sale to the public: As soon as practicable after this registration statement becomes effective.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, please 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, check the following box.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amounts to be Registered ⁽¹⁾	Proposed Maximum Offering Price Per Share ⁽²⁾	Proposed Maximum Aggregate Offering Price ⁽¹⁾⁽²⁾	Amount of Registration Fee
Common stock, par value \$0.01 per share	6,325,000	\$ 28.93	\$ 182,982,250	\$ 21,537.01 ⁽³⁾

(1)Includes 575,000 shares which may be issued upon the exercise of the underwriters' overallotment option.

(2)Estimated solely for the purpose of calculating the registration fee pursuant to Rule 457(c) under the Securities Act of 1933, as amended, and based upon the average of the high and low prices on the New York Stock Exchange on April 18, 2005.

(3)\$10,430.37 was previously paid with initial filing on December 22, 2004.

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 Securities and Exchange Commission, acting pursuant to said Section 8(a), may determine.

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 APRIL 22, 2005

PROSPECTUS

5,750,000 Shares

Global Signal Inc.

Common Stock

We are offering 5,750,000 shares of our common stock. Our common stock is listed on the New York Stock Exchange under the symbol "GSL." The last reported sale price of the common stock on April 18, 2005, was \$29.02 per share.

We are organized and conduct our operations to qualify as a real estate investment trust (a REIT) for federal income tax purposes. To assist us in complying with certain federal income tax requirements applicable to REITs, our amended and restated certificate of incorporation and amended and restated bylaws contain certain restrictions relating to the ownership and transfer of our common stock, including a 9.9% ownership limit.

You should read the section entitled "Risk Factors" beginning on page 20 before buying our common stock. Investing in our common stock involves risks, including:

- We emerged from Chapter 11 bankruptcy reorganization in November 2002, have a history of losses and do not expect to be able to maintain positive net income.
- You may not be able to compare our historical financial information to our current financial information, which will make it more difficult to evaluate an investment in our common stock.
- A decrease in the demand for our communications sites and our ability to attract additional tenants could negatively impact our financial position.
- We may encounter difficulties in acquiring towers at attractive prices, closing the Sprint transaction, or integrating acquisitions, including Sprint, with our operations, which could limit our revenue growth and increase our expected net losses.
- We have significant customer concentration and the loss of one or more of our major customers or a reduction in their utilization of our communications site space could result in a material reduction in our revenues.
- We may not be able to obtain credit facilities in the future on favorable terms to enable us to pursue our acquisition plan, and we may not be able to finance our newly acquired assets in the future or refinance outstanding indebtedness on favorable terms, which may result in an increase in the cost of financing and which in turn may harm our ability to acquire new towers and our financial condition.
- Our failure to qualify as a REIT would result in higher taxes and reduce cash available for dividends.

	Price to Public	Underwriting Discounts and Commissions	Proceeds to Us
Per Share	\$	\$	\$
Total	\$	\$	\$

We have granted the underwriters a 30-day option to purchase up to 575,000 additional shares to cover any overallotments.

Delivery of the shares will be made on or about _____, 2005.

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

Morgan Stanley
Citigroup

The date of this prospectus is _____, 2005

Banc of America Securities LLC
Raymond James

[Pictures of wireless communications towers]

[Pictures of wireless communications towers]

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You may rely only on the information contained in this prospectus. Neither we nor the underwriters have authorized anyone to provide you with different or additional information. This prospectus is not an offer to sell nor is it seeking an offer to buy common stock in any jurisdiction where the offer or sale is not permitted. The information contained in this prospectus is accurate only as of the date of this prospectus, regardless of the time of delivery of this prospectus or of any sale of common stock.

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PROSPECTUS SUMMARY

This summary highlights information more fully described elsewhere in this prospectus. This summary is not complete and does not contain all the information you should consider before buying shares of our common stock. You should read this entire prospectus carefully, including "Risk Factors" and our consolidated historical financial statements and the related notes included in this prospectus, before deciding to invest in shares of our common stock. For convenience in this prospectus unless indicated otherwise, "Global Signal," "the company," "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 and "Greenhill" refers to Greenhill Capital Partners, L.P. and affiliated investment funds. All per share information and information on our outstanding common stock, options and warrants has been adjusted to give effect to a two-for-one stock split we effected on February 11, 2004.

Global Signal Inc.

Global Signal, formerly known as Pinnacle Holdings Inc., is one of the largest wireless communications tower owners in the United States, based on the number of towers owned. On June 2, 2004, we completed our initial public offering through the issuance of 8,050,000 shares of our common stock at \$18.00 per share of common stock. On February 14, 2005, we, Sprint Corporation, or Sprint, and certain Sprint subsidiaries entered into an agreement to lease or otherwise operate over 6,600 wireless communications tower sites and the related towers and assets. The consummation of the Sprint transaction will substantially increase the size and scope of our operations.

Our strategy is to grow our Adjusted EBITDA and Adjusted Funds From Operations (1) organically by adding additional tenants to our towers, (2) by acquiring towers with existing telephony tenants in locations where we believe there are opportunities for organic growth and (3) by financing these newly acquired towers, on a long-term basis, using equity issuances combined with low-cost fixed-rate debt obtained through the issuance of mortgage-backed

securities. Through this strategy, we seek to increase our dividend per share over time. We are organized as a real estate investment trust, or REIT, and as such are required to distribute at least 90% of our taxable income to our stockholders. We paid a dividend of \$0.40 per share of our common stock for the quarter ended December 31, 2004 which is a 28.0% increase over the dividend we paid for the quarter ended December 31, 2003. In addition, on March 30, 2005, our board of directors declared a dividend of \$0.40 per share of our common stock for the three months ended March 31, 2005, which was paid on April 21, 2005 to stockholders of record as of April 11, 2005.

For the years ended December 31, 2003 and 2004, substantially all of our revenues came from our ownership, leasing and management of communications towers and other communications sites. Although we have communications sites located throughout the United States, Canada and the United Kingdom, our communications sites are primarily located in the southeastern and mid-Atlantic regions of the United States. As of December 31, 2004, we owned 2,988 towers and 265 other communications sites. We own in fee or have long-term easements on the land under 915 of these towers and we lease the land under 2,073 of these towers. In addition, as of December 31, 2004, we managed 807 towers, rooftops and other communications sites where we had the right to market space or where we had a sublease arrangement with the site owner. As of December 31, 2004, we owned or managed a total of 4,060 communications sites. On a pro forma basis for the Sprint transaction and the Triton and ForeSite 2005 acquisitions described below, as of December 31, 2004, we would own, manage or lease, over 11,000 communications sites and we would be the third largest wireless communications tower operator based on number of towers owned, managed or leased.

Our customers include a wide variety of wireless service providers, government agencies, operators of private networks and broadcasters. These customers operate networks from our communications sites and provide wireless telephony, mobile radio, paging, broadcast and data services. As of December 31, 2004, we had an aggregate of more than 15,000 leases on our communications sites with over 2,000 customers. The average number of tenants on our owned towers, as of December 31, 2004, was 4.1, which included an average of 1.6 wireless telephony tenants. The percentage of our revenues from wireless telephony tenants has increased from 41.0% of our total revenues for the month of December 2003 to 51.1% of our total revenues for the month of December 2004.

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For the years ended December 31, 2003 and 2004, we generated:

		2003		2004
		(\$ in millions)		
Revenues	\$	166.7	\$	182.9
Net income	\$	13.2	\$	6.9
Adjusted EBITDA(1)	\$	81.6	\$	102.4
Adjusted Funds from Operations(1)	\$	60.1	\$	71.8

(1) Adjusted EBITDA and Adjusted Funds From Operations, or AFFO, are non-GAAP financial measures we use in evaluating our performance. See "Summary Consolidated Financial Information" for a reconciliation of these measures to net income and "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures" for a detailed description of why we believe such measures are useful.

Recent Developments

Acquisitions

Since the beginning of our acquisition program on December 1, 2003, through April 18, 2005, we have acquired 1,024 communications sites for an aggregate purchase price of approximately \$428.1 million, including fees and expenses. In addition, during this time, we invested an additional \$9.2 million, including fees and expenses, to acquire a fee interest or long-term easement under 92 wireless communications towers where we previously had a leasehold interest.

The table below is a summary of some of our larger acquisitions completed in 2004 and early 2005.

Seller	Acquisition Closing Dates	No. of Acquired Communications Sites	Purchase Price, Including Fees & Expenses (\$ million)	% of Revenue From Investment Grade or Wireless Telephony Tenants(1)	Primary Site Locations
Towers of Texas Inc.	December 2004	48	\$ 25.5	99.5%	Texas
Didicom Towers, Inc.	December 2004	95	27.0	93.3	Arkansas, Missouri and Oklahoma
GoldenState Towers, LLC(2)	November 2004	214	64.5	98.2	California, Oregon, Idaho, Washington, Nevada and Arizona
Lattice Communications, LLC	October 2004 through March 2005	236	116.3	86.4	Indiana, Ohio, Alabama, Kansas and Georgia
Tower Ventures III LLC(2)	June 2004	97	53.0	99.6	Tennessee, Mississippi, M and Arkansas

(1)As of the time of acquisition.

(2)We acquired the membership interests of the named entity, which owns the towers.

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Prior to December 7, 2004, our acquisitions were funded through borrowings under our credit facility and a portion of the net proceeds from our initial public offering. Thereafter, the acquisitions were funded with cash from the site acquisition reserve account established as part of the December 2004 mortgage loan. See section entitled "Description of Certain Indebtedness — December 2004 Mortgage Loan."

On April 14, 2005, we entered into an agreement to purchase 172 wireless communications sites for approximately \$32.8 million, including estimated fees and expenses, from ForeSite LLC, which we refer to as the ForeSite 2005 acquisition. The towers are located in Alabama, Georgia, Mississippi, Louisiana, Florida, Tennessee, and South

Carolina. Revenues on these towers are derived 80% from wireless telephony tenants and 18% from public utility tenants. The transaction is expected to close in the second quarter of 2005 and is subject to customary closing conditions.

On March 21, 2005, we entered into an agreement to purchase 169 wireless communications sites for approximately \$56.2 million, including estimated fees and expenses, from Triton PCS Holdings, Inc. or Triton. The transaction is expected to close toward the end of the second quarter of 2005 and is subject to customary closing conditions. The towers are primarily located in the Charlotte, Raleigh and Greensboro markets of North Carolina, with additional sites located in other regions of North Carolina and in South Carolina, Georgia and Puerto Rico. Substantially all of the revenues on these towers are derived from wireless telephony tenants. As part of the transaction, Global Signal and Triton have agreed to enter into a 10-year master lease agreement, with three 5-year lease renewal options, whereby Triton will pay us an initial monthly rate of \$1,850 for each of the 169 towers. Additionally, we obtained an exclusive option to acquire an additional 70 existing towers owned by Triton, together with an option to acquire all new towers constructed by Triton during a one-year period after closing.

As of April 18, 2005, in addition to the Triton and ForeSite acquisitions referred to above, we have executed definitive agreements and non-binding letters of intent with other parties to acquire an additional 38 communications sites and to acquire fee interest or long-term easements under an additional 10 communications towers, for an aggregate purchase price of approximately \$21.9 million, including estimated fees and expenses. We are in the process of performing due diligence on the towers under non-binding letters of intent and seek to negotiate definitive agreements.

We believe the towers we acquired and have contracted to acquire are in locations where there are opportunities for organic growth and that these towers generally have significant additional capacity to accommodate new tenants. We expect to use a portion of the proceeds from this offering to finance the acquisition of these additional towers. The above pending acquisitions are subject to customary closing conditions for real estate transactions of this type and may not be successfully completed.

Sprint Transaction

On February 14, 2005, we, Sprint, and certain Sprint subsidiaries entered into an agreement to contribute, lease and sublease, which we refer to as the Agreement to Lease. Under the Agreement to Lease, we have agreed to lease (or, if certain consents have not been obtained, operate) for a period of 32 years over 6,600 wireless communications tower sites and the related towers and assets (collectively, the "Sprint Towers") from one or more newly formed special purpose entities of Sprint under one or more master leases for which we agreed to pay approximately \$1.2 billion as prepaid rent, which we refer to as the upfront rental payment, subject to certain conditions, adjustments and pro-rations. The closing of the Sprint transaction is expected to occur toward the end of the second quarter of 2005. The Sprint transaction is subject to certain closing conditions, and there is no assurance that it will be consummated.

Pursuant to the Agreement to Lease, we expect certain Sprint entities to collocate on approximately 6,400 of the Sprint Towers for an initial period of ten years. In addition, as of December 31, 2004, the Sprint Towers had approximately 5,600 collocation leases with other wireless tenants and substantially all of the revenue was derived from wireless telephony tenants. We expect to use a portion of the proceeds from this offering to pay a portion of the upfront rental payment. The remainder of the upfront rental payment is expected to be financed through a combination of bridge debt financing and a private placement of equity, as is more fully described in "Business — Investment Agreement," "Business — Bridge Financing" and "Business — Revolving Credit Agreement."

Sprint Towers. As of December 31, 2004, the Sprint Towers are comprised of 5,060 monopoles, 1,419 lattice, and 136 guyed towers which generated approximately \$103.8 million of revenues during 2004 from third-party tenant leases. Sprint has also agreed to collocate on approximately 6,400 of the Sprint Towers for an initial period of ten years. On a pro forma basis, assuming we had leased the Sprint Towers beginning January 1, 2004 and including the revenues we would earn from the Sprint collocation subleases on approximately 6,400 of these towers for an initial monthly collocation charge of \$1,400 per tower, the Sprint Towers would have generated approximately \$222.4 million of revenues for the year ended December 31, 2004. Substantially all revenue attributable to the Sprint Towers in 2004 was derived from wireless telephony tenants. As of December 31, 2004, Sprint had ground leases with third parties under 6,607 of these towers with an average term, including optional renewals, of approximately 17.9 years.

Approximately 75% of the Sprint Towers are located in the top 50 basic trading area, or BTA, markets, which is a geographic area used by the Federal Communications Commission, or FCC, to define the coverage of spectrum licenses for wireless services, and approximately 87% of the Sprint Towers are located in the top 100 BTA markets in the United States. Based on the 2000 U.S. census, approximately 59% of the U.S. population is located in the top 50 BTA markets and approximately 72% of the U.S. population is located in the top 100 BTA markets. The Sprint Tower portfolio has a higher concentration of towers in both the top 50 and 100 BTA markets than any of the publicly traded tower companies.

Sprint will collocate on approximately 6,400 of these sites for an initial period of ten years. As of December 31, 2004, there were approximately 5,600 third-party tenant leases with an average remaining term of 2.5 years excluding renewals and the average lease rate was approximately \$1,520 per month. As of December 31, 2004, substantially all of the third-party tenant leases on the Sprint Towers were with wireless telephony tenants. The Sprint Towers have an average tenant per tower ratio of 1.8, which is lower than the towers owned in our portfolio as of December 31, 2004, and we will seek to increase this average through active marketing.

Investment Agreement. On February 14, 2005, in connection with the execution of the Sprint transaction, we entered into an Investment Agreement with (a) Fortress Investment Fund II LLC, a Delaware limited liability company, or FIF II, an affiliate of our largest stockholder, Fortress; (b) various affiliates of our third largest stockholder, Abrams Capital, LLC; and (c) Greenhill, our second largest stockholder and certain of its affiliates. We refer to the above referenced parties as the Investors, and each party individually as an Investor. For a more detailed description of the Investment Agreement, see the section entitled "Description of Certain Indebtedness — Investment Agreement." Under the Investment Agreement, the Investors committed to purchase, at the closing of the Sprint transaction, up to \$500.0 million of our common stock at a price of \$25.50 per share. The \$500.0 million aggregate commitment from the Investors will automatically be reduced by (1) the amount of net proceeds received by us pursuant to any offering of our equity securities prior to the closing of the Sprint transaction, including proceeds received in this offering, and (2) the amount of any borrowings in excess of \$750.0 million outstanding prior to the closing of the Sprint transaction under any credit facility or similar agreements provided to us in connection with the Sprint transaction, provided that the Investors' aggregate commitment will not be reduced below \$250.0 million. The purchase of the shares by the Investors is conditioned upon the occurrence of the closing of the Sprint transaction, and will close simultaneously with the Sprint transaction. As described below, on March 10, 2005, we executed a non-binding term sheet with Morgan Stanley Asset Funding Inc., Bank of America, N.A., and Banc of America Securities LLC, affiliates of the representatives of the underwriters, increasing the amount of bridge financing up to \$850.0 million. If we enter into a definitive agreement for bridge financing of up to \$850.0 million and successfully complete this offering, with the assumed net proceeds of at least \$150.0 million, the Investors' commitment to purchase under the Investment Agreement will be reduced to \$250.0 million.

Bridge 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 (affiliates of representatives of the underwriters) setting forth the terms on which they would provide bridge financing of approximately \$750.0 million to us for use in funding the Sprint transaction. On March 10, 2005, we executed a non-binding term sheet subject to certain conditions with Morgan Stanley Asset Funding Inc., Bank of America, N.A. and Banc of America Securities LLC increasing the

amount of bridge financing up to \$850.0 million. For a more detailed description of the proposed bridge financing arrangement, see the section entitled "Description of Certain Indebtedness — Bridge Financing." In the future we intend to refinance the bridge loan with a mortgage loan on or before its maturity.

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Interest Rate Swaps. In connection with the Sprint transaction, on February 2, 2005 and March 21, 2005, we entered into interest rate swap agreements for a total notional value of \$850.0 million with Bank of America, N.A., an affiliate of one of the representatives of the underwriters, as counterparty, in anticipation of securing \$850.0 million or more of bridge financing, which is expected to be replaced by a mortgage loan of an equal or greater amount. For a more detailed description of the interest rate swaps, see the section entitled "Business — Interest Rate Swaps."

Financings

Our wholly owned subsidiary, Global Signal Acquisitions LLC or Global Signal Acquisitions is in the process of negotiating a 364-day \$200.0 million credit facility, which we refer to as the proposed acquisition credit facility, with Morgan Stanley Asset Funding Inc. and Bank of America, N.A. (affiliates of the representatives of the underwriters) to provide funding for the acquisition of additional communications sites. We expect the proposed acquisition credit facility to be secured by substantially all of Global Signal Acquisitions' tangible and intangible assets and to be guaranteed by Global Signal OP, Global Signal Inc. and Global Signal GP LLC. We expect the level of available borrowings to be limited based on a borrowing base. We intend to fund future acquisitions with this credit facility along with a portion of the proceeds from this offering and incremental equity offerings. While we are still negotiating the terms of the proposed acquisition credit facility, we expect borrowings will bear interest at our option at either the Eurodollar rate or the bank's base rate, plus an applicable margin based on Global Signal Acquisitions' leverage. There can be no assurance that we will secure this financing on these terms or within the time necessary to close on acquisitions as scheduled, or to be able to secure this financing at all. For a more detailed description, see section entitled "Description of Certain Indebtedness — Proposed Acquisition Credit Facility."

On December 7, 2004, our wholly owned subsidiary, Pinnacle Towers Acquisition Holdings LLC, and five of its direct and indirect subsidiaries borrowed approximately \$293.8 million under a mortgage loan made payable to a newly created trust that issued approximately \$293.8 million in fixed-rate commercial mortgage pass-through certificates, which we refer to as the December 2004 mortgage loan, to provide fixed-rate financing for the communications sites we acquired since December 1, 2003 along with certain additional communications sites we expected to acquire. The proceeds of the December 2004 mortgage loan were used primarily to repay the \$181.7 million of then-outstanding borrowings under our credit facility and to partially fund a \$120.7 million site acquisition reserve account to be used to acquire additional qualifying wireless communications sites over the six-month period following closing. As of April 18, 2005, the site acquisition reserve account had a balance of \$15.2 million, which we expect to use to partially fund the ForeSite 2005 acquisition and other pending acquisitions. The December 2004 mortgage loan requires monthly payments of interest until its maturity in December 2009. The weighted average interest rate on the mortgage loan is approximately 4.74%. The December 2004 mortgage loan is secured by mortgages, deeds of trust, deeds to secure debt and first priority liens on substantially all of Pinnacle Towers Acquisition Holdings LLC's tangible assets and its interest in the five subsidiaries which we expect will have an aggregate acquisition cost of approximately \$450.0 million, including estimated fees and expenses, after all monies in the site acquisition reserve have been used to fund acquisitions.

On December 3, 2004, Global Signal OP entered into a 364-day \$20.0 million revolving credit agreement, which we refer to as the Revolving Credit Agreement, with Morgan Stanley Asset Funding Inc. and Bank of America, N.A.,

affiliates of the underwriters, to provide funding for working capital and other corporate purposes. On February 9, 2005, we amended and restated the Revolving Credit Agreement to provide an additional \$50.0 million term loan facility in connection with the Sprint transaction. On February 14, 2005, the full amount of the term loan was borrowed and posted as a deposit, as required by the Agreement to Lease. On April 15, 2005, we further amended and restated the Revolving Credit Agreement to provide an additional \$25.0 million multi-draw term loan to be used for fees and expenses incurred in connection with the Sprint transaction. Amounts available under the revolving credit facility will be reduced to \$15.0 million upon the earlier of June 3, 2005 or the completion of certain equity issuances by us in excess of \$5.0 million (excluding any equity issuances by us in connection with the Sprint transaction, including this offering, or as a result of the exercise of options or warrants outstanding as of February 9, 2005). The term loans must be repaid on the earlier of (1) August 14, 2005, (2) the date that we receive a refund of our \$50.0 million deposit from Sprint under the Agreement to Lease, and (3) the date of the closing of the Sprint transaction. Interest on the \$20.0 million revolving portion of this credit facility is payable at our option at either the London InterBank Offered Rate, or LIBOR, plus 3.0% or the bank's base rate plus 2.0%. Interest on the term loans

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under the credit facility is payable at our option at either LIBOR plus 1.75% or the bank's base rate plus 0.75%. This credit facility contains covenants and restrictions standard for a facility of this type including a limitation on our consolidated indebtedness at approximately \$1.0 billion and a requirement to limit our ratio of consolidated indebtedness to consolidated EBITDA, as defined in the loan document, to 7.0 to 1.0. The limitations on consolidated indebtedness will be increased to approximately \$1.8 billion and the ratio to 7.65 to 1.0, upon consummation of the bridge financing for the Sprint transaction. The credit facility continues to be guaranteed by us, Global Signal GP, LLC and certain subsidiaries of Global Signal OP. It is secured by a pledge of Global Signal OP's assets, including a pledge of 65% of its interest in our United Kingdom subsidiary, 100% of its interest in certain other domestic subsidiaries, a pledge by us and Global Signal GP, LLC of our interests in Global Signal OP, and a pledge by us of 65% of our interest in our Canadian subsidiary. As of December 31, 2004, the pledged interests in the United Kingdom and Canadian subsidiaries collectively constituted approximately 1.0% of our total assets' book value.

On June 2, 2004, we completed our initial public offering through the issuance of 8,050,000 shares of our common stock at \$18.00 per share of common stock. We received net proceeds from the offering of approximately \$131.2 million which we primarily utilized to repay the outstanding borrowings at such time under our credit facility and to fund the acquisition of communications sites.

On February 5, 2004, our largest operating subsidiary, Pinnacle Towers LLC (known as Pinnacle Towers Inc. at the time), and 13 of its direct and indirect subsidiaries borrowed \$418.0 million under a mortgage loan made payable to a trust, which we refer to as the February 2004 mortgage loan. The trust simultaneously issued \$418.0 million in commercial mortgage pass-through certificates with terms that correspond to the February 2004 mortgage loan. The proceeds from the February 2004 mortgage loan were used primarily to repay the \$234.4 million of then outstanding borrowings under our old credit facility and to fund a \$142.2 million one-time special distribution to our stockholders which represented a return of capital, including \$113.8 million to Fortress and Greenhill. As of April 18, 2005, the weighted average fixed interest rate of the various tranches of the mortgage loan was approximately 5.0%. The February 2004 mortgage loan is secured by mortgages, deeds of trust and deeds to secure debt creating first priority mortgage liens on assets which generated 91.9% of our gross margins for the year ended December 31, 2004.

Dividends

The table below is a summary of our dividend history.

Dividend Summary

Dividend Period	Pay Date	Dividend per Share (\$)	Total Dividend (\$ million)	Amount of Dividend Accounted For As Return of Stockholders' Capital (\$ million)
October 1 – December 31, 2004	January 20, 2005	\$ 0.4000	\$ 20.9	\$ 16.4
July 1 – September 30, 2004	October 20, 2004	0.3750	19.1	16.3
June 1 – June 30, 2004	July 20, 2004	0.1030	5.2	5.2
April 1 – May 31, 2004	June 14, 2004	0.2095	8.8	8.8
January 1 – March 31, 2004	April 22, 2004	0.3125	13.1	13.1
October 1 – December 31, 2003	February 5, 2004	0.3125	12.8	0.6
One-time special distribution	February 5, 2004	3.4680	142.2	142.2

On March 30, 2005, our board of directors declared a dividend of \$0.40 per share of our common stock for the three months ended March 31, 2005, which was paid on April 21, 2005 to the stockholders of record as of April 11, 2005. The portion of this dividend which exceeds our accumulated earnings as of March 31, 2005 will represent a return of capital. As of the date of this prospectus, we have not closed our accounting books and records for the three months ended March 31, 2005, and therefore we cannot determine the exact amount of this dividend that represents a return of our stockholders' capital. As a result, for purposes of certain disclosures included elsewhere in this prospectus, we have assumed that the entire dividend represents a return of our stockholders' capital. Purchasers of shares of common stock in this offering will not be entitled to this dividend.

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Industry Strengths

We believe that the tower industry is attractive because of the following characteristics:

- **Strong Industry Outlook.** We believe that the following factors will drive the growth of new tenant leases:
 - o growth in the number of wireless telephony subscribers;
 - o increasing wireless telephony usage per subscriber;
 - o increasing wireless data usage;
 - o customer demand for high network quality and ubiquitous coverage;
 - o new wireless technologies, devices and applications; and
 - o significant investments by wireless telephony service providers in their networks to increase coverage and quality and to accommodate new technologies.
- **High Operating Leverage.** Operating expenses associated with adding incremental wireless tenants to an existing owned tower are relatively low resulting in a significant percentage of new revenues being converted to cash flow provided by operating activities.

- **Low Maintenance Capital Expenditures.** Generally, wireless towers require minimal annual capital investments to maintain.
- **Low Churn of Wireless Telephony Customers.** Due to the expense of modifying their wireless network architecture and relocating their equipment, wireless carriers tend to be long-term tenants that enter into multi-year leases and renew them.
- **Large and Fragmented Industry.** There are approximately 115,000 communications towers in the United States with over 47,000 towers owned by small tower operators and individuals and over 21,000 towers owned by wireless telephony service providers, which provides significant acquisition opportunities.

Growth Strategy

Our objective is to increase our Adjusted EBITDA, AFFO and our dividend per share of our common stock. Key elements of our strategy to achieve this objective include:

- **Grow our Revenues by Adding New Tenants to our Existing Communications Sites.** We believe that we can take advantage of our site capacity and locations, strong customer relationships and operational expertise to attract new tenants to our existing communications sites. On a pro forma basis for the Sprint transaction and the Triton and ForeSite 2005 acquisitions, as of December 31, 2004, we would own, manage or lease over 11,000 communications sites and we would be the third largest wireless communications tower operator based on number of towers owned, managed or leased.
- **Expand our Communications Sites Network Through Acquisition and Development of Towers.** We plan to purchase or selectively develop towers in locations where we believe there is, or will be, significant demand for wireless services which should drive network expansion and increase demand for space on our towers. We will focus our acquisition efforts on towers that already have an existing telephony tenant, or in the case of new builds, a telephony customer committed to a new lease, and have the potential to add multiple additional telephony tenants. We believe that telephony tenants provide a relatively stable revenue stream and that there is a high likelihood of lease renewals by multiple tenants. Since 1998, we have experienced average annualized churn as a result of non-renewal and other lease terminations from our telephony tenants of less than 1% of annualized telephony revenues.
- **Maintain an Efficient Capital Structure.** We believe that our low-cost debt, combined with appropriate leverage, will allow us to maintain operating and financial flexibility. Our capital management strategy is to finance newly acquired assets, on a long-term basis, using equity issuances combined with low-cost fixed-rate debt obtained through the periodic issuance of mortgage-backed securities. Prior to issuing mortgage-backed securities, our strategy is to finance communications sites we acquire on a short-term basis through credit facilities we expect to obtain on terms similar to the credit facility we repaid with a portion of the net proceeds from our December 2004 mortgage loan.

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- **Build on Relationships with Wireless Telephony Carriers.** We maintain a consistent and focused dialogue with our wireless telephony carriers in order to meet their network needs.
 - **Outsource New Tower Development and Construction.** We outsource all aspects of new tower development, including engineering, initial land acquisition, zoning and construction. We believe that by outsourcing, we avoid most of the high overhead and risks associated with providing these services.

Our Strengths

- **High Quality Communications Sites with Diversified and Relatively Stable Cash Flows.** As of December 31, 2004, we owned or managed 4,060 communications sites, including 2,988 owned towers. Our diversified customer base, which includes over 2,000 customers with over 15,000 leases,

has historically provided us with a relatively stable cash flow stream. Our tenants include a wide variety of wireless service providers, government agencies, operators of private networks and broadcasters.

- **Efficient and Well-Organized Operating Platform.** We have recently spent a significant amount of time and capital on improving our operations. Our organizational structure, sales force, business processes and systems are oriented towards improving customer service and adding new tenants. For example, we have recently implemented new computer systems to manage our communications sites, tenant and ground leases, and to handle our accounting and billing functions. In addition, we recently implemented a digital library that provides us with easy access to our key records and allows us to rapidly respond to customer requests and to deploy new tenants on our sites.
- **Experienced Management Team.** We have an experienced management team that is highly focused on growing our business. Our management team owns, and is incentivized with options to acquire, a total of approximately 4.1% of our common stock on a fully diluted basis, as of December 31, 2004.
- **Tax-Efficient REIT Status.** We are organized as a REIT, which enables us to reduce our corporate-level income taxes by making dividend distributions to our stockholders and to pass our capital gains through to our stockholders in the form of capital gains dividends.

History

We were formed in 1995 to acquire and manage wireless towers and other communications sites. We historically funded our operations through bank credit facilities and issuances of debt and equity securities. Prior to our emergence from bankruptcy, we were unable to meet our financial obligations due primarily to (1) our highly leveraged capital structure, (2) the acquisition of non-strategic assets we have subsequently disposed of that were unrelated to our core tower business and (3) the inability of our former management to efficiently integrate and manage our communications sites. In addition, to a lesser extent, we were unable to meet our financial obligations due to the reduced amount of capital spending by wireless carriers on their networks in 2001 and 2002. On May 21, 2002, Global Signal (then known as Pinnacle Holdings Inc.) filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York.

Under the prearranged plan of reorganization, Fortress and Greenhill purchased 22,526,598 shares of our common stock for an aggregate purchase price of \$112.6 million and elected to receive an additional 9,040,166 shares of common stock in lieu of \$45.2 million of cash for the 10% senior notes due 2008 they held making their total investment in us in connection with the reorganization \$157.8 million. Other senior noteholders entitled to receive \$47.2 million of cash elected to receive 9,433,236 shares of common stock in lieu of cash, making the total equity investment \$205.0 million. Since our reorganization, Fortress and Greenhill increased their holding of our common stock through the purchase of shares and exercise of warrants and options for a net increase totaling 1,687,326 of common stock for an aggregate purchase price of \$11.4 million. In addition, over this period, Fortress and Greenhill have received distributions representing a return of capital totaling \$156.3 million comprised of a special distribution on February 5, 2004, and returns of capital related to their portion of our December 2003, and our May, June, September and December 2004 ordinary dividends to the extent the dividends exceeded accumulated earnings. On April 21, 2005, we also paid our stockholders of record as of April 11, 2005 a dividend of \$0.40 per share of our common stock for the three months ended March 31, 2005. As of the date of this prospectus, we have not closed our

accounting books and records for the three months ended March 31, 2005, and therefore we cannot determine the exact amount of this dividend that represents a return of our stockholders' capital. The aggregate dividend was

approximately \$20.9 million. Assuming the entire amount of the dividend is a return of capital, the Fortress and Greenhill investment would be reduced by \$13.3 million and Fortress and Greenhill will have received a return of all of their invested capital plus approximately \$0.4 million.

Under the plan, we satisfied \$325.0 million of indebtedness related to our senior notes for \$21.6 million in cash and 18,473,402 shares of our common stock valued at \$92.4 million, and satisfied \$187.5 million of indebtedness related to our 5.5% convertible notes due 2007 for \$1.0 million in cash and warrants to purchase 820,000 shares of our common stock. In total \$404.8 million, including \$7.3 million of accrued interest was discharged under the reorganization. Under the plan, our then existing senior credit facility lenders were paid approximately \$93.0 million in cash, with the balance of the full amount owed to them incorporated into an amended and restated credit facility comprising a three-year secured term loan of \$275.0 million. In addition, certain of these lenders provided a secured revolving credit facility of \$30.0 million. We refer to the term loan and revolving credit facility, collectively, as our old credit facility. The plan was confirmed by the bankruptcy court on October 9, 2002, and we exited bankruptcy in November 2002 with Fortress as our controlling stockholder. On February 5, 2004, the old credit facility was repaid in full and terminated.

Prior to our reorganization we acquired certain non-strategic assets unrelated to our core tower business, which have subsequently been sold, and our former management was unable to efficiently integrate and manage our communications sites. Our current growth strategy, which is in part based on a new site acquisition and development strategy, is significantly different. The primary differences are (1) our strategy to finance our assets using a capital structure which we believe does not rely on growth to reduce leverage and uses low-cost fixed-rate debt obtained through the issuance of mortgage-backed securities combined with a portion of the proceeds from equity offerings, including this offering, to finance our new tower acquisitions and development growth, (2) our strategy to buy core tower assets with in-place telephony, investment grade or government tenants where we believe there is a high likelihood of multiple lease renewals, (3) our stringent underwriting process which is generally designed to allow us to evaluate and price acquisitions based on their current yields and on the asset and tenant attributes, and location of the asset and (4) our focus on integrating, maintaining and operating the assets we buy efficiently and effectively.

We were incorporated in the State of Delaware in 2002. Our predecessor company was incorporated in the State of Delaware in 1995. Our principal executive offices are located at 301 North Cattlemen Road, Suite 300, Sarasota, Florida 34232. Our telephone number is (941) 364-8886. Our website address is www.gsignal.com. Information on our website does not constitute part of this prospectus.

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Organization Structure of Global Signal Inc. and Significant Subsidiaries (1)

- (1)Unless otherwise noted, all ownership is 100% and the number of communications sites shown indicates sites held directly or indirectly as of December 31, 2004.
- (2)The borrower under the Revolving Credit Agreement.
- (3)The borrowers under the February 2004 mortgage loan.
- (4)The borrowers under the December 2004 mortgage loan; the number of communications sites held by Pinnacle Towers Acquisition LCC and its subsidiaries is expected to increase as the site acquisition reserve is invested.
- (5)Global Signal Acquisitions LLC is expected to be the borrower under the proposed acquisition credit facility and the entity which will acquire future wireless communications sites (excluding the Sprint Towers) once our current

site acquisition reserve has been fully invested.

- (6) Global Signal Acquisitions II LLC, or one of its subsidiaries, is expected to be the borrower under the bridge loan and the entity that will enter into the lease with Sprint Corporation to operate the Sprint Towers.
- (7) Our primary management and services company that has management agreements with Pinnacle Towers LLC and its subsidiaries and with Pinnacle Towers Acquisition Holdings LLC and its subsidiaries. Global Signal Services LLC is also expected to provide similar services to Global Signal Acquisitions LLC and Global Signal Acquisitions II LLC.

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Risks Relating to Our Business

- We emerged from Chapter 11 bankruptcy reorganization in November 2002, have a history of losses and do not expect to be able to maintain positive net income.
- You may not be able to compare our historical financial information to our current financial information, which will make it more difficult to evaluate an investment in our common stock.
- Failure to close the Sprint transaction could negatively impact our stock price and financial results and subject us to a forfeiture of our \$50.0 million deposit.
- We may encounter difficulties in acquiring towers at attractive prices, closing the Sprint transaction or integrating acquisitions with our operations, which could limit our revenue growth and increase our expected net losses.
- A decrease in the demand for our communications sites or our ability to attract additional tenants could negatively impact our financial position.
- Failure to successfully and efficiently integrate the Sprint transaction or other transactions into our operations may adversely affect our operations and financial conditions.
- Our revenues may be adversely affected by the economies, real estate markets and wireless communications industries in the regions where our sites are located.
- Consolidation in the wireless industry and changes to the regulations governing wireless services could decrease the demand for our sites and may lead to reductions in our revenues.
- Our revenues are dependent on the creditworthiness of our tenants, which could result in uncollectable accounts receivable and the loss of significant customers and anticipated lease revenues.
- We have significant customer concentration and the loss of one or more of our major customers or a reduction in their utilization of our communications site space could result in a material reduction in our revenues.
- We believe that it is likely that a master lease with our largest customer will be renewed or extended on significantly less favorable terms and rates.
- We have had material weaknesses in our internal controls and these may not have been remedied, or other internal control weaknesses could exist.
- As of December 31, 2004, our tenant leases had a weighted average current term of approximately 5.3 years and had a weighted average remaining term of 2.9 years excluding optional renewal periods. Our revenues depend on the renewal of our tenant leases by our customers.
- We recently implemented new software systems throughout our business and may encounter integration problems that affect our ability to serve our customers and maintain our records, which in turn could harm our ability to operate our business.
- If we are unable to successfully compete, our business will suffer.
- Competing technologies may offer alternatives to ground-based antenna systems, which could reduce the future demand for our sites.

- Equipment and software developments are increasing our tenants' ability to more efficiently utilize spectral capacity and to share transmitters, which could reduce the future demand for our sites.
- Carrier joint ventures and roaming agreements, which allow for the use of competitor transmission facilities and spectrum, may reduce future demand for incremental sites.
- We may be unable to modify our towers or procure additional ground space, which could harm our ability to add additional site space to our communications sites and new customers, which could result in our inability to execute our growth strategy and limit our revenue growth.

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- We may not be able to obtain credit facilities in the future on favorable terms to enable us to pursue our acquisition plan, and we may not be able to finance our newly acquired assets in the future or refinance outstanding indebtedness on favorable terms, which may result in an increase in the cost of financing and which in turn may harm our ability to acquire new towers and our financial condition.
 - Repayment of the principal of our outstanding indebtedness (including repayment of our proposed acquisition credit facility and our proposed bridge facility to finance a portion of the upfront rental payment due in connection with the Sprint transaction) will require additional financing that we cannot ensure will be available to us.
 - Our failure to comply with federal, state and local laws and regulations could result in our being fined, liable for damages and, in some cases, the loss of our right to conduct some of our business.
 - The failure of our communications sites to be in compliance with environmental laws could result in liability and claims for damages that could result in a significant increase in the cost of operating our business.
 - Because we generally lease, sublease, license or have easements relating to the land under our towers, our ability to conduct our business, secure financing and generate revenues may be harmed if we fail to obtain lease renewals or protect our rights under our leases, subleases, licenses and easements.
 - Our tenant leases require us to be responsible for the maintenance and repair of the sites and for other obligations and liabilities associated with the sites and our obligations to maintain the sites may affect our revenues.
 - Site management agreements may be terminated prior to expiration, which may adversely affect our revenues.
 - Our towers may be damaged by disaster and other unforeseen events for which our insurance may not provide adequate coverage and which may cause service interruptions affecting our reputation and revenues and resulting in unanticipated expenditures.
 - If radio frequency emissions from our towers or other equipment used in our tenants' businesses are demonstrated, or perceived, to cause negative health effects, our business and revenues may be harmed.
 - The terms of our mortgage loans, revolving credit facility, proposed acquisition credit facility and the Sprint Agreement to Lease may restrict our current and future operations, which could adversely affect our ability to respond to changes in our business and to manage our operations.
 - Our Chief Executive Officer has management responsibilities with other companies and may not be able to devote sufficient time to the management of our business operations.

Risks Relating to Our REIT Status

- Our failure to qualify as a REIT would result in higher taxes and reduce cash available for dividends.
- Dividends payable by REITs generally do not qualify for the reduced tax rates under tax legislation enacted in 2003.
- REIT distribution requirements could adversely affect our liquidity.
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The stock ownership limits imposed by the Internal Revenue Code of 1986, as amended, for REITs and our amended and restated certificate of incorporation may inhibit market activity in our stock and may restrict our business combination opportunities.

Risks Relating to this Offering

- The market price of our common stock could be negatively affected by sales of substantial amounts of our common stock in the public markets.

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- The market price of our stock could be negatively affected by sales of substantial amounts of our common stock if Fortress or Greenhill, our two largest stockholders, default under credit agreements secured by their respective holdings of shares of our common stock.
 - The issuance of additional stock in connection with acquisitions or otherwise will dilute all other stockholdings.
 - The price of our common stock may fluctuate substantially, which could negatively affect us and the holders of our common stock.
 - Investors in this offering will suffer immediate and substantial dilution.
 - ERISA may restrict investments by Plans in our common stock.
 - Our authorized but unissued common and preferred stock may prevent a change in our control.
 - Anti-takeover provisions in our amended and restated certificate of incorporation, the Revolving Credit Agreement and the proposed acquisition credit facility could have effects that conflict with the interests of our stockholders.
 - We have not established a minimum dividend payment level, there are no assurances of our ability to pay dividends in the future, and our ability to maintain our current dividend level depends both on our earnings from existing operations and our ability to invest our capital to achieve targeted returns.
 - Global Signal Inc. is a holding company with no material direct operations.
 - Your ability to influence corporate matters may be limited because a small number of stockholders beneficially own a substantial amount of our common stock.
 - An increase in interest rates would result in an increase in our interest expense, which could adversely affect our results of operations and financial condition.
 - Our fiduciary obligations to Global Signal OP may conflict with the interests of our stockholders.
 - Future limited partners of Global Signal OP may exercise their voting rights in a manner that conflicts with the interests of our stockholders.

The Offering

The following information assumes that the underwriters do not exercise their overallotment option to purchase additional shares in this offering.

Common stock we are offering	5,750,000 shares
Common stock to be outstanding after the offering	57,993,987 shares
NYSE symbol	"GSL"

The number of shares of common stock that will be outstanding after the offering excludes options and warrants exercisable to purchase 3,104,281 shares of common stock outstanding as of April 18, 2005 and excludes 9,803,922 shares expected to be issued in connection with the Sprint transaction to the Investors pursuant to the Investment

Agreement.

Use of Proceeds

Based on the assumed offering price of \$, our net cash proceeds from the sale of the shares of common stock will be approximately \$ million, or approximately \$ million if the underwriters exercise their overallotment option in full, after deducting underwriting discounts, commissions and estimated offering expenses.

We intend to use the net proceeds of this offering as follows:

- Approximately \$82.0 million to finance a portion of the upfront rental payment of approximately \$1.2 billion (subject to certain conditions, adjustments and prorations) to be paid in connection with the Sprint

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transaction. For a more detailed description of the Sprint transaction, see "Business—Sprint Transaction." The Sprint transaction is subject to certain closing conditions and may not close. In the event the Sprint transaction does not close we intend to use the net proceeds of this offering to finance the acquisition of other communications sites and for general corporate purposes.

- Approximately \$55.0 million to repay the debt outstanding under our Revolving Credit Agreement with Morgan Stanley Asset Funding Inc. and Bank of America, N.A., affiliates of the representatives of the underwriters, including \$50.0 million incurred to finance the Sprint transaction deposit, currently held in escrow, and \$5.0 million incurred to pay for a portion of the costs and expenses of the Sprint transaction. The \$50.0 million was borrowed under the term loan portion of the Revolving Credit Agreement and the \$5.0 million was borrowed under the multi-draw term loan portion of the Revolving Credit Agreement. On April 18, 2005, the interest rate on the multi-draw portion of the Revolving Credit Agreement was 4.74% and, the interest rate on the term loan portion of the Revolving Credit Agreement was 4.68%. The term loans mature on the earlier to occur of (1) August 14, 2005, (2) the date that we receive a refund of our \$50.0 million deposit from Sprint under the Agreement to Lease, or (3) the date of the closing of the Sprint transaction. We expect to use borrowings under the Revolving Credit Agreement primarily to fund costs and expenses relating to the Sprint transaction and general corporate purposes, including funding acquisitions, from time to time, of additional wireless communications towers and other communications sites;
- Approximately \$ million used for working capital and other general corporate purposes, which may include future acquisitions.

A tabular presentation of our estimated use of proceeds based on an assumed offering price of \$ follows:

	Dollar Amount (in thousands)	Percentage of Gross Proceeds
Gross offering proceeds	\$	100.0%
Underwriting discount and commissions		
Other expenses of offering		
Net offering proceeds	\$	%

	Dollar Amount (in thousands)	Percentage of Net Proceeds
Estimated amount to finance a portion of the upfront rental payment to Sprint	\$ 82.0	%
Estimated amount to repay debt outstanding under our Revolving Credit Agreement	\$ 55.0	%
Estimated amount used for working capital and other general corporate purposes.		
Net offering proceeds	\$	100.0%

Pending these uses, we intend to invest the net proceeds in interest-bearing, short-term investment grade securities or money-market accounts, which is consistent with our intention to maintain our qualification as a REIT.

Restrictions on Ownership of Stock

Due to limitations on the concentration of ownership of a REIT imposed by the Internal Revenue Code, our amended and restated certificate of incorporation generally prohibits any stockholder, unless exempted by our board of directors, from directly or indirectly owning more than 9.9% of our stock. Our board of directors may grant such an exemption in its sole discretion, subject to such terms, conditions, representations and undertakings as it may determine. Certain of our stockholders are exempt from these ownership limits.

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Benefits to Affiliates and Certain Other Parties

Our directors and officers receive compensation in connection with their service to us as described in "Management — Compensation of Directors" and "Management — Executive Compensation."

Distribution Policy

Since the fourth quarter of 2003 we have paid regular quarterly distributions to holders of our common stock, see "— Dividend Summary." We intend to continue to make regular quarterly distributions to the holders of our common stock. Distributions, including distributions of capital, assets or dividends, will be made at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, legal requirements and other factors as our board of directors deems relevant.

We generally need to distribute at least 90% of our taxable income each year (subject to certain adjustments) to qualify as a REIT under the Internal Revenue Code. Differences between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement. As of April 21, 2005, we had distributed in excess of 90% of our estimated 2005 year-to-date taxable income.

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SUMMARY CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth summary historical consolidated financial and other data. The balance sheet data as of December 31 2003 and 2004 and the statements of operations and cash flows data for the years ended December 31, 2003, and 2004 and the ten months ended October 31, 2002 and the two months ended December 31, 2002 are derived from our audited consolidated financial statements included elsewhere herein. The balance sheet data as of October 31, 2002, and December 31, 2002 is derived from our unaudited and audited, respectively, consolidated financial statements not included herein.

The pro forma as adjusted statement of operations data reflects (i) the issuance of the February 2004 mortgage loan of \$418.0 million and the application of the net loan proceeds therefrom, (ii) the initial public offering of 8,050,000 shares of our common stock at an offering price of \$18.00 per share of common stock, and the application of the net proceeds therefrom, including a portion to fund the Tower Ventures acquisition, (iii) the consummation of the Sprint transaction and related financing, including the funding of the \$850.0 million bridge facility, the \$55.0 million of borrowing under the Revolving Credit Agreement, and the issuance of \$250.0 million of common stock pursuant to the Investment Agreement, (iv) five other acquisitions: ForeSite 2005, Lattice, Didier Communications, Towers of Texas, and Triton, all of which have been consummated or are currently subject to definitive purchase agreements, (v) the issuance of the December 2004 mortgage loan of \$293.8 million and the application of the net proceeds therefrom, and (vi) this offering of 5,750,000 shares of common stock at an assumed offering price of \$ per share, the closing price of our shares of common stock on , and the application of the net proceeds therefrom, as more fully described in the pro forma financial statements and the related notes included elsewhere in this prospectus, as if they had occurred on January 1, 2004. The pro forma as adjusted balance sheet data as of December 31, 2004 reflects this offering, the Sprint transaction and related financings, and the ForeSite 2005 and Triton acquisitions as if they had occurred on December 31, 2004.

On November 1, 2002, we emerged from Chapter 11. In accordance with AICPA Statement of Position 90-7 Financial Reporting by Entities in Reorganization Under the Bankruptcy Code ("SOP 90-7"), we adopted fresh start accounting as of November 1, 2002 and our emergence from Chapter 11 resulted in a new reporting entity. Under fresh start accounting, the reorganization value of the entity is allocated to the entity's assets based on fair values, and liabilities are stated at the present value of amounts to be paid determined at appropriate current interest rates. The effective date is considered to be the close of business on November 1, 2002 for financial reporting purposes. The periods presented prior to November 1, 2002 have been designated "predecessor company" and the periods starting on November 1, 2002 have been designated "successor company." As a result of the implementation of fresh start accounting as of November 1, 2002, our financial statements after that date are not comparable to our financial statements for prior periods because of the differences in the basis of accounting and the debt and equity structure for the predecessor company and the successor company. The more significant effects of the differences in the basis of accounting on the successor company's financial statements are (1) lower depreciation and amortization expense as a result of the revaluation of our long-lived assets downward by \$357.2 million through the application of fresh start accounting, and (2) lower interest expense as a result of the discharge of \$404.8 million of debt upon our emergence from bankruptcy.

Following a statement issued by the staff of the Office of the Chief Accountant of the Securities and Exchange Commission, or SEC, on February 7, 2005 clarifying certain issues related to lease accounting, we announced that we would change our accounting with respect to certain types of leases. In March 2005, we restated our financial statements for the two months ended December 31, 2002, the fiscal year ended December 31, 2003 and the first three fiscal quarters of 2004 for errors in our lease accounting with respect to certain types of leases and related long-lived assets. These restatements were reflected in our annual report on Form 10-K for the year ended December 31, 2004.

In March 2005, our independent registered public accounting firm informed the audit committee of our board of directors that, as a part of their audit of our financial statements and primarily as a result of the restatement,

they were notifying the Audit Committee of a material weakness related to the design or operation of the internal control components over our accounting for leases and depreciation of leasehold improvements. We have started to take corrective actions to remedy this internal control deficiency.

The information set forth below should be read in conjunction with "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated

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financial statements, our consolidated financial statements, our pro forma condensed consolidated financial statements, Tower Ventures', ForeSite 2005's, Lattice's, Didier Communications', Towers of Texas', Triton's and the Sprint Site USA's statements of revenue and certain expenses, and each of their related notes included elsewhere in this prospectus.

	Predecessor Company		Successor Company		Pro Forma As Adjusted Year Ended December 31, 2004
	Ten Months Ended October 31, 2002 (dollars in thousands)	Two Months Ended December 31, 2002	Year Ended December 31, 2003 (dollars in thousands)	Year Ended December 31, 2004	
Statements of Operations Data: (1)					
Revenues	\$ 137,435	\$ 27,454	\$ 166,670	\$ 182,865	\$
Direct site operating expenses (excluding impairment losses, depreciation, amortization and accretion expense)	46,570	9,028	56,572	57,462	
Gross margin	90,865	18,426	110,098	125,403	
Other expenses:					
Selling, general and administrative	27,523	4,743	26,914	23,410	
State franchise, excise and minimum taxes	1,671	330	848	69	
Depreciation, amortization and accretion (2)	73,508	10,119	47,137	54,288	
Non-cash stock-based compensation expense	—	—	1,479	4,235	
Impairment loss on assets	5,559	—	—	—	
Reorganization costs	59,124	—	—	—	
Total operating expenses	167,385	15,192	76,378	82,002	
Operating income (loss)	(76,520)	3,234	33,720	43,401	

Gain (loss) on extinguishment of debt	404,838	—	—	(9,018)
Interest expense, net.	45,720	4,041	20,477	27,529
Income (loss) from continuing operations	288,326	(910)	14,018	6,637 \$
Income (loss) from discontinued operations	(32,076)	(84)	(131)	111
Income (loss) before gain (loss) on sale of properties	256,250	(994)	13,887	6,748
Gain (loss) on sale of properties	(78)	(2)	(726)	124
Net income (loss)	\$ 256,172	\$ (996)	\$ 13,161	\$ 6,872
Net income (loss) per share (basic)	\$ 5.27	\$ (0.02)	\$ 0.32	\$ 0.15 \$
Net income (loss) per share (diluted)	\$ 5.27	\$ (0.02)	\$ 0.32	\$ 0.14 \$

Statements of Cash Flows Data:

Net cash flows provided by operating activities	\$ 20,869	\$ 7,193	\$ 59,218	\$ 83,546	\$
Net cash flows used in investing activities	(3,920)	(727)	(36,181)	(447,734)	
Net cash flows provided by (used in) financing activities	(22,102)	(9,626)	(17,840)	361,449	

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	Predecessor Company		Successor Company		Pro Forma As Adjusted
	October 31, 2002	December 31, 2002	December 31, 2003	December 31, 2004	December 31, 2004
	(dollars in thousands)		(dollars in thousands)		
Balance Sheet Data:					
Cash and cash equivalents	\$ 21,819	\$ 4,350	\$ 9,661	\$ 5,991	\$
Total assets	909,098	528,066	519,967	923,369	
Total debt	491,473	277,844	264,251	706,920	
Stockholders' equity	354,917	204,330	217,531	153,197	
	Predecessor Company	Successor Company		Pro Forma As Adjusted	
	Ten Months Ended	Two Months Ended	Year Ended December 31,	Year Ended December 31,	

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	October 31, 2002	December 31, 2002	2003	2004	Year Ended December 31, 2004
	(dollars in thousands)		(dollars in thousands)		
Other Data:					
Adjusted EBITDA (3)	\$ (31,185)	\$ 13,229	\$ 81,625	\$ 102,365	\$
Adjusted FFO (AFFO)(4)	\$ (72,877)	\$ 7,999	\$ 60,130	\$ 71,780	\$
Number of communications sites at end of period	3,481	3,480	3,276	4,060	11,016

(1) During the ten months ended October 31, 2002, the two months ended December 31, 2002 and the years ended December 31, 2003 and 2004, we disposed of, or held for disposal by sale, certain non-core assets and under performing sites, which have been accounted for as discontinued operations. Their results for all periods presented are not included in results from continuing operations.

(2) Depreciation, amortization and accretion expense for the ten months ended October 31, 2002 and two months ended December 31, 2002 are not proportional because the successor company's depreciable assets have a lower basis. Following the restructuring transaction, assets were revalued, including all long-lived assets, to their fair market value, thereby lowering the depreciable basis.

(3) Adjusted EBITDA is a non-GAAP measure. We believe adjusted EBITDA is useful to an investor in evaluating our performance as it is one of the primary measures used by our management team to evaluate our operations, is widely used in the tower industry to measure performance and was used in our credit facility to measure compliance with covenants and we expect it to be used in future credit facilities we may obtain. Adjusted EBITDA consists of net income (loss) before interest, income tax expense (benefit), depreciation, amortization and accretion, gain or loss on extinguishment of debt and non-cash stock based compensation expense. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures — Adjusted EBITDA" for a more detailed discussion of why we believe it is a useful measure.

The reconciliation of net income (loss) to adjusted EBITDA is as follows:

	Predecessor Company		Successor Company		Pro Forma As Adjusted Year Ended
	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004	December 31, 2004
	(dollars in thousands)		(dollars in thousands)		
Net income	\$ 256,172	\$ (996)	\$ 13,161	\$ 6,872	\$
Depreciation, amortization and accretion	76,956	10,165	47,173	54,370	
Interest, net	45,720	4,041	20,477	27,529	
Income tax expense (benefit)	(5,195)	19	(665)	341	
Loss (gain) on early extinguishment of debt	(404,838)	—	—	9,018	
Non-cash stock based compensation	—	—	1,479	4,235	
Adjusted EBITDA	\$ (31,185)	\$ 13,229	\$ 81,625	\$ 102,365	\$

Footnotes continue on next page

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(4) Adjusted Funds From Operations, or AFFO, is a non-GAAP Measure. AFFO for our purposes represents net income (computed in accordance with generally accepted accounting principles or GAAP), excluding depreciation, amortization and accretion on real estate assets, gains (or losses) on the disposition of depreciable real estate assets, gains (or losses) on the extinguishment of debt and non-cash stock based compensation for services. We believe AFFO is an appropriate measure of the performance of REITs because it provides investors with an understanding of our ability to incur and service debt and make capital expenditures. See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Non-GAAP Financial Measures — Adjusted Funds From Operations" for a more detailed discussion of why we believe it is a useful measure.

The reconciliation of net income to AFFO is as follows:

	Predecessor Company		Successor Company		Pro Forma As Adjusted Year Ended December 31, 2004
	Ten Months Ended October 31, 2003 (dollars in thousands)	Two Months Ended December 31, 2002	Year Ended December 31, 2003 (dollars in thousands)	Year Ended December 31, 2004	
Net income	\$ 256,172	\$ (996)	\$ 13,161	\$ 6,872	\$
Real estate depreciation, amortization and accretion	75,613	8,993	44,764	52,286	
(Gain) loss on sale of properties	176	2	726	(631)	
Loss (gain) on early extinguishment of debt	(404,838)	—	—	9,018	
Non-cash stock based compensation	—	—	1,479	4,235	
Adjusted funds from operations	\$ (72,877)	\$ 7,999	\$ 60,130	\$ 71,780	\$

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RISK FACTORS

An investment in our common stock involves a high degree of risk. You should carefully consider the following information, together with the other information contained in this prospectus, before buying shares of our common stock. In connection with the forward-looking statements that appear in this prospectus, you should also carefully review the cautionary statement referred to under "Cautionary Statement Regarding Forward-Looking Statements."

Risks Relating to Our Business

We emerged from Chapter 11 bankruptcy reorganization in November 2002, have a history of losses and do not expect to be able to maintain positive net income.

We emerged from Chapter 11 bankruptcy reorganization in November 2002, have a history of losses and may not be able to maintain profitability. Prior to our emergence from bankruptcy, we were unable to meet our financial obligations due primarily to (1) our highly leveraged capital structure, (2) the non-strategic acquisition of assets we have subsequently disposed of that were unrelated to our core tower business and (3) the inability of our former management to efficiently integrate and manage our communications sites. To a lesser extent, we were unable to meet our financial obligations due to the reduced amount of capital spending by wireless carriers on their networks in 2001 and 2002. Prior to our reorganization, we incurred net losses of approximately \$448.2 million in 2001 and \$124.3 million in 2000. In accordance with AICPA Statement of Position 90-7 Financial Reporting by Entities in Reorganization Under the Bankruptcy Code, we adopted fresh start accounting as of November 1, 2002 and our emergence from Chapter 11 resulted in a new reporting entity. Under fresh start accounting, the reorganization value of the entity is allocated to the entity's assets based on fair values, and liabilities are stated at the present value of amounts to be paid determined at appropriate current interest rates. The effective date is considered to be the close of business on November 1, 2002 for financial reporting purposes. The periods presented prior to November 1, 2002 have been designated "predecessor company" and the periods starting on November 1, 2002 have been designated "successor company." As a result of the implementation of fresh start accounting as of November 1, 2002, our financial statements after that date are not comparable to our financial statements for prior periods because of the differences in the basis of accounting and the debt and equity structure for the predecessor company and the successor company. The more significant effects of the differences in the basis of accounting on the successor company's financial statements are (1) lower depreciation and amortization expense as a result of the revaluation of our long-lived assets downward by \$357.2 million through the application of fresh start accounting, and (2) lower interest expense as a result of the discharge of \$404.8 million of debt upon our emergence from bankruptcy.

On February 14, 2005, we, Sprint and certain Sprint subsidiaries entered into the Agreement to Lease. Under the Agreement to Lease, we have agreed to lease or, if certain consents have not been obtained, operate, for a period of 32 years over 6,600 wireless communications tower sites and related tower assets for an upfront rental payment of approximately \$1.2 billion. We expect to account for the Sprint transaction as a capital lease and will allocate the upfront rental payment to the leased assets (primarily towers and identifiable intangible assets) based on their fair market values similar to an acquisition of tower assets. We will depreciate and amortize the tangible and intangible assets over their estimated useful lives and as a result we will incur significant additional depreciation, amortization and accretion expense. We also expect to finance the Sprint transaction in part with borrowings under an \$850.0 million bridge loan. This will result in our incurring significant additional interest expense. We also expect to incur significant integration costs and additional selling, general and administrative expenses. Because of the significant interest expense, depreciation, amortization, accretion, integration costs and selling, general and administrative expenses, we expect to incur in connection with the Sprint transaction, we expect to generate net losses after the closing of the Sprint transaction.

For the year ended December 31, 2004, we generated net income of \$6.9 million. However, on a pro forma basis as adjusted, after giving effect to the Sprint transaction and the other transactions described in the pro forma financial statements included elsewhere in this document, for the year ended December 31, 2004, we would have incurred a net loss of \$ million.

You may not be able to compare our historical financial information to our current financial information, which will make it more difficult to evaluate an investment in our common stock.

As a result of our emergence from bankruptcy, we are operating our business with a new capital structure, and adopted fresh start accounting prescribed by generally accepted accounting principles in the United States or GAAP.

Accordingly, unlike other companies that have not previously filed for bankruptcy protection, our financial condition and results of operations are not comparable to the financial condition and results of operations reflected in our historical financial statements for periods prior to November 1, 2002 contained in this prospectus. Without historical financial statements to compare to our current performance, it may be more difficult for you to assess our future prospects when evaluating an investment in our common stock.

Failure to close the Sprint transaction could negatively impact our stock price and financial results and subject us to a forfeiture of our \$50.0 million deposit.

On February 14, 2005 we entered into a definitive agreement with Sprint under which we will have the exclusive right to lease or operate more than 6,600 wireless communications towers and related assets of Sprint for a period of 32 years for an upfront rental payment of approximately \$1.2 billion subject to certain conditions, adjustments and prorations. The Sprint transaction is expected to close toward the end of the second quarter of 2005. We expect to use \$137.0 million of the net proceeds from this offering, including the repayment of \$55.0 million of borrowings under our Revolving Credit Facility, \$850.0 million of bridge financing and up to \$250.0 million of the investment under the Investment Agreement to pay the upfront rental payment and the costs and expenses in connection with the closing of the Sprint transaction. If we are not successful in timely closing the bridge financing or the investment under the Investment Agreement or various conditions to the Sprint transactions are not satisfied, we may be unable to close the Sprint transaction. If the Sprint transaction is not closed for these or other reasons, our financial results may be adversely affected and we will be subject to several risks, including the following:

- forfeiting, under certain circumstances, our \$50.0 million deposit currently held in escrow;
- having to pay and expense certain significant costs relating to the Sprint transaction, such as legal, accounting and financial advisory without realizing any of the benefits of having the transactions completed;
- the focus of our management having been spent on the Sprint transaction instead of on pursuing other opportunities that could have been beneficial to us, without realizing any of the benefits of having the transaction completed;
- immediate recognition in our financial statements and settlement of any potential losses on \$850.0 million notional value of interest rate swap agreements.

These risks could materially affect our financial results and stock price.

We may encounter difficulties in acquiring towers at attractive prices, closing the Sprint transaction or integrating acquisitions with our operations, which could limit our revenue growth and increase our expected net losses.

Since the beginning of our acquisition program on December 1, 2003 through April 18, 2005, we have acquired 1,024 communications sites for an aggregate purchase price of approximately \$428.1 million, including fees and expenses. On February 14, 2005 we entered into a definitive agreement with Sprint under which we will have the exclusive right to lease or operate more than 6,600 wireless communications towers and related assets of Sprint for a period of 32 years for an upfront payment of approximately \$1.2 billion subject to certain conditions, adjustments and prorations. In addition, as of April 18, 2005, we have executed definitive agreements to acquire an additional 343 communications sites and to acquire fee interest or long-term easements under an additional 10 communications towers, for an aggregate purchase price of approximately \$91.3 million, including estimated fees and expenses. We will continue to target strategic tower and tower company acquisitions as opportunities arise. The process of integrating acquired operations into our existing operations may result in unforeseen operating difficulties, divert

managerial attention or require significant financial resources. These acquisitions and other future acquisitions may

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require us to incur additional indebtedness and contingent liabilities, and may result in unforeseen expenses or compliance issues, which may limit our revenue growth, cash flows, and our ability to maintain profitability and make distributions. For example, in connection with the Sprint transaction we received a letter from Morgan Stanley Asset Funding Inc., Bank of America, N.A. and Banc of America Securities LLC, affiliates of the representatives of the underwriters, setting forth the terms on which they would provide bridge financing of approximately \$750.0 million to us for use in funding the Sprint transaction. On March 10, 2005, we executed a non-binding term sheet with Morgan Stanley Asset Funding Inc., Bank of America, N.A. and Banc of America Securities LLC increasing the amount of bridge financing up to \$850.0 million. Additionally, these acquisitions may be financed through the issuance of additional equity, which would dilute the interests of our stockholders. For example, on February 14, 2005, in connection with the execution of the Sprint transaction, we entered into an Investment Agreement with our three largest stockholders or certain of their affiliates pursuant to which we will issue up to \$500.0 million of our common stock to them at a price of \$25.50 per share. In addition, we expect to use the proceeds from this offering to pay for a portion of the upfront rental payment in connection with the Sprint transaction. Moreover, any future acquisitions may not generate any additional income for us or provide any benefit to our business. In addition, we cannot assure you that we will be able to locate and acquire towers at attractive prices in locations that are compatible with our strategy or that competition for the acquisition of towers will not increase. Finally, when we are able to locate towers and enter into definitive agreements to acquire them, we cannot assure you that the transactions will be completed. Failure to complete transactions after we have entered into definitive agreements may result in significant expenses to us.

A decrease in the demand for our communications sites and our ability to attract additional tenants could negatively impact our financial position.

Our business depends on wireless service providers' demand for communications sites, which in turn, depends on consumer demand for wireless services. A reduction in demand for our communications sites or increased competition for additional tenants could negatively impact our ability to maintain profitability and harm our ability to attract additional tenants. Our wireless service provider customers lease communications sites on our towers based on a number of factors, including the level of demand by consumers for wireless services, the financial condition and access to capital of those providers, the strategy of providers with respect to owning, leasing or sharing communications sites, available spectrum and related infrastructure, competitive pricing, government regulation of communications licenses, and the characteristics of each company's technology and geographic terrain.

To a lesser degree, demand for site space is also dependent on the needs of television and radio broadcasters. Among other things, technological advances, including the development of satellite-delivered radio and television, may reduce the need for tower-based broadcast transmission. Any decrease in the demand for our site space from current levels or in our ability to attract additional customers could negatively impact our financial position and could decrease the value of your investment in our common stock.

Increasingly, transmissions that were previously effected by means of paging and mobile radio technologies have shifted to wireless telephony. As a result, we have experienced, and expect to continue to experience, increases in the percentage of our revenues that are generated from wireless telephony customers. We cannot assure you that the increases in our revenues from wireless telephony customers will offset the reduction in our revenues from paging and mobile radio customers. Some of our towers may not be as attractive to, or suitable for, wireless telephony customers

as for our other types of customers, which could negatively impact our financial position.

Failure to successfully and efficiently integrate the Sprint transaction or other transactions into our operations may adversely affect our operations and financial conditions.

Our ability to successfully integrate the Sprint transaction is uncertain. The Sprint transaction is significantly larger than any acquisition we have completed to date. There are more Sprint Towers than the number of communications sites we currently operate. The integration of over 6,600 Sprint Towers

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into our operations will be a significant undertaking and will require significant attention from our management team. We expect to add over 100 additional employees to our operations which will increase our labor costs. In addition, the integration of the Sprint Towers into our operations will require significant one-time costs for tasks such as tower visits and audits, and ground and tenant lease verifications. Additional integration challenges include:

- transitioning all data related to the Sprint Towers, tenants and landlords to a common information technology system;
- successfully marketing space on the Sprint Towers;
- successfully transitioning the ground lease rent payment and the tenant billing and collection processes;
- retaining existing customers;
- hiring, retaining and integrating talented new employees;
- incorporating new towers into our business operations; and
- maintaining our standards, controls, procedures, and policies.

If we are not able to successfully overcome these integration challenges, we may not achieve the benefits we expect from the Sprint transaction or other transactions, and our business, financial condition and results of operations will be adversely affected.

Our revenues may be adversely affected by the economies, real estate markets and wireless communications industries in the regions where our sites are located.

The revenues generated by our sites could be adversely affected by the conditions of the economies, the real estate markets and the wireless communications industries in regions where our sites are located, changes in governmental rules and fiscal policies, acts of nature including hurricanes (which may result in uninsured or under-insured losses), and other factors particular to the locales of the respective sites. Our sites are located in all 50 states, the District of Columbia, Canada and the United Kingdom.

The economy of any state or region in which a site is located may be adversely affected to a greater degree than that of other areas of the country by developments affecting industries concentrated in such state or region. To the extent that general economic or other relevant conditions in states or regions, in which sites representing significant portions of our revenues are located, decline or result in a decrease in demand for wireless communications services in the region, our revenues from such sites may be adversely affected. For example, our sites in Florida and Georgia together accounted for approximately 25.1% of our revenues for the year ended December 31, 2004. A deterioration of general economic or other relevant conditions in those states could result in a decrease in the demand for our services and a decrease in our revenues from those markets, which in turn may have an adverse effect on our results of

operations and financial condition.

Consolidation in the wireless industry and changes to the regulations governing wireless services could decrease the demand for our sites and may lead to reductions in our revenues.

Various wireless service providers, which are our primary existing and potential customers, could enter into mergers, acquisitions or joint ventures with each other over time. For example, on October 26, 2004, Cingular merged with AT&T Wireless. On November 16, 2004, Arch Wireless and Metrocall Holdings, Inc. merged to form USA Mobility, Inc. On December 15, 2004, Sprint announced it agreed to merge with Nextel Communications. On January 10, 2005, ALLTEL announced its agreement to purchase Western Wireless. Furthermore, on March 29, 2005, MCI, the parent of Skytel paging company, accepted a revised takeover offer from Verizon Communications Inc., a joint owner of Verizon Wireless. As of December 31, 2004, 65 of the Sprint Towers were occupied by Cingular and 858 of the Sprint Towers were occupied by both Sprint and Nextel Communications. Such consolidations could reduce the size of our customer base and have a negative impact on the demand for our services. In addition, consolidation among our customers is likely to result in duplicate networks, which could result in network rationalization and impact the revenues at our sites. Recent regulatory developments have made consolidation in the wireless industry easier and more likely.

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In November 2002, the FCC's Spectrum Policy Task Force issued a report containing a number of specific recommendations for spectrum policy reform, including market-oriented spectrum rights, increased access to spectrum and new interference protections. Subsequently, in May and October of 2003 and September of 2004, the FCC adopted and proceeded to implement new rules authorizing wireless radio services holding exclusive licenses to freely lease unused spectrum. Additionally, in November 2003, the FCC made additional spectrum available for unlicensed use. In September 2004, the FCC adopted amendments to its spectrum regulations in order to promote the deployment of spectrum-based services in rural America, allowing carriers to use higher power levels at base stations in certain rural areas. Finally, in August 2004, the FCC took steps to remedy the interference caused by commercial mobile radio services (CMRS) operators on public safety operations in the 800 MHz band and provided for the relocation of various CMRS and private mobile service operators in the 800 and 1900 MHz bands. It is possible that at least some wireless service providers may take advantage of the relaxation of spectrum and ownership limitations and other deregulatory actions of the FCC and consolidate or modify their business operations.

Regarding our broadcast customers, the FCC has assigned a second channel to every eligible television station licensee for the transition from analog to digital signals. In September 2004, the FCC established build-out deadlines for full-power digital television in July 2005 and 2006. Congress mandated that the broadcasters' analog licenses be returned to the FCC upon the transition to digital television, which could come as early as December 31, 2006. This transition is subject to further actions by the FCC and possibly by Congress. The transition to digital television and the end of analog television broadcasting could affect the demand for use of our towers.

Our revenues are dependent on the creditworthiness of our tenants, which could result in uncollectable accounts receivable and the loss of significant customers and anticipated lease revenues.

Our revenues are dependent on the creditworthiness of our tenants and would be adversely affected by the loss, or bankruptcy of or default, by significant tenants. Our tenant leases are generally not guaranteed by the parent companies of our tenants or supported by other credit enhancement and, as a result, we must rely solely on the credit worthiness of our tenants. Many wireless service providers operate with substantial leverage and some of our

customers, representing 0.5% of our revenues for the year ended December 31, 2004, are in bankruptcy. Other customers are having financial difficulties due to their declining subscriber bases and/or their inability to access additional capital. If one or more of our major customers experience financial difficulties, it could result in uncollectable accounts receivable and the loss of significant customers and anticipated lease revenues.

We have significant customer concentration and the loss of one or more of our major customers or a reduction in their utilization of our site space could result in a material reduction in our revenues.

Our five largest customers, which represented 50.0% of our revenues for the year ended December 31, 2004, are USA Mobility (after giving effect to the Arch Wireless and Metrocall merger), Cingular (after giving effect to its merger with AT&T Wireless), Sprint (after giving effect to its pending merger with Nextel Communications), Verizon Wireless and T-Mobile. These customers represented 15.0%, 12.6%, 11.5%, 6.0% and 4.9%, respectively, of our revenues for the year ended December 31, 2004. On a pro forma basis, after considering the Sprint transaction, our largest customer for the year ended December 31, 2004 would have been Sprint representing 31.1% of our pro forma revenues (without giving effect to its pending merger with Nextel Communications). These customers operate under multiple lease agreements that have initial terms generally ranging from three to five years and which are renewable, at our customer's option, over multiple renewal periods also generally ranging from three to five years. One of the entities that merged to form USA Mobility, Arch Wireless, is in the third year of a three-year lease expiring in May 2005. Excluding the Arch Wireless lease, which represented 10.3% of our revenues for the year ended December 31, 2004, as of December 31, 2004, approximately 53.1% of our revenues for the year ended December 31, 2004 from these customers were from leases in their initial term, 42.8% were from leases in a renewal period, and 4.1% were from month-to-month leases. Arch Wireless reorganized under Chapter 11 in late 2001 and exited bankruptcy in May 2002 and has significantly reduced its

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utilization of our sites in recent years. The loss of one or more of our major customers or a reduction in their utilization of our site space could result in a material reduction of the utilization of our site space and in our revenues.

We believe that it is likely that a master lease with our largest customer will be renewed or extended on significantly less favorable terms and rates.

On November 16, 2004, Arch Wireless merged with Metrocall to form USA Mobility, which collectively accounted for 15.0% of our revenues for 2004. One of our primary master tenant leases with USA Mobility, the Arch Lease, expires in May 2005. The Arch Lease allows Arch Wireless, one of the two companies that merged to form USA Mobility, to locate a fixed number of transmitters on any of our sites for a fixed minimum rate. The number of sites that Arch Wireless currently occupies is significantly less than the maximum number of sites allowable under the current contract for the fixed minimum rate. Consequently, we believe that it is likely that the Arch Lease will be renewed or extended on terms and rates that are significantly less favorable to us than those currently in place. As a result, we expect our revenues from any renewal of the Arch lease to be significantly lower starting in June 2005.

We have had material weaknesses in our internal controls and these may not have been remedied, or other internal control weaknesses could exist.

Primarily due to our recent restatement of our previously issued financial statements due to the changes in lease accounting affecting all tower companies and many other public companies, we received a letter setting forth a "material weakness" from our independent registered public accounting firm, as part of their audit of our financial

statements. While we were not required to obtain an attestation with regard to our internal controls over financial reporting for the 2004 fiscal year, as set forth in section 404 of the Sarbanes Oxley Act of 2002, this would have been a material weakness under those definitions, as well. We have taken steps to improve our internal controls, however, additional steps may be required to improve our internal controls, and these may be both time consuming and costly. Additionally, there can be no assurance that we, or our independent registered public accounting firm, may not discover other material weaknesses during the assessment of our internal controls for 2005 that will be difficult to remediate timely, hence affecting the conclusion about the design and/or effectiveness of our controls for 2005.

As of December 31, 2004, our tenant leases had a weighted average current term of approximately 5.3 years and had a weighted average remaining term of 2.9 years excluding optional renewal periods. Our revenues depend on the renewal of our tenant leases by our customers.

Our tenant leases had a weighted average current term of approximately 5.3 years, as of December 31, 2004, and had a weighted average remaining term of 2.9 years. We cannot assure you that our existing tenants will renew their leases at the expiration of those leases. Further, we cannot assure you that we will be successful in negotiating favorable terms with those customers that renew their tenant leases. For example, one of the entities that merged to form USA Mobility, Arch Wireless, currently occupies significantly fewer sites than the maximum number of sites allowable under the current contract for a fixed minimum rate. Consequently, we believe that it is likely that the Arch Lease will be renewed or extended on terms and rates that are significantly lower and less favorable to us than currently in place. Failure to obtain renewals of our existing tenant leases or the failure to successfully negotiate favorable terms for such renewals would result in a reduction in our revenues.

We recently implemented new software systems throughout our business and may encounter integration problems that affect our ability to serve our customers and maintain our records, which in turn could harm our ability to operate our business.

We implemented a PeopleSoft system, effective July 1, 2004, for many of our accounting functions, including accounts payable, accounts receivable and general ledger functions. We will continue to make modifications and add additional modules such as treasury and purchasing during the coming months. On March 4, 2005, we also implemented a separate software package, manageStar, to manage our

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communications sites, tenant and ground leases and records. The integration of these software systems with our business was a significant project, and we may encounter difficulties with these integrations that may be time consuming and costly, and result in systems interruptions and the loss of data. These two new systems handle our most significant business processes and difficulties with the implementation of these systems may adversely affect our day-to-day operations and our ability to service our customers, which in turn may harm our ability to operate our business.

If we are unable to successfully compete, our business will suffer.

We believe that tower location and capacity, price, quality of service and density within a geographic market historically have been, and will continue to be, the most significant competitive factors affecting our site operations business. We compete for customers with:

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wireless service providers that own and operate their own towers and lease, or may in the future decide to lease, antenna space to other providers;

- other independent tower operators; and
- owners of non-tower antenna sites, including rooftops, water towers and other alternative structures.

Some of our competitors have significantly more financial resources than we do. The intense competition in our industry may make it more difficult for us to attract new tenants, increase our gross margins or maintain or increase our market share.

Competing technologies may offer alternatives to ground-based antenna systems, which could reduce the future demand for our sites.

Most types of wireless and broadcast services currently require ground-based network facilities, including communications sites for transmission and reception. The development and growth of communications and other new technologies that do not require ground-based sites could reduce the demand for space on our towers. For example, the growth in delivery of video, voice and data services by satellites or high altitude air ships, which allow communication directly to users' terminals without the use of ground-based facilities, could lessen demand for our sites. Moreover, the FCC has issued licenses for several additional satellite systems (including low earth orbit systems) that are intended to provide more advanced, high-speed data services directly to consumers. These satellite systems compete with land-based wireless communications systems, thereby reducing the demand for the services that we provide.

Equipment and software developments are increasing our tenants' ability to more efficiently utilize spectral capacity and to share transmitters, which could reduce the future demand for our sites.

Technological developments are also making it possible for carriers to expand their use of existing facilities to provide service without additional tower facilities. The increased use by carriers of signal combining and related technologies, which allow two or more carriers to provide services on different transmission frequencies using the communications antenna and other facilities normally used by only one carrier, could reduce the demand for tower space. Technologies that enhance spectral capacity, such as beam forming or "smart antennae", which can increase the capacity at existing sites and reduce the number of additional sites a given carrier needs to serve any given subscriber base, may have the same effect.

Carrier joint ventures and roaming agreements, which allow for the use of competitor transmission facilities and spectrum, may reduce future demand for incremental sites.

Carriers are, through joint ventures, sharing (or considering the sharing of) telecommunications infrastructure in ways that might adversely impact the growth of our business. Furthermore, wireless service providers frequently enter into roaming agreements with their competitors which allow them to utilize one another's wireless communications facilities to accommodate customers who are out of range

of their home providers' services, so that the home providers do not need to lease space for their own antennae on communications sites we own. For example, over the past two years, Cingular, through AT&T Wireless, has entered into roaming agreements with T-Mobile and more than 30 rural or regional carriers, including Western Wireless and

Dobson Communications, covering parts of 30 states. Any of the conditions and developments described above could reduce demand for our ground-based antenna sites and decrease demand for our site space from current levels and our ability to attract additional customers and may negatively affect our profitability.

We may be unable to modify our towers or procure additional ground space, which could harm our ability to add additional site space to our communications sites and new customers, which could result in our inability to execute our growth strategy and limit our revenue growth.

Our business depends on our ability to modify towers, procure additional ground space and add new customers as they expand their tower network infrastructure. Regulatory and other barriers could adversely affect our ability to modify towers or procure additional ground space in accordance with the requirements of our customers, and, as a result, we may not be able to meet our customers' requirements. Our ability to modify towers, procure additional ground space and add new customers to towers may be affected by a number of factors beyond our control, including zoning and local permitting requirements, FAA considerations, FCC tower registration and radio frequency emission procedures and requirements, historic preservation and environmental requirements, availability of tower components, additional ground space and construction equipment, availability of skilled construction personnel, weather conditions and environmental compliance issues. In addition, because public concern over tower proliferation has grown in recent years, many communities now restrict tower modifications or delay granting permits required for adding new customers. In addition, we may not be able to overcome the barriers to modifying towers or adding new customers. Our failure to complete the necessary modifications or procure additional ground space could harm our ability to add additional site space and new customers which could result in our inability to execute our growth strategy and limit our revenue growth.

We may not be able to obtain credit facilities in the future on favorable terms to enable us to pursue our acquisition plan, and we may not be able to finance our newly acquired assets in the future or refinance outstanding indebtedness on favorable terms, which may result in an increase in the cost of financing and which in turn may harm our ability to acquire new towers and our financial condition.

We believe that our low cost debt, combined with appropriate leverage, should allow us to maintain operating and financial flexibility. Our strategy is to utilize credit facilities to provide us with funds to acquire communications sites, and our capital management strategy is then to finance newly acquired assets, on a long-term basis, using equity issuances combined with low-cost fixed-rate debt obtained through the periodic issuance of mortgage-backed securities. We may not be able to obtain credit facilities or successfully issue equity or mortgage-backed securities in the future or on terms that are favorable to us. If we are unable to obtain assets through the use of funds from a credit facility or finance our newly acquired assets through the issuance of mortgage-backed securities our debt may be more expensive and our expenses to finance new acquisitions may increase. An increase in financing expenses may harm our ability to acquire new towers and our financial condition. Under our December 2004 mortgage loan, we are required to prepay the loan plus applicable prepayment penalties with funds in our acquisition reserve account to the extent such funds are not used to acquire additional qualifying wireless communications sites during the six month period following the closing of the loan which would be June 6, 2005. As of April 18, 2005, the site acquisition reserve account had a balance of \$15.2 million which we expect to use to partially fund the ForeSite 2005 acquisition and other pending acquisitions.

In addition, in connection with the Sprint transaction we executed a non-binding term sheet for bridge financing of approximately \$850.0 million with a one-year term and two six-month renewal options. Furthermore, the proposed acquisition credit facility will be due 364 days from the date we finalize the agreement and will need to be refinanced. We intend to refinance the bridge loan and the proposed acquisition credit facility with one or more mortgage loans in the future. If we are unable to refinance the loans or refinance on favorable terms it will have an adverse affect on our financial condition.

Repayment of the principal of our outstanding indebtedness (including repayment of our proposed acquisition credit facility and our proposed bridge facility to finance a portion of the upfront rental payment due in connection with the Sprint transaction) will require additional financing that we cannot ensure will be available to us.

We have historically financed our operations primarily with indebtedness. Our ability to generate sufficient cash flow from operations to make scheduled payments on our debt obligations will continue to depend on our future financial performance. As of December 31, 2004, our long-term debt obligations consisted of \$411.9 million outstanding on our February 2004 mortgage loan, \$293.8 million outstanding on our December 2004 mortgage loan and \$1.2 million outstanding on a capital lease. In addition, in connection with the Sprint transaction, we executed a non-binding term sheet with Morgan Stanley Asset Funding Inc., Bank of America, N.A. and Banc of America Securities LLC, affiliates of the representatives of the underwriters, setting forth the terms on which they would provide bridge financing of up to \$850.0 million to us for use in funding the Sprint transaction. We are also in the process of negotiating a 364-day \$200.0 million proposed acquisition credit facility to provide funding for the acquisition of additional communication sites. Of the outstanding obligations at December 31, 2004, \$8.3 million is due in less than one year, \$17.9 million is due between one and three years and \$680.8 million is due between four and five years based on anticipated maturities on our February 2004 mortgage loan. If we are able to consummate the Sprint transaction and close on the bridge financing, the bridge loan will be due in 24 months, assuming we exercise our two six-month options to extend. In addition, the proposed acquisition credit facility will be due 364 days from the date we finalize the agreement. We currently anticipate that in order to pay the principal of our outstanding February 2004 and December 2004 mortgage loans on the anticipated repayment date of January 2009 and the maturity date of December 2009, respectively, we will likely be required to pursue one or more alternatives, such as refinancing our indebtedness or selling our equity securities or the equity securities or assets of our operating partnership and our subsidiaries. There can be no assurance that we will be able to refinance our indebtedness on attractive terms and conditions or that we will be able to obtain additional debt financing. If we are unable to refinance our indebtedness in full, we may be required to issue additional equity securities or sell assets. If we are required to sell equity securities, investors who purchase common stock in this offering may have their holdings diluted. If we are required to sell interests in our operating partnership, this would have a similar effect as a sale of assets and the market price of our common stock may decline. In addition, there can be no assurance as to the terms and prices at which we will be able to sell additional equity securities or operating partnership interests or that we will be able to sell additional equity securities or sell operating partnership interests at all. If we are required to sell assets to refinance our indebtedness, there can be no assurance as to the price we will obtain for the assets sold and whether those sales will realize sufficient funds to repay our outstanding indebtedness. To the extent we are required to sell assets at prices lower than their fair market values, the market price of our common stock may decline.

Our mortgage loans restrict the ability of our two largest operating subsidiaries, Pinnacle Towers LLC and Pinnacle Towers Acquisition LLC, and their respective subsidiaries, from incurring additional indebtedness or further encumbering their assets. In addition, so long as the tangible assets of Pinnacle Towers LLC under the February 2004 mortgage loan represent at least 25% of our assets, it will be an event of default under the February 2004 mortgage loan if we incur any unsecured indebtedness for borrowed money without confirmation from the rating agencies that rated the commercial mortgage pass-through certificates issued in connection with the February 2004 mortgage loan that none of the ratings will be adversely affected. Our mortgage loans do not otherwise restrict our ability to obtain additional financing. If we require additional financing in connection with acquisitions, we anticipate having to raise equity, obtain a credit facility similar to the credit facility we repaid out of the proceeds of our December 2004 mortgage loan or obtain financing through a securitization of acquired sites similar to the ones completed on February 5, 2004 and December 7, 2004. In addition, we expect that we will need to refinance our \$200.0 million proposed acquisition credit facility and our \$850.0 million bridge loan. We cannot assure you that we could effect any of the foregoing alternatives on terms satisfactory to us, that any of the foregoing alternatives would enable us to pay the

interest or principal of our indebtedness or that any of such alternatives would be permitted by the terms of our credit facility and other indebtedness then in effect.

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Our failure to comply with federal, state and local laws and regulations could result in our being fined, liable for damages and, in some cases, the loss of our right to conduct some of our business.

We are subject to a variety of regulations, including those at the federal, state and local levels. Both the FCC and the Federal Aviation Administration, or FAA, regulate towers and other sites used for wireless communications transmitters and receivers. See the section entitled "Business—Regulatory Matters." In addition, under the FCC's rules, we are fully liable for the acts or omissions of our contractors. We generally indemnify our customers against any failure by us to comply with applicable standards. Our failure to comply with any applicable laws and regulations (including as a result of acts or omissions of our contractors, which may be beyond our control) may lead to monetary forfeitures or other enforcement actions, as well as civil penalties, contractual liability and tort liability and, in some cases, losing our right to conduct some of our business, any of which could have an adverse impact on our business. We also are subject to local regulations and restrictions that typically require tower owners to obtain a permit or other approval from local officials or community standards organizations prior to tower construction or modification. Local regulations could delay or prevent new tower construction or modifications, as well as increase our expenses, any of which could adversely impact our ability to implement or achieve our business objectives.

The failure of our communications sites to be in compliance with environmental laws could result in liability and claims for damages that could result in a significant increase in the cost of operating our business.

We are subject to environmental laws and regulations that impose liability, including those without regard to fault. These laws and regulations place responsibility on us to investigate potential environmental and other effects of operations and to disclose any significant effects in an environmental assessment prior to constructing a tower or adding a new customer on a tower. In the event the FCC determines that one of our owned towers would have a significant environmental impact, the FCC would require us to prepare and file an environmental impact statement with it. The environmental review process mandated by the National Environmental Policy Act of 1969, or NEPA, can be costly and may cause significant delays in the registration of a particular tower or collocating an antenna. In addition, various environmental interest groups routinely petition the FCC to deny applications to register new towers, further complicating the registration process and increasing potential expenses and delays. In August 2003, the FCC released a Notice of Inquiry requesting comments and information on the potential impact of communications towers on migratory birds. On December 14, 2004, the FCC released a public notice inviting comments on the analysis and report provided by its environmental consultant regarding the relationship of towers and avian mortality. Any changes to FCC rules that come from this proceeding, as well as changes resulting from other potential rulemakings, could delay or prevent new tower construction or modifications as well as increase our expenses related thereto.

In addition to the FCC's environmental regulations, we are subject to various federal, state and local environmental laws that may require the investigation and remediation of any contamination at facilities that we own or operate, or that we previously owned or operated, or at third-party waste disposal sites at which our waste materials have been disposed. These laws could impose liability even if we did not know of, or were not responsible for, the contamination, and the amount of protection that we may receive from sellers with respect to liabilities arising before our ownership of the asset varies based on the terms of the applicable purchase agreement. The terms of the purchase

agreements themselves often depend upon the nature of the sale process, price paid and the amount of competition for the asset. Under these laws, we may also be required to obtain permits from governmental authorities or may be subject to record keeping and reporting obligations. If we violate or fail to comply with these laws, we could be fined or otherwise sanctioned by regulators. The expenses of complying with existing or future environmental laws, responding to petitions filed by environmental interest groups or other activists, investigating and remediating any contaminated real property and resolving any related liability could result in a significant increase in the cost of operating our business, which would harm our profitability. See the section entitled "Business — Regulatory Matters — Environmental Regulations."

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Because we generally lease, sublease, license or have easements relating to the land under our towers, our ability to conduct our business, secure financing and generate revenues may be harmed if we fail to obtain lease renewals or protect our rights under our leases, subleases, licenses and easements.

Our real property interests relating to towers primarily consist of leasehold interests, private easements, and permits granted by governmental entities. A loss of these interests for any reason, including losses arising from the bankruptcy of a significant number of our lessors, from the default by a significant number of our lessors under their mortgage financings or from a legal challenge to our interest in the real property, would interfere with our ability to conduct our business and generate revenues. Similarly, if the grantors of these rights elect not to renew our leases, our ability to conduct business and generate revenues could be adversely affected. As of December 31, 2004, we leased 100 parcels of land with a remaining term of two years or less, under 101 owned towers which represented 3.2% of revenues for the year ended December 31, 2004. As of December 31, 2004, substantially all the communications sites we expect to acquire under the Sprint transaction, and Triton and ForeSite 2005 acquisitions are on leased land and 110 of those land parcels have remaining lease terms of two years or less.

In addition, we previously made acquisitions and did not always analyze and verify all information regarding title and other issues prior to completing an acquisition of communications sites. Our inability to protect our rights to the land under our towers could interfere with our ability to conduct our business and generate revenues. Generally, we have attempted to protect our rights in the sites by obtaining title insurance on the owned fee sites and the ground lease sites and relying on title warranties and covenants from sellers and landlords. Furthermore, the protections we are able to obtain in the purchase agreements vary and often depend upon the nature of the sale process, price paid and the amount of competition for the asset.

Our ability to protect our rights against persons claiming superior rights in towers or real property depends on our ability to:

- recover under title insurance policies, the policy limits of which may be less than the purchase price or economic value of a particular tower;
- in the absence of title insurance coverage, recover under title warranties given by tower sellers, which warranties often terminate after the expiration of a specific period (typically one to three years), contain various exceptions and are dependent on the general creditworthiness of sellers making the title warranties;
- obtain estoppels from landlords in connection with acquisitions of communications sites, which protect the collateral of our lenders and may provide a basis for defending post-closing claims arising from pre-closing events;

- recover from landlords under title covenants contained in lease agreements, which is dependent on the general creditworthiness of landlords making the title covenants; and
- obtain "non-disturbance agreements" from mortgagee and superior lienholders of the land under our towers.

Our tenant leases require us to be responsible for the maintenance and repair of the sites and for other obligations and liabilities associated with the sites and our obligations to maintain the sites may affect our revenues.

None of our tenant leases is a net lease. Accordingly, as landlord we are responsible for the maintenance and repair of the sites and for other obligations and liabilities (including for environmental compliance and remediation) associated with the sites, such as the payment of real estate taxes, ground lease rents and the maintenance of insurance. Our failure to perform our obligations under a tenant lease could entitle the related tenant to an abatement of rent or, in some circumstances, result in a termination of the tenant lease. An unscheduled reduction or cessation of payments due under a tenant lease would result in a reduction of our revenues. Similarly, if the expenses of maintaining and operating one or more sites exceeds amounts budgeted, and if lease revenues from other sites are not available to cover the shortfall, amounts that would otherwise be used for other purposes may be required to pay the shortfall.

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Site management agreements may be terminated prior to expiration, which may adversely affect our revenues.

Approximately 807 sites, as of December 31, 2004 (representing approximately 17.8% of our revenues for the year ended December 31, 2004), are managed sites where we market and/or sublease space under site management agreements with third party owners. The management agreements or subleases on 302 of these sites, which represented 5.3% of our revenues for the year ended December 31, 2004, are month-to-month or will expire by their terms prior to December 31, 2005. In many cases, the site management agreements may be terminated early at the third party owner's discretion or upon the occurrence of certain events (such as the sale of the relevant site by the third party owner, our default, a change of control with respect to our company and other events negotiated with the third party owner including discretionary terminations). If a site management agreement is not renewed or is terminated early, our revenues would be reduced.

Our towers may be damaged by disaster and other unforeseen events for which our insurance may not provide adequate coverage and which may cause service interruptions affecting our reputation and revenues and resulting in unanticipated expenditures.

Our towers are subject to risks associated with natural disasters, such as ice and wind storms, fire, tornadoes, floods, hurricanes and earthquakes, as well as other unforeseen events. Our sites and any tenants' equipment are also vulnerable to damage from human error, physical or electronic security breaches, power loss, other facility failures, sabotage, vandalism and similar events. In the event of casualty, it is possible that any tenant sustaining damage may assert a claim against us for such damages. If reconstruction (for example, following fire or other casualty) or any major repair or improvement is required to the property, changes in laws and governmental regulations may be applicable and may raise our cost or impair our ability to effect such reconstruction, major repair or improvement.

Since January 1, 2002, 12 of our owned towers have been destroyed by natural disasters, including hurricanes, two have been destroyed in vehicular accidents and two in fire accidents. In addition, as of December 31, 2004, we own, lease and license a large number of towers in geographic areas, including 226 sites in California, 369 sites in Florida, 141 sites in North Carolina and 175 sites in South Carolina, that have historically been subject to natural disasters,

such as high winds, hurricanes, floods, earthquakes and severe weather. There can be no assurance that the amount of insurance obtained will be sufficient to cover damages caused by any event, or that such insurance will be commercially available in the future. A tower accident for which we do not have adequate insurance, reserves or have no insurance, or a large amount of damage to a group of towers, could decrease the value of our communications sites, result in the loss of revenues while the tower is out of service and also require us to make unanticipated expenditures in order to repair the damages caused by any event. In addition, changes in laws could impact our ability to repair or replace damaged towers.

In addition, any of these events or other unanticipated problems at one or more of the sites could interrupt tenants' ability to provide their services from the sites. This could damage our reputation, making it difficult to attract new tenants and causing existing tenants to terminate their leases, which in turn would reduce our revenues.

If radio frequency emissions from our towers or other equipment used in our tenants' businesses are demonstrated, or perceived, to cause negative health effects, our business and revenues may be harmed.

The safety guidelines for radio frequency emissions from our sites require us to undertake safety measures to protect workers whose activities bring them into proximity with the emitters and to restrict access to our sites by others. If radio frequency emissions from our sites or other equipment used in our tenants' businesses are found, or perceived, to be harmful, we and our customers could face fines imposed by the FCC, private lawsuits claiming damages from these emissions, and increased opposition to our development of new towers. Demand for wireless services and new towers, and thus our business and revenues, may be harmed. Although we have not been subject to any personal injury claims relating to radio frequency emissions, we cannot assure you that these claims will not arise in the future or that they will not negatively impact our business.

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The terms of our mortgage loans, revolving credit facility, proposed acquisition credit facility and the Sprint Agreement to Lease may restrict our current and future operations, which could adversely affect our ability to respond to changes in our business and to manage our operations.

Our existing mortgage loans and revolving credit facility contain, and any future indebtedness of ours or of any of our subsidiaries, including indebtedness entered into in connection with the Sprint transaction, would likely contain, a number of restrictive covenants that impose significant operating and financial restrictions on us and/or certain of our subsidiaries, including restrictions on our or our subsidiaries' ability to, among other things:

- incur additional debt, or additional unsecured debt without rating agency approval;
- issue stock;
- create liens;
- make investments, loans and advances;
- engage in sales of assets and subsidiary stock;
- enter into sale-leaseback transactions;
- enter into transactions with our affiliates;
- change the nature of our business;
- transfer all or substantially all of our assets or enter into certain merger or consolidation transactions; and
- pay dividends.

Our February 2004 and December 2004 mortgage loans contain a covenant requiring reserve accounts if the debt service coverage ratio falls to 1.45 and 1.30 or lower, respectively, as of the end of any calendar quarter. Debt service coverage ratio is defined as the preceding 12 months of net cash flow, as defined in the mortgage loans, divided by the amount of principal and interest payments required under the mortgage loans over the next 12 months. Net cash flow, as defined in the mortgage loans, is approximately equal to gross margin minus capital expenditures made for the purpose of maintaining our sites, minus 10% of revenues. The funds in the respective reserve account will not be released to us unless the debt service coverage ratio exceeds 1.45 and 1.30 times, respectively, for two consecutive calendar quarters. If the debt service coverage ratio falls below 1.20 and 1.15 times, respectively, as of the end of any calendar quarter, then all funds on deposit in the respective reserve account along with future excess cash flows will be applied to prepay the respective mortgage loan. Failure to maintain the debt service ratio above 1.45 and 1.30 times, respectively, would impact our ability to pay our indebtedness other than the mortgage loans, pay dividends and to operate our business. Any decline in our revenues could have an adverse impact on our net cash flow.

A failure by us to comply with the covenants or financial ratios contained in our Revolving Credit Agreement could result in an event of default under the agreement which could adversely affect our ability to respond to changes in our business and manage our operations. In the event of any default under our Revolving Credit Agreement, including pursuant to a change in control of us, the lenders under the facility will not be required to lend us any additional amounts. Our lenders also could elect to declare all amounts outstanding to be immediately due and payable. If the indebtedness under our credit facility were to be accelerated, and we are not able to make the required cash payments, our lenders will have the option of foreclosing on any of the collateral pledged as security for the loan.

The Revolving Credit Agreement continues to be guaranteed by us, Global Signal GP, LLC and certain subsidiaries of Global Signal OP. It is secured by a pledge of Global Signal OP's assets, including a pledge of 65% of its interest in our United Kingdom subsidiary, 100% of its interest in certain other domestic subsidiaries, a pledge by us and Global Signal GP, LLC of our interests in Global Signal OP and a pledge by us of 65% of our interest in our Canadian subsidiary. As of December 31, 2004, the pledged interests in the United Kingdom and Canadian subsidiaries collectively constituted 1.0% of our total assets' book value.

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Under both the February 2004 mortgage loan and the December 2004 mortgage loan, if an event of default occurs, the lenders will have the option to foreclose on any of the collateral pledged as security for the respective mortgage loan. The mortgage loans are secured by (1) mortgage liens on our interests (fee, leasehold or easement) in a portion of our communications sites, (2) a security interest in substantially all of Pinnacle Towers LLC and its subsidiaries', and Pinnacle Towers Acquisition Holdings LLC and its subsidiaries', personal property and fixtures, including our rights under substantially all of our site management agreements, tenant leases (excluding tenant leases for sites referred to in (1) above) and management agreement with GS Services and (3) a pledge of certain of our subsidiaries' capital stock (or equivalent equity interests) (including a pledge of the membership interests of Pinnacle Towers LLC, from its direct parent, Global Signal Holdings II LLC and a pledge of the membership interests of Pinnacle Towers Acquisition Holdings LLC, from its direct parent, Global Signal Holdings III LLC). There can be no assurance that our assets would be sufficient to repay this indebtedness in full.

Our failure to comply with the covenants or obligations in the Sprint Agreement to Lease, including our obligation to timely pay ground lease rent, could result in an event of default under this master lease. Subject to arbitration and cure rights, in the event of an uncured default under a ground lease, the Sprint entity lessors 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 within any rolling five-year period, the Sprint entity lessors will have the right to terminate the entire master

lease under certain circumstances. If the Sprint entity lessors terminate the master lease with respect to all of or a significant number of tower sites, our results of operations could be materially adversely affected.

In addition, the Revolving Credit Facility and the proposed acquisition credit facility each provide that it is an event of default if certain of our present larger shareholders or their affiliates cease to collectively own or control, in certain limited circumstances, at least 51% of the voting interest in our capital stock or if, within any 12 month period, a majority of the members of the board of directors cease to be those persons who were directors as of the first day of that period, or persons whose nomination or election was approved by the board members as of the first day of that period (excluding in the latter case any person whose initial nomination or assumption occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than board of directors).

It is also an event of default under the Revolving Credit Facility and the proposed acquisition credit facility if, at any time, Wesley R. Edens, or a replacement who is acceptable to our lenders, ceases to be Chairman of our board of directors, unless a replacement Chairman is appointed, or, if a replacement Chairman has not been appointed, all of the obligations under the Revolving Credit Facility or the proposed acquisition credit facility, as applicable, have been paid in full, within thirty days.

Our Chief Executive Officer has management responsibilities with other companies and may not be able to devote sufficient time to the management of our business operations.

Our Chief Executive Officer, Wesley R. Edens, is also the Chairman of the Board and Chairman of the Management Committee of Fortress Investment Group LLC and the Chairman of the Board and Chief Executive Officer of Newcastle Investment Corp., a publicly traded real estate securities business, and the Chairman of the Board and Chief Executive Officer of Eurocastle Investment Limited, a publicly traded real estate securities business, listed on the London Stock Exchange. As Chairman of the Management Committee of Fortress Investment Group, he manages and invests in other real estate related investment vehicles. As a result, he may not be able to devote sufficient time to the management of our business operations.

Risks Relating to Our REIT Status

Our failure to qualify as a REIT would result in higher taxes and reduce cash available for dividends.

We intend to operate in a manner so as to qualify as a REIT for federal income tax purposes. Although we do not intend to request a ruling from the Internal Revenue Service as to our REIT status, we expect to receive an opinion of Skadden, Arps, Slate, Meagher & Flom LLP with respect to our

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qualification as a REIT. This opinion will be issued in connection with this offering of common stock. Investors should be aware, however, that opinions of counsel are not binding on the IRS or any court. The opinion of Skadden, Arps will represent only the view of our counsel based on our counsel's review and analysis of existing law and on certain representations as to factual matters and covenants made by us, including representations relating to the values of our assets, the sources of our income, and the nature, construction, character and intended use of our properties. We have asked Skadden, Arps to assume for purposes of its opinion that any prior legal opinions we received to the effect that we were taxable as a REIT are correct. The opinion of Skadden, Arps, a copy of which will be filed as an exhibit to the registration statement of which this prospectus is a part, will be expressed as of the date issued, and will not

cover subsequent periods. The opinions of counsel impose no obligation on them to advise us or the holders of our common stock of any subsequent change in the matters stated, represented or assumed, or of any subsequent change in applicable law.

Furthermore, both the validity of the tax opinions, and our continued qualification as a REIT will depend on our satisfaction of certain asset, income, organizational, distribution, stockholder ownership and other requirements on a continuing basis, the results of which will not be monitored by tax counsel. Our ability to satisfy the asset tests depends upon our analysis of the characterization and fair market values of our assets, some of which are not susceptible to a precise determination, and for which we will not obtain independent appraisals. Our compliance with the REIT income and quarterly asset requirements also depends upon our ability to successfully manage the composition of our income and assets on an ongoing basis.

If we were to fail to qualify as a REIT in any taxable year, we would be subject to federal income tax, including any applicable alternative minimum tax, on our taxable income at regular corporate rates, and distributions to stockholders would not be deductible by us in computing our taxable income. Any such corporate tax liability could be substantial and would reduce the amount of cash available for distribution to our stockholders, which in turn could have an adverse impact on the value of, and trading prices for, our common stock. Unless entitled to relief under certain Internal Revenue Code provisions, we also would be disqualified from taxation as a REIT for the four taxable years following the year during which we ceased to qualify as a REIT. See "Federal Income Tax Considerations" for a discussion of material federal income tax consequences relating to us and our common stock.

Dividends payable by REITs generally do not qualify for the reduced tax rates under tax legislation enacted in 2003.

Tax legislation enacted in 2003 reduces the maximum tax rate for dividends payable to individuals from 38.6% to 15.0% through 2008. Dividends payable by REITs, however, are generally not eligible for the reduced rates. Although this legislation does not adversely affect the taxation of REITs or dividends paid by REITs, the more favorable rates applicable to regular corporate dividends could cause investors who are individuals to perceive investments in REITs to be relatively less attractive than investments in the stocks of non-REIT corporations that pay dividends, which could adversely affect the value of the stock of REITs, including our common stock.

In addition, the relative attractiveness of real estate in general may be adversely affected by the newly favorable tax treatment given to corporate dividends, which could affect the value of our real estate assets negatively.

REIT distribution requirements could adversely affect our liquidity.

We generally must distribute annually at least 90% of our net taxable income, excluding any net capital gain, in order for corporate income tax not to apply to earnings that we distribute. We intend to make distributions to our stockholders to comply with the requirements of the Internal Revenue Code. However, differences between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirement of the Internal Revenue Code. Certain types of assets generate substantial mismatches between taxable income and available cash. Such assets include rental real estate that has been financed through financing structures which require some or all of available cash flows to be used to service

borrowings. As a result, the requirement to distribute a substantial portion of our taxable income could cause us to: (1) sell assets in adverse market conditions, (2) borrow on unfavorable terms or (3) distribute amounts that would otherwise be invested in future acquisitions, capital expenditures or repayment of debt in order to comply with REIT requirements.

Our mortgage loans contain covenants providing for reserve accounts if our debt service coverage ratio falls to 1.45 or 1.30 times or lower for our February 2004 mortgage loan and December 2004 mortgage loan, respectively. If our debt service coverage ratio were to fall to these levels and we had taxable income, as defined by tax regulations, our ability to distribute 90% of our taxable income, and hence our REIT status, could be jeopardized. Further, amounts distributed will not be available to fund our operations.

Prior to our emergence from Chapter 11 bankruptcy, we funded our operations primarily through debt and equity capital. Since our emergence from bankruptcy on November 1, 2002, we have funded our operations through operating cash flow. We expect to finance our future operations through operating cash flows and our future acquisitions through debt and equity capital. If we fail to obtain debt or equity capital in the future, it could limit our ability to grow, which could have a material adverse effect on the value of our common stock.

The stock ownership limits imposed by the Internal Revenue Code of 1986, as amended, for REITs and our amended and restated certificate of incorporation may inhibit market activity in our stock and may restrict our business combination opportunities.

In order for us to maintain our qualification as a REIT under the Internal Revenue Code, not more than 50% in value of our outstanding stock may be owned, directly or indirectly, by five or fewer individuals (as defined in the Internal Revenue Code) at any time during the last half of each taxable year after our first year. Our amended and restated certificate of incorporation states that, unless exempted by our board of directors, no person, other than certain of our existing stockholders and subsequent owners of their stock, may own more than 9.9% of the aggregate value of the outstanding shares of any class or series of our stock. Our board may grant such an exemption in its sole discretion, subject to such conditions, representations and undertakings as it may determine. These ownership limits could delay or prevent a transaction or a change in our control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Risks Relating to this Offering

The market price of our common stock could be negatively affected by sales of substantial amounts of our common stock in the public markets.

As adjusted for this offering, there will be 57,993,987 shares of our common stock outstanding and options and warrants to purchase a total of 3,104,281 shares of common stock, of which warrants to purchase 468,002 shares of common stock have an exercise price of \$8.53 and options to purchase 2,636,279 shares of common stock have a weighted average exercise price of \$12.33 per share. The outstanding options include options to purchase an aggregate of 772,800 shares of common stock with an exercise price per share of \$18.00 held by Fortress Registered Investment Trust, an affiliate of Fortress, and Greenhill, or affiliates of such entities but excludes the 9,803,922 shares to be issued in connection with the Sprint transaction to the Investors pursuant to the Investment Agreement. There will be 58,568,987 shares outstanding if the underwriters exercise their overallotment option in full. Of our outstanding shares, all the shares of our common stock sold in this offering and 29,695,189 shares of common stock already outstanding will be freely transferable, except for 18,376,384 shares held by our "affiliates," as that term is defined in Rule 144 under the Securities Act of 1933, as amended ("Securities Act"). The amounts alone do not include the 9,803,922 restricted shares of our common stock expected to be issued to Fortress, Greenhill and Abrams or their affiliates pursuant to the Investment Agreement in connection with the Sprint transaction.

Pursuant to our Amended and Restated Investor Agreement, Fortress Pinnacle Acquisition LLC and its affiliates, Greenhill Capital Partners, L.P. and its related partnerships and Abrams Capital Partners II,

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L.P. and its related partnerships have the right to require us to register their shares of our common stock, including shares to be issued pursuant to the Investment Agreement, under the Securities Act for sale into the public markets. Upon the effectiveness of such a registration statement, all shares covered by the registration statement will be freely transferable.

We and our executive officers, directors and each of our stockholders holding 10% or more of our outstanding common stock have agreed with the underwriters that, subject to certain exceptions, including the exception for Fortress, discussed below, for a period of days after the date of this prospectus, we and they will not directly or indirectly offer, pledge, sell, contract to sell, sell any option or contract to purchase or otherwise dispose of any shares of common stock or any securities convertible into or exercisable or exchangeable for shares of common stock, or in any manner transfer all or a portion of the economic consequences associated with the ownership of shares of common stock, or cause a registration statement covering any shares of common stock to be filed, without the prior written consent of the representatives. The representatives may waive these restrictions at their discretion. It is contemplated that the lock-up agreements with our largest stockholder, Fortress, and our second largest stockholder, Greenhill, will contain an exception to allow the lenders under the credit facilities described under "Certain Relationships and Related Party Transactions — Pledge Shelf Registration Statement" to dispose of the shares pledged under the credit agreement or to seize the pledged shares in the event of a default.

In addition, following the completion of our initial public offering, we filed a registration statement on Form S-8 under the Securities Act registering an aggregate of 6,476,911 shares of our common stock reserved for issuance under our stock incentive programs. Subject to the exercise of issued and outstanding options, shares registered under the registration statement on Form S-8 are available for sale into the public markets.

The market price of our stock could be negatively affected by sales of substantial amounts of our common stock if Fortress or Greenhill, our two largest stockholders, default under credit agreements secured by their respective holdings of shares of our common stock.

On December 21, 2004, Fortress, our largest stockholder, informed us of the following:

An affiliate of Fortress entered into a credit agreement, dated as of December 21, 2004, with Bank of America, N.A., Morgan Stanley Asset Funding Inc., the other lenders that may become parties thereto and Banc of America Securities LLC. Pursuant to the credit agreement, the affiliate has borrowed \$160.0 million from the lenders thereunder and this amount has been secured by a pledge by the affiliate of a total of 19,162,248 shares of our common stock owned by such affiliate. The term of the credit agreement is 18 months. The 19,162,248 shares of common stock represents approximately 37% of our issued and outstanding common stock as of April 18, 2005.

The credit agreement contains representations, covenants and default provisions, relating to Fortress, such affiliate and our company and also requires prepayment of a portion of the borrowings by the affiliate in the event the trading price of our common stock decreases below \$16.70 and prepayment or payment in full at prices below certain other lower specified levels. In the event of a default under the credit agreement by the affiliate, the lenders may foreclose upon and sell any and all shares of common stock pledged to them. The affiliate has agreed in the credit agreement to exercise its right to cause us to file a shelf registration statement pursuant to the Amended and Restated Investor

Agreement dated as of March 31, 2004 among us, Fortress Pinnacle Acquisition LLC, Greenhill Capital Partners, L.P., and its related partnerships named therein, and Abrams Capital Partners II, L.P. and certain of its related partnerships named therein, and other parties named therein. The registration statement will cover sales by the lenders of shares of the pledged common stock in the event of a foreclosure by any of them and is required to be filed by June 6, 2005 pursuant to the credit agreement.

We are not a party to the credit agreement and have not made any representations or covenants and have no obligations thereunder. Mr. Wesley Edens, our Chief Executive Officer and Chairman of our board of directors owns an interest in Fortress and is the Chairman of its Management Committee.

In addition, on February 16, 2005, Greenhill, our second largest stockholder, informed us as follows:

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An affiliate of Greenhill Capital Partners LLC entered into a credit agreement, dated as of February 16, 2005, with Morgan Stanley Mortgage Capital, Inc. as Administrative Agent and certain lenders. Pursuant to the credit agreement, the affiliate has borrowed \$70.0 million from the lenders thereunder and this amount has been secured by, among other things, a pledge by the affiliate of a total of 8,383,234 shares of our common stock owned by such affiliate, representing approximately 16% of our issued and outstanding common stock as of April 18, 2005.

The credit agreement contains customary default provisions and also requires prepayment of a portion of the borrowings by the affiliate in the event the trading price of our common stock decreases below certain specified levels. In the event of a default under the credit agreement by the affiliate, the lenders thereunder may foreclose upon any and all shares of common stock pledged to them. The affiliate has agreed in the credit agreement to exercise its right to cause us to file a shelf registration statement pursuant to the Amended and Restated Investor Agreement dated as of March 31, 2004 among us, Fortress Pinnacle Acquisition LLC, Greenhill Capital Partners, L.P., and its related partnerships named therein, and Abrams Capital Partners II, L.P. and certain of its related partnerships named therein, and other parties named therein. The registration statement will cover sales by the lenders of shares of the pledged common stock in the event of a foreclosure by any of them and is required to be filed by June 6, 2005 pursuant to the credit agreement.

We are not a party to the credit agreement and have no obligations thereunder. Mr. Robert H. Niehaus, the Vice Chairman of our board of directors, owns an interest in the private equity funds managed by Greenhill Capital LLC and is the Chairman of Greenhill Capital LLC which acts as the general partner of the manager of the borrower and of one of our principal stockholders, Greenhill Capital Partners, L.P.

It is contemplated that the lock-up agreements with our two largest stockholders, Fortress and Greenhill, will contain an exception to allow the lenders under the credit facilities described above and under "Certain Relationships and Related Party Transactions — Fortress Pledge Shelf Registration Statement," and "Certain Relationships and Related Party Transactions — Greenhill Pledge Shelf Registration Statement" to dispose of the shares pledged under the credit agreement or to seize the pledged shares in the event of a default.

It is also contemplated that our lock-up agreement with the underwriters will contain an exception to allow us to issue the shares we are obliged to sell to the investors under the Investment Agreement.

The issuance of additional stock in connection with acquisitions or otherwise will dilute all other stockholdings.

After the Sprint transaction and this offering, assuming the exercise in full by the underwriters of their overallotment option, we will have an aggregate of 85,809,558 shares of common stock authorized but unissued and not reserved for issuance under our option plans or under outstanding warrants or options, assuming no other option or warrant exercises after April 18, 2005. In addition, we expect to issue an additional 9,803,922 shares of our common stock pursuant to the Investment Agreement in connection with the Sprint transaction at a price of \$25.50 per share. We may issue the remaining shares without any action or approval by our stockholders. We intend to continue to actively pursue strategic acquisitions of wireless communications towers and other communications sites. We may pay for such acquisitions, at least partly, through the issuance of partnership units in our operating partnership which may be redeemed for shares of our common stock, or by the issuance of additional equity. Any shares issued in connection with our acquisitions, including the issuance of common stock upon the redemption of operating partnership units, the exercise of outstanding warrants or stock options or otherwise would dilute the percentage ownership held by the investors who purchase our shares in this offering.

The price of our common stock may fluctuate substantially, which could negatively affect us and the holders of our common stock.

The trading price of our common stock may be volatile in response to a number of factors, many of which are beyond our control, including:

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- a decrease in the demand for our communications sites;
 - the economies, real estate markets and wireless communications industry in the regions where our sites are located;
 - consolidation in the wireless industry;
 - the creditworthiness of our tenants; and
 - fluctuations in interest rates.

In addition, our financial results may be below the expectations of securities analysts and investors. If this were to occur, the market price of our common stock could decrease, perhaps significantly. Any volatility of or a significant decrease in the market price of our common stock could also negatively affect our ability to make acquisitions using our common stock as consideration. In addition, the U.S. securities markets, and telecommunications stocks in particular, have experienced significant price and volume fluctuations. These fluctuations often have been unrelated to the operating performance of companies in these markets. Broad market and industry factors may negatively affect the price of our common stock, regardless of our operating performance. You may not be able to sell your shares at or above the public offering price, or at all. Further, if we were to be the object of securities class action litigation as a result of volatility in our common stock price or for other reasons, it could result in substantial expenses and diversion of our management's attention and resources, which could negatively affect our financial results. In addition, if we decide to settle any class action litigation against us, our decision to settle may not necessarily be related to the merits of the claim.

Investors in this offering will suffer immediate and substantial dilution.

The public offering price of our common stock is substantially higher than the net tangible book value per share of our common stock outstanding immediately after this offering. Our net tangible book value per share as of December 31, 2004 was approximately \$(0.73) and represents the amount of our stockholders' equity of \$153.2 million minus intangible assets of \$171.6 million and deferred debt issuance costs of \$18.9 million, divided by the 51,304,769 shares of our common stock that were outstanding on December 31, 2004. Our net book value per share of \$2.99 as of

December 31, 2004 represents the amount of our stockholders' equity of \$153.2 million divided by the 51,304,769 shares of common stock that were outstanding on December 31, 2004.

Investors who purchase our common stock in this offering will pay a price per share that substantially exceeds the net tangible book value per share of our common stock. If you purchase our common stock in this offering, you will experience immediate and substantial dilution of \$ in the net tangible book value per share of our common stock based on an assumed offering price of \$ per share. Our net tangible book value per share on a pro forma as adjusted basis at December 31, 2004 was approximately \$ and represents the amount of our stockholders' equity of \$ million minus intangible assets of \$ million and deferred finance expenses of \$ million, divided by shares of our common stock outstanding after giving effect to this offering and the Sprint transaction, including the expected issuance of an additional 9,803,922 shares of our common stock pursuant to the Investment Agreement in connection with the Sprint transaction. Additional dilution will occur upon the exercise of outstanding options and warrants. See the pro forma condensed consolidated balance sheet included elsewhere in this prospectus.

As part of our reorganization, we issued warrants to purchase 1,229,850 shares of our common stock, of which warrants to purchase 468,002 shares of our common stock, as of April 18, 2005, were outstanding and exercisable through October 31, 2007, at an exercise price of \$8.53 per share. These warrants were issued in connection with the cancellation of the 5 1/2% convertible subordinated notes due 2007, and with the receipt of certain releases given by former stockholders as part of our reorganization and by plaintiffs in the settlement of a stockholder class action suit. The issuance of these shares will have a dilutive effect on the value of our common stock when these warrants are exercised.

ERISA may restrict investments by Plans in our common stock.

A plan fiduciary considering an investment in our common stock should consider, among other things, whether such an investment might constitute or give rise to a prohibited transaction under the

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Employee Retirement Income Security Act of 1974, as amended, the Internal Revenue Code or any substantially similar federal, state or local law and whether an exemption from such prohibited transaction rules is available. See "ERISA Considerations."

Our authorized but unissued common and preferred stock may prevent a change in our control.

Our amended and restated certificate of incorporation authorizes us to issue additional authorized, but unissued shares of our common stock or preferred stock. In addition, our board of directors may classify or reclassify any unissued shares of our preferred stock and may set the preferences, rights and other terms of the classified or reclassified shares. As a result, our board may establish a series of preferred stock that could delay or prevent a transaction or a change in control that might involve a premium price for our common stock or otherwise be in the best interest of our stockholders.

Anti-takeover provisions in our amended and restated certificate of incorporation, the Revolving Credit Agreement and the proposed acquisition credit facility could have effects that conflict with the interests of our stockholders.

Certain provisions of our amended and restated certificate of incorporation and amended and restated bylaws could make it more difficult or less beneficial for a third party to acquire control of us or for us to acquire control of a third party even if such a change in control would be beneficial to you.

We have a number of anti-takeover devices in place that will hinder takeover attempts and could reduce the market value of our common stock. Our anti-takeover provisions include:

- a staggered board of directors;
- removal of directors only for cause, by 80% of the voting interest of stockholders entitled to vote;
- blank-check preferred stock;
- a provision denying stockholders the ability to call special meetings with the exception of Fortress FRIT PINN LLC, Fortress Pinnacle Investment Fund LLC, Greenhill Capital Partners, L.P. and their respective affiliates, so long as they collectively beneficially own at least 50% of our issued and outstanding common stock;
- our amended and restated certificate of incorporation provides that Global Signal has opted out of the provisions of Section 203 of the Delaware General Corporation Law. Section 203 restricts certain business combinations with interested stockholders in certain situations; and
- advance notice requirements by stockholders for director nominations and actions to be taken at annual meetings.

In addition, the Revolving Credit Facility and the proposed acquisition credit facility each provide that it is an event of default if certain of our present larger shareholders or their affiliates cease to collectively own or control, in certain limited circumstances, at least 51% of the voting interest in our capital stock or if, within any 12 month period, a majority of the members of the board of directors cease to be those persons who were directors as of the first day of that period, or persons whose nomination or election was approved by the board members as of the first day of that period (excluding in the latter case any person whose initial nomination or assumption occurs as a result of an actual or threatened solicitation of proxies or consents for the election or removal of one or more directors by any person or group other than board of directors).

It is also an event of default under the Revolving Credit Facility and the proposed acquisition credit facility if, at any time, Wesley R. Edens, or a replacement who is acceptable to our lenders, ceases to be Chairman of our board of directors, unless a replacement Chairman is appointed, or, if a replacement Chairman has not been appointed, all of the obligations under the Revolving Credit Facility or the proposed acquisition credit facility, as applicable, have been paid in full, within 30 days.

We have not established a minimum dividend payment level, there are no assurances of our ability to pay dividends in the future, and our ability to maintain our current dividend level depends both on our earnings from existing operations and our ability to invest our capital to achieve targeted returns.

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We intend to pay quarterly dividends and to make distributions to our stockholders in amounts such that all or substantially all of our taxable income in each year, subject to certain adjustments, is distributed. We have not established a minimum dividend payment level, and our ability to pay dividends may be adversely affected by the risk factors described in this prospectus. All distributions will be made at the discretion of our board of directors and will depend on our earnings, our financial condition, maintenance of our REIT status and such other factors as our board of

directors may deem relevant from time to time. There are no assurances of our ability to pay dividends in the future. In addition, some of our distributions may include a return of capital.

While we have not established a formal dividend policy, to date we have paid quarterly dividends based on our net cash flow from operations, less capital expenditure, after consideration of pending acquisitions of communications sites, with the cash raised in our mortgage loans and equity financings. As of April 18, 2005, we have \$15.2 million remaining in a site acquisition reserve account established as part of our December 2004 mortgage loan pending its investment in qualified communications sites. In addition, as part of this offering, we expect to issue 5,750,000 shares (6,325,000 shares if the underwriters exercise the overallotment option) to raise approximately \$ million (\$ million if the underwriters exercise the overallotment option) of additional capital. Our ability to continue to pay dividends at current levels will depend, among other things, on our ability to invest amounts held in the site acquisition reserve account, as well as the capital raised in this offering, at returns similar to the acquisitions we have closed to date.

Global Signal Inc. is a holding company with no material direct operations.

Global Signal Inc. is a holding company with no material direct operations. Its principal assets are the equity interests it holds in its operating subsidiaries. In addition, we own substantially all of our assets and conduct substantially all of our operations through Global Signal OP. As a result, Global Signal Inc. is dependent on loans, dividends and other payments from its subsidiaries and from Global Signal OP to generate the funds necessary to meet its financial obligations and pay dividends. Global Signal Inc.'s subsidiaries and Global Signal OP are legally distinct from Global Signal Inc. and have no obligation to make funds available to it.

Your ability to influence corporate matters may be limited because a small number of stockholders beneficially own a substantial amount of our common stock.

After giving effect to the offering, assuming no exercise by the underwriters of their overallotment option, as of April 18, 2005 Fortress and its affiliates will beneficially own approximately 25,443,696 million shares, or 43.4%, of our common stock, Greenhill and its affiliates will beneficially own approximately 8,583,194 million shares, or 14.8%, of our common stock and Abrams Capital, LLC and its affiliates will beneficially own approximately 5,569,986 million shares, or 9.6% of our common stock. In addition, if the Sprint transaction closes, we will issue at least 9,803,922 shares of our common stock to Fortress, Greenhill and Abrams Capital LLC or their affiliates who would beneficially own 44.1%, 15.5%, and 12.8%, respectively of our common stock following those issuances. Three of our directors are associated with these stockholders. As a result, Fortress, Greenhill, and Abrams Capital, LLC and their respective affiliates could exert significant influence over our management and policies and may have interests that are different from yours and may vote in a way with which you disagree and which may be adverse to your interests. In addition, this concentration of ownership may have the effect of preventing, discouraging or deferring a change of control, which could depress the market price of our common stock.

An increase in interest rates would result in an increase in our interest expense which could adversely affect our results of operations and financial condition.

Any indebtedness we incur under Global Signal OP's \$95.0 million Revolving Credit Agreement bears interest at floating rates, based on either LIBOR or the bank's base rate. Accordingly, an increase in the bank's base rate or LIBOR could lead to an increase in Global Signal OP's interest expense, which could have an adverse effect on our results of operations and financial condition. We may incur additional floating rate indebtedness from time to time. In addition, any increase in interest rates also would increase

the cost of any new fixed rate borrowings. Furthermore, if we fail to close the Sprint transaction or other anticipated mortgage loan transactions in 2005 and interest rates decrease, we have substantial interest rate swap exposure that may adversely affect our results of operations and financial condition.

Our fiduciary obligations to Global Signal OP may conflict with the interests of our stockholders.

Our wholly owned subsidiary Global Signal GP LLC, as the managing general partner of Global Signal OP, may have fiduciary obligations in the future to the limited partners of Global Signal OP, the discharge of which may conflict with the interests of our stockholders. Unless otherwise provided for in the relevant partnership agreement, Delaware law generally requires a general partner of a Delaware limited partnership to adhere to fiduciary duty standards under which it owes its limited partners the highest duties of good faith, fairness and loyalty and which generally prohibits such general partner from taking any action or engaging in any transaction as to which it has a conflict of interest. For example, if Global Signal GP LLC has a need for liquidity, the timing of a distribution from Global Signal GP LLC to Global Signal Inc. may be a decision that presents such a conflict. The limited partners of Global Signal OP will have the right, beginning one year after they contribute property to the partnership, to cause Global Signal OP to redeem their limited partnership units for cash or shares of our common stock. As managing partner, Global Signal GP LLC's decision as to whether to exchange units for cash or shares of our common stock may conflict with the interest of our common stockholders.

Future limited partners of Global Signal OP may exercise their voting rights in a manner that conflicts with the interests of our stockholders.

Currently, Global Signal OP does not have any limited partners other than Global Signal. In the future, those persons holding units of Global Signal OP, as limited partners, have the right to vote as a class on certain amendments to the operating partnership agreement and individually to approve certain amendments that would adversely affect their rights, which voting rights may be exercised by future limited partners in a manner that conflicts with the interests of those investors who acquire our common stock in this offering.

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus contains certain forward-looking statements which are subject to various risks and uncertainties, including without limitation, statements relating to our ability to deploy capital, close accretive acquisitions, close dispositions of under-performing sites, close acquisitions under letters of intent and purchase agreements, close the Sprint transaction, close on the Investment Agreement, come to favorable resolution on the timing and the terms of any renewal or extension of the Arch Lease, anticipate, manage and address industry trends and their effect on our business as well as the rate and timing of the deployment of new radio communications systems and equipment by governmental customers; whether our current or prospective tenants who are analog television broadcasters install new equipment at our sites; whether we successfully address other future technological changes in the wireless industry, pay and grow dividends, generate growth organically or through acquisitions, secure financing and increase revenues, earnings, Adjusted EBITDA and/or Adjusted FFO (or AFFO) and add telephony tenants; and statements

relating to the final cost of the Sprint transaction (including fees and expenses), and how the proceeds of future financings will be used. Forward-looking statements are generally identifiable by use of forward-looking terminology such as "may," "will," "should," "potential," "intend," "expect," "endeavor," "seek," "anticipate," "estimate," "overestimate," "underestimate," "believe," "could," "would," "project," "predict," "continue" or other similar words or expressions. Forward-looking statements are based on certain assumptions or estimates, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, actual results and performance could differ materially from those set forth in the forward-looking statements. Factors which could have a material adverse effect on our operations and future prospects or which could cause events or circumstances to differ from the forward-looking statements include, but are not limited to, failure to close the Sprint transaction, failure to successfully and efficiently integrate the Sprint transaction into our operations, difficulties in acquiring towers at attractive prices or integrating acquisitions with our operations, a decrease in the demand for our communications sites and our ability to attract additional tenants, the economies, real estate markets and wireless communications industries in the regions where our sites are located, consolidation in the wireless industry and changes to the regulations governing wireless services, the creditworthiness of our tenants, customer concentration and the loss of one or more of our major customers, the renewal of the Arch Lease, the terms of our leases, integration of new software systems, our ability to compete, competing technologies, equipment and software developments, our ability to modify our towers, our ability to obtain credit facilities on favorable terms, our failure to comply with federal, state and local laws and regulations and changes in the law, our failure to comply with environmental laws, our ability to conduct our business effectively, secure financing and generate revenues, the termination of site management agreements, disasters and other unforeseen events, the demonstrated or perceived negative health effects from our towers or other equipment, our ability to qualify as a REIT, REIT distributions requirements and the stock ownership limit imposed by the Internal Revenue Code for REITs. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements in this prospectus. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management's views as of the date of this prospectus. The "Risk Factors" and other factors noted throughout this prospectus could cause our actual results to differ significantly from those contained in any forward-looking statement. For a discussion of our critical accounting policies see "Management's Discussion and Analysis of Financial Condition and Results of Operations — Critical Accounting Policies and Estimates."

Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We are under no duty to update any of the forward-looking statements after the date of this prospectus to conform these statements to actual results or events.

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USE OF PROCEEDS

Based on the assumed offering price of \$ _____, our net cash proceeds from the sale of the shares of common stock will be approximately \$ _____ million, or approximately \$ _____ million if the underwriters exercise their overallotment option in full after deducting assumed underwriting discounts, commissions and estimated offering expenses.

We intend to use the net proceeds of this offering as follows:

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Approximately \$82.0 million to finance a portion of the upfront rental payment of approximately \$1.2 billion (subject to certain conditions, adjustments and prorations) to be paid in connection with the Sprint transaction. For a more detailed description of the Sprint transaction, see the section entitled "Business — Sprint Transaction." The Sprint transaction is subject to certain closing conditions and may not close. In the event the Sprint transaction does not close, we intend to use the net proceeds of this offering to finance the acquisition of other communications sites and for general corporate purposes. We expect the remaining portion of the up front rental payment will be financed through the \$850.0 million bridge financing and an equity issuance pursuant to the Investment Agreement.

- Approximately \$55.0 million to repay the debt outstanding under our Revolving Credit Agreement with Morgan Stanley Asset Funding Inc. and Bank of America, N.A., affiliates of the representatives of the underwriters, including \$50.0 million incurred to finance the Sprint transaction deposit, currently held in escrow, and \$5.0 million incurred to pay for a portion of the costs and expenses of the Sprint transaction. The \$50.0 million was borrowed under the term loan portion of the Revolving Credit Agreement and the \$5.0 million was borrowed under the multi-draw term loan portion of the Revolving Credit Agreement. On April 18, 2005, the interest rate on the multi-draw portion of the Revolving Credit Agreement was 4.74% and the interest rate on the term loan portion of the Revolving Credit Agreements was 4.68%. The term loans mature on the earlier to occur of (1) August 14, 2005, (2) the date that we receive a refund of our \$50.0 million deposit from Sprint under the Agreement to Lease, or (3) the date of the closing of the Sprint transaction. We expect to use borrowings under the Revolving Credit Agreement primarily to fund costs and expenses relating to the Sprint transaction and general corporate purposes, including funding acquisitions, from time to time, of additional wireless communications towers and other communications sites;
- Approximately \$ million used for working capital and other general corporate purposes, which may include future acquisitions.

Pending these uses, we intend to invest net proceeds in interest-bearing, short-term investment grade securities or money-market accounts, which is consistent with our intention to qualify as a REIT.

MARKET PRICE FOR COMMON STOCK AND DISTRIBUTION POLICY

In general, we will not pay a corporate-level income tax on our earnings to the extent we distribute our earnings to our stockholders. In order to satisfy the REIT requirements, we must distribute to our stockholders an amount at least equal to (1) 90% of our REIT taxable income (determined before the deduction for dividends paid and excluding any net capital gain) plus (2) 90% of the excess of our net income from foreclosure property (as defined in Section 856 of the Internal Revenue Code) over the tax imposed on such income by the Internal Revenue Code less (3) any excess non-cash income (as determined under the Internal Revenue Code). See "Federal Income Tax Considerations." As of April 21, 2005, we will have distributed in excess of 90% of our estimated 2005 year-to-date taxable income. The actual amount and timing of future distributions, however, will be at the discretion of our board of directors and will depend upon our financial condition in addition to the requirements of the Internal Revenue Code. Differences between the recognition of taxable income and the actual receipt of cash could require us to sell assets or borrow funds on a short-term or long-term basis to meet the 90% distribution requirements. In addition, Global Signal is a holding company with no material direct operations and depends on loans, dividends and other payments from its subsidiaries and will be dependent on loans and distributions from Global Signal OP to generate the funds necessary to pay

dividends. Global Signal's subsidiaries and Global Signal OP are legally distinct from Global Signal and have no obligation to make funds available to it.

The table below is a summary of our dividend history.

Dividend Summary

Dividend Period	Pay Date	Dividend per Share (\$)	Total Dividend (\$ million)	Amount of Dividend Accounted For As Return of Stockholders' Capital (\$ million)
October 1 – December 31, 2004	January 20, 2005	\$ 0.4000	\$ 20.9	\$ 16.4
July 1 – September 30, 2004	October 20, 2004	0.3750	19.1	16.3
June 1 – June 30, 2004	July 20, 2004	0.1030	5.2	5.2
April 1 – May 31, 2004	June 14, 2004	0.2095	8.8	8.8
January 1 – March 31, 2004	April 22, 2004	0.3125	13.1	13.1
October 1 – December 31, 2003	February 5, 2004	0.3125	12.8	0.6
One-time special distribution	February 5, 2004	3.4680	142.2	142.2

On March 30, 2005, our board of directors declared a dividend of \$0.40 per share of our common stock for the three months ended March 31, 2005, which was paid on April 21, 2005 to the stockholders of record as of April 11, 2005. The portion of this dividend which exceeds our accumulated earnings as of March 31, 2005 represented a return of capital. As of the date of this prospectus, we have not closed our accounting books and records for the three months ended March 31, 2005, and therefore we cannot determine the exact amount of this dividend that represents a return of our stockholders' capital. As a result, for purposes of certain disclosures included elsewhere in this prospectus, we have assumed that the entire dividend represents a return of our stockholders' capital. Purchasers of shares of common stock in this offering will not be entitled to this dividend.

We intend to continue to make regular quarterly distributions to the holders of our common stock. Distributions, including distributions of capital, assets or dividends, will be made at the discretion of our board of directors and will depend on many factors, including our financial condition, earnings, legal requirements and other factors as our board of directors deems relevant.

It is anticipated that distributions generally will be either (1) taxable as ordinary income, (2) a non-taxable return of capital, (3) taxable as a long-term capital gain, or (4) to the extent attributable to our taxable REIT subsidiaries, taxable as qualified dividends eligible for the 15% maximum federal income tax rate for individuals. We will furnish annually to each of our stockholders a statement setting forth distributions paid during the preceding year and their federal income tax status. For a discussion of the federal income tax treatment of distributions by us, see "Federal Income Tax Considerations — Taxation of Global Signal" and "— Taxation of Stockholders."

Our ordinary shares began publicly trading on June 3, 2004 on the NYSE under the symbol "GSL." Prior to that time, there was no trading market for our ordinary shares. The following table sets forth, for the fiscal quarters and periods indicated, the high and low sales prices per ordinary share as reported on the NYSE since our initial public offering on June 3, 2004:

2004		High		Low
From June 3, 2004 through June 30, 2004	\$	23.40	\$	20.00
Third quarter	\$	24.00	\$	19.80
Fourth quarter	\$	29.80	\$	22.50
2005				
First quarter	\$	32.46	\$	25.45
Second quarter (through April 18, 2005)	\$	30.10	\$	28.70

On April 18, 2005, the closing price of our common stock as reported on the NYSE was \$29.02 per share. As of April 18, 2005, there were 139 record holders of our common stock and 64 record holders of warrants currently exercisable for shares of our common stock.

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CAPITALIZATION

The following table sets forth our consolidated capitalization as of December 31, 2004 on (i) an actual basis and (ii) a pro forma as adjusted basis to reflect (a) the sale of 5,750,000 shares of our common stock offered by us in this offering at an assumed public offering price of \$ per share, less assumed underwriting discounts, commissions and estimated offering expenses payable by us and the use of the proceeds as described under the section entitled "Use of Proceeds," including financing a portion of the Sprint transaction, (b) the Triton and ForeSite 2005 acquisitions and (c) the Sprint transaction and related financing including the \$850.0 million bridge facility, the \$55.0 million of borrowings under the Revolving Credit Agreement and the issuance of \$250.0 million of common stock pursuant to the Investment Agreement. The Sprint transaction, and the Triton and ForeSite 2005 acquisitions are subject to customary closing conditions and we can provide no assurances that they will close.

		As of December 31, 2004	
		Actual	Pro Forma As Adjusted
		(in thousands)	
Cash and cash equivalents (1)	\$	5,991	
Notes payable and current portion of long-term debt	\$	8,268	
Long-term debt		698,652	
Stockholders' equity:			
Preferred stock, \$0.01 par value: 20 million shares authorized; no shares issued and outstanding on an actual and pro forma as adjusted basis			—
Common stock, \$0.01 par value: 150 million shares authorized; 51.3 million shares issued and outstanding on an actual basis and 66.5 million shares issued and outstanding on a pro forma as adjusted basis			
(2)		513	
Additional paid-in capital		157,004	
Deferred stock-based compensation		(3,101)	

Accumulated other comprehensive loss	(1,219)
Retained earnings	—
Total stockholders' equity	153,197
Total capitalization	\$ 860,117

(1) Excludes \$72.9 million of restricted cash related to amounts held in escrow pending the closing of certain acquisitions, and amounts held in imposition and insurance reserves in connection with our February 2004 and December 2004 mortgage loans and amounts held in the site acquisition reserve account in connection with the December 2004 mortgage loan to fund the purchase price of future qualifying acquisitions. See Adjustment B2 and C1 to the Pro Forma Condensed Consolidated Balance Sheet included elsewhere in this prospectus.

(2) The common stock outstanding as of December 31, 2004 as shown excludes (i) 2,199,032 shares of common stock available at that date for future issuance under our stock option plan, (ii) 2,736,279 shares of common stock issuable under then outstanding options, and (iii) 471,878 shares of common stock issuable under then outstanding warrants. See Adjustment C2 and D4 to the Pro Forma Condensed Consolidated Balance Sheet included elsewhere in this prospectus.

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SELECTED HISTORICAL CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth selected historical consolidated financial data and other information. The statements of operations and statements of cash flows data for the years ended December 31, 2000, 2001, 2003, 2004, and the ten months ended October 31, 2002 and the two months ended December 31, 2002 are derived from our audited consolidated financial statements. In addition, the balance sheet data as of December 31, 2000, 2001, 2002, 2003 and 2004 are derived from our audited consolidated financial statements. The balance sheet data as of October 31, 2002 are derived from our unaudited consolidated financial statements.

The pro forma as adjusted statement of operations data reflects (i) the issuance of the February 2004 mortgage loan of \$418.0 million and the application of the net loan proceeds therefrom, (ii) the initial public offering of 8,050,000 shares of our common stock at an offering price of \$18.00 per share of common stock, and the application of the net proceeds therefrom, including a portion to fund the Tower Ventures acquisition, (iii) the consummation of the Sprint transaction and related financing, including the funding of the \$850.0 million bridge facility, the \$55.0 million of borrowing under the Revolving Credit Agreement, and the issuance of \$250.0 million of common stock pursuant to the Investment Agreement, (iv) five other acquisitions: ForeSite 2005, Lattice, Didier Communications, Towers of Texas, and Triton, all of which have been consummated or are currently subject to definitive purchase agreements, (v) the issuance of the December 2004 mortgage loan of \$293.8 million and the application of the net proceeds therefrom, and (vi) this offering of 5,750,000 shares of common stock at an assumed offering price of \$ per share, the closing price of our shares of common stock on , and the application of the net proceeds therefrom, as more fully described in the pro forma financial statements and the related notes included elsewhere in this prospectus, as if they had occurred on January 1, 2004. The pro forma as adjusted balance sheet data as of December 31, 2004 reflects this offering, the Sprint transaction and related financings, and the ForeSite 2005 and Triton acquisitions as if they had occurred on December 31, 2004.

On November 1, 2002, we emerged from Chapter 11. In accordance with AICPA Statement of Position 90-7 Financial Reporting by Entities in Reorganization Under the Bankruptcy Code, we adopted fresh start accounting as of November 1, 2002 and our emergence from Chapter 11 resulted in a new reporting entity. Under fresh start

accounting, the reorganization value of the entity is allocated to the entity's assets based on fair values, and liabilities are stated at the present value of amounts to be paid determined at appropriate current interest rates. The effective date is considered to be the close of business on November 1, 2002, for financial reporting purposes. As stated above, the periods presented prior to November 1, 2002, have been designated "predecessor company" and the periods starting on November 1, 2002, have been designated "successor company." As a result of the implementation of fresh start accounting as of November 1, 2002, our financial statements after that date are not comparable to our financial statements for prior periods because of the differences in the basis of accounting and the debt and equity structure for the predecessor company and the successor company. The more significant effects of the differences in the basis of accounting on the successor company's financial statements are (1) lower depreciation and amortization expense as a result of the revaluation of our long-lived assets downward by \$357.2 million through the application of fresh start accounting and (2) lower interest expense as a result of the discharge of \$404.8 million of debt upon our emergence from bankruptcy.

Following a statement issued by the staff of the Office of the Chief Accountant of the Securities and Exchange Commission, or SEC, on February 7, 2005 clarifying certain issues related to lease accounting, we announced that we would change our accounting with respect to certain types of leases. In March 2005, we restated our financial statements for the two months ended December 31, 2002, the fiscal year ended December 31, 2003 and the first three fiscal quarters of 2004 for errors in our lease accounting with respect to certain types of leases and related long-lived assets. These restatements were reflected in our annual report on Form 10-K for the year ended December 31, 2004.

In March 2005, our independent registered public accounting firm informed the audit committee of our board of directors, as a part of their audit of our financial statements and primarily as a result of the restatement of a material weakness related to the design or operation of the internal control components over our accounting for leases and depreciation of leasehold improvements. We have started to take corrective actions to remedy this internal control deficiency.

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The information set forth below should be read in conjunction with "Use of Proceeds," "Capitalization," "Management's Discussion and Analysis of Financial Condition and Results of Operations," our consolidated financial statements, our pro forma condensed consolidated financial statements, Tower Ventures', Foresite's, Lattice's, Didier Communications', Towers of Texas', Triton's and Sprint Sites USA's statements of revenue and certain expenses, and each of their related notes included elsewhere in this prospectus.

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Selected Historical Consolidated Financial Information

Predecessor Company

Successor Company

	Year Ended December 31, 2000	Year Ended December 31, 2001	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004 Historical	Pro Forma As Adjusted
(dollars and shares in thousands, except per share data)							
STATEMENT OF OPERATIONS DATA(1)							
Revenues	\$ 159,810	\$ 174,024	\$ 137,435	\$ 27,454	\$ 166,670	\$ 182,865	\$
Direct site operating expenses (excluding impairment losses, depreciation, amortization and accretion expense)	55,435	64,672	46,570	9,028	56,572	57,462	
Gross margin	104,375	109,352	90,865	18,426	110,098	125,403	
Other expenses:							
Selling, general and administrative	54,068	48,034	27,523	4,743	26,914	23,410	
State franchise, excise and minimum taxes	1,184	1,877	1,671	330	848	69	
Depreciation, amortization and accretion (2)	111,560	118,447	73,508	10,119	47,137	54,288	
Non-cash stock based compensation expense	—	—	—	—	1,479	4,235	
Impairment loss on assets	—	293,372	5,559	—	—	—	
Reorganization costs	—	—	59,124	—	—	—	
Unsuccessful debt restructuring costs	—	1,702	—	—	—	—	
Total operating expenses	166,812	463,432	167,385	15,192	76,378	82,002	
Operating income (loss)	(62,437)	(354,080)	(76,520)	3,234	33,720	43,401	
Gain (loss) on extinguishment of debt	—	—	404,838	—	—	(9,018)	
Interest expense, net	65,707	88,731	45,720	4,041	20,477	27,529	
Income (loss) from continuing operations	(127,732)	(436,068)	288,326	(910)	14,018	6,637	
Income (loss) from discontinued operations	3,437	(6,490)	(32,076)	(84)	(131)	111	
Net income (loss)	(124,295)	(448,202)	256,172	(996)	13,161	6,872	
Income (loss) from continuing operations per share (basic)	\$ (2.67)	\$ (9.00)	\$ 5.94	\$ (0.02)	\$ 0.34	\$ 0.14	\$
Income (loss) from continuing operations per share (diluted)	\$ (2.67)	\$ (9.00)	\$ 5.94	\$ (0.02)	\$ 0.34	\$ 0.13	\$
Net income (loss) per share (basic)	\$ (2.59)	\$ (9.25)	\$ 5.27	\$ (0.02)	\$ 0.32	\$ 0.15	\$
Net income (loss) per share (diluted)	\$ (2.59)	\$ (9.25)	\$ 5.27	\$ (0.02)	\$ 0.32	\$ 0.14	
Ordinary cash dividends declared per share	\$ —	\$ —	\$ —	\$ —	\$ 0.31	\$ 1.40	\$
Special cash distribution declared per share	\$ —	\$ —	\$ —	\$ —	\$ 3.47	\$ —	\$
	47,918	48,431	48,573	41,000	41,000	46,831	

Weighted average shares of
common stock outstanding
(basic)

Weighted average shares of
common stock outstanding
(diluted)

47,918 48,431 48,573 41,000 41,112 49,683

BALANCE SHEET DATA

Cash	\$ 44,233	\$ 13,187	\$ 21,819	\$ 4,350	\$ 9,661	\$ 5,991	\$
Total assets	1,469,607	1,034,333	909,098	528,066	519,967	923,369	
Total debt	869,392	885,471	491,473	277,844	264,251	706,920	
Stockholders' equity	534,103	83,798	354,917	204,330	217,531	153,197	

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- (1) During the ten months ended October 31, 2002, the two months ended December 31, 2002 and the years ended December 31, 2003 and 2004, we disposed of, or held for disposal by sale, certain non-core assets and under performing sites, which have been accounted for as discontinued operations. Their results for all periods presented are not included in results from continuing operations.
- (2) Depreciation, amortization and accretion expense for the ten months ended October 31, 2002 and two months ended December 31, 2002 are not proportional because the successor company's depreciable assets have a lower basis. Following the restructuring transaction, assets were revalued, including all long-lived assets, to their fair market value, thereby lowering the depreciable basis.
- (3) Pro forma as adjusted net income (loss) per share (basic and diluted) represents amounts from continuing operations.

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

You should read the following discussion in conjunction with "Selected Historical Consolidated Financial Information" and our consolidated financial statements included elsewhere in this prospectus. Some of the statements in the following discussion are forward-looking statements which include numerous risks and uncertainties as described in "Cautionary Statement Regarding Forward-Looking Statements" and in "Risk Factors." For purposes of this discussion, "2004" refers to the year ended December 31, 2004, "2003" refers to the year ended December 31, 2003 and 2001 refers to the year ended December 31, 2001.

Executive Overview

Global Signal, formerly known as Pinnacle Holdings Inc., is one of the largest wireless communications tower owners in the United States, based on the number of towers owned. Our strategy is to grow our Adjusted EBITDA and Adjusted Funds From Operations (1) organically by adding additional tenants to our towers, (2) by acquiring towers

with existing telephony tenants in locations where we believe there are opportunities for organic growth and (3) by financing these newly acquired towers, on a long-term basis, using equity issuances combined with low-cost fixed-rate debt obtained through the issuance of mortgage-backed securities. Through this strategy we will seek to increase our dividend per share over time. We paid a dividend of \$0.40 per share of our common stock for the quarter ended December 31, 2004, which is a 28.0% increase over the dividend we paid for the quarter ended December 31, 2003. In addition, on March 30, 2005, our board of directors declared a dividend of \$0.40 per share of our common stock for the three months ended March 31, 2005, which was paid on April 21, 2005 to stockholders of record as of April 11, 2005.

We are organized, and conduct our operations to qualify, as a REIT for federal income tax purposes. As such, we will generally not be subject to federal income tax on that portion of our income that is distributed to our stockholders if we distribute at least 90% of our REIT taxable income to our stockholders and comply with various other requirements. We also have certain subsidiaries that are not qualified REIT subsidiaries and, therefore, their operations are subject to federal income tax. Since May 12, 2004, we have owned substantially all of our assets and have conducted substantially all of our operations through our operating partnership, Global Signal OP. Global Signal Inc. is the special limited partner and our wholly owned subsidiary, Global Signal GP, LLC, is the managing general partner of Global Signal OP. Global Signal Inc. holds 99% of the partnership interests and Global Signal GP, LLC holds 1% of the partnership interests in Global Signal OP. On June 2, 2004, we completed our initial public offering through the issuance of 8,050,000 shares of our common stock at \$18.00 per share of common stock.

Our customers include a wide variety of wireless service providers, government agencies, operators of private networks and broadcasters. These customers operate networks from our communications sites and provide wireless telephony, mobile radio, paging, broadcast and data services. As of December 31, 2004, we had an aggregate of more than 15,000 leases on our communications sites with over 2,000 customers. The average number of tenants on our owned towers, as of December 31, 2004, was 4.1, which included an average of 1.6 wireless telephony tenants. The percentage of our revenues from wireless telephony tenants have increased from 41.0% of revenues for the month of December 2003 to 51.1% of revenues for the month of December 2004.

Over the past few years, new wireless technologies, devices and applications have become more advanced and broadly utilized by wireless subscribers. As new technologies, devices and applications have developed, new networks have been deployed to support the more advanced applications and the growth in the number of wireless subscribers while more mature technologies, such as paging, have experienced shrinking subscriber bases and network contraction. Some of the key indicators that we regularly monitor to evaluate growth trends affecting wireless technology usage are the growth or contraction of a particular technology's wireless subscribers and the usage as measured in minutes of use or network capacity utilization.

The material opportunities, challenges and risks of our business have changed significantly over the past several years. More recently, concurrent with an increased focus on improving network quality, many

of our wireless telephony customers have experienced a general improvement in their overall financial condition. This has resulted in an increase in these customers' abilities to invest in their networks and a related increase in our telephony tenant base. During 2003 and 2004, the demand by wireless telephony service providers for our communications sites increased compared to the demand we experienced during 2002 and 2001. Our growth will be primarily affected by the future demand for communications sites by wireless telephony service providers, paging service providers, users of mobile radio services and government agencies. The demand for communications site

space by wireless telephony service providers is expected to be driven by growth in their subscribers' and their utilization of wireless telephony services, including utilization of their networks for data services. In addition, demand could also be affected by carrier consolidation, because consolidation could result in duplicative coverage and excess network capacity. On October 26, 2004, Cingular merged with AT&T Wireless, which could adversely impact tenant lease revenues at some of our communications sites. For example, as of December 31, 2004, 102 of our sites are occupied by both Cingular and AT&T Wireless and the combined revenues from AT&T Wireless and Cingular on these sites was approximately \$4.4 million during 2004. These tenants may also be located on nearby communications towers owned by our competitors. On November 16, 2004, Arch Wireless merged with Metrocall Holdings, Inc. to form USA Mobility, Inc., our largest customer based on revenues for 2004. Both customers offer paging services throughout the United States and consequently will have duplicate coverage in most markets. In addition, on December 15, 2004, Sprint announced its agreement to merge with Nextel Communications. As of December 31, 2004, 164 of our sites are occupied by both Sprint and Nextel and the combined revenues from Sprint and Nextel on these sites was approximately \$7.2 million during 2004. These tenants may also be located on nearby communications towers owned by our competitors. On January 10, 2005, ALLTEL announced its agreement to purchase Western Wireless. On March 29, 2005, MCI, the parent of Skytel Corporation, accepted a revised takeover offer from Verizon Communications Inc., a joint owner of Verizon Wireless, who also operates a paging network. As a result of these mergers, network consolidations by these tenants could adversely impact tenant lease revenues at some of our sites. Lastly, the demand for communications site space by government entities will be driven by the agencies' demand for new digital networks and the ability to communicate with other government agencies as well as their ability to gain funding for such networks.

Since our reorganization, we have installed a new management team, reengineered our business processes and reduced our debt. Our debt was reduced primarily as a result of the extinguishment of \$404.8 million of indebtedness pursuant to the terms of our reorganization in November 2002. We subsequently refinanced our balance sheet through a \$418.0 million tower asset securitization in February 2004, which has provided us with low-cost fixed-rate debt. Furthermore, we have disposed of certain non-core communications sites and under-performing sites to enhance our operating margins. Our growth opportunities are primarily linked to organic growth on our existing towers and acquiring and developing new towers on which our wireless customers will seek to locate their equipment, thereby growing our overall tenant base. From December 2003 through April 18, 2005, we acquired 1,024 wireless communications sites for approximately \$428.1 million including fees and expenses. We have refinanced these newly acquired communications sites on a long-term basis with a portion of the net proceeds from our initial public offering and our \$293.8 million December 2004 mortgage loan.

A key component of our growth strategy is our capital management strategy, which supports the financing of our tower acquisition strategy. Our capital management strategy is to finance newly acquired assets, on a long-term basis, using additional equity issuances combined with low-cost fixed-rate debt obtained through the periodic issuance of mortgage-backed securities. Prior to financing newly acquired towers using mortgage-backed securities, our strategy is to finance communications sites we acquire on a short-term basis through credit facilities we expect to obtain like the proposed acquisition credit facility which generally contain terms similar to the credit facility we repaid with a portion of the net proceeds from our December 2004 mortgage loan.

Prior to our reorganization we acquired certain non-strategic assets unrelated to our core tower business, which have subsequently been sold, and our former management was unable to efficiently integrate and manage our communications sites. Our current growth strategy, which is in part based on a new site acquisition and development strategy, is significantly different. The primary differences are (1) our strategy to finance our assets using a capital structure which we believe does not rely on growth to

reduce leverage and uses low-cost fixed-rate debt obtained through the issuance of mortgage-backed securities combined with proceeds from equity offerings to finance our new tower acquisitions, (2) our strategy to buy core tower assets with in-place telephony, government or investment grade tenants where we believe there is a high likelihood of multiple lease renewals, (3) our stringent underwriting process which is generally designed to allow us to evaluate and price acquisitions based on their current yield and on the asset and tenant attributes and location of the asset and (4) our focus on integrating, maintaining and operating the assets we acquire efficiently and effectively.

The primary factors affecting our determination of the value of a communications site are its location and the immediate area's competitive structures, tenant base, tenant credit quality and zoning restrictions. While we have communications sites located throughout the United States, Canada and the United Kingdom, our communications sites are primarily located in the southeastern and mid-Atlantic regions of the United States. The locations of our sites are diverse and include sites along active transportation corridors, in dense urban centers and in growing suburban communities. We also have a diverse tenant base, which includes government agencies, large and small wireless service providers and operators of private communication networks. The credit quality of our tenants varies greatly from investment grade credits to significantly lesser credits, including small independent operations.

Recent Restatements of Our Financial Statements

During late 2004 and early 2005, many public companies announced their intention to modify their accounting treatment of rent and depreciation expense associated with long-lived assets subject to leases. In response to requests for guidance, the staff of the Office of the Chief Accountant of the SEC issued a statement on February 7, 2005 stating the SEC's views regarding existing accounting literature applicable to leases and leasehold improvements. In light of these developments, we reviewed our practices and made a determination that we should correct our lease-related accounting policies associated with certain of our tower sites on leased land as well as certain sites we lease and sublease to our tenants. The primary effect of this change was to accelerate to earlier periods, accrued rent expense and depreciation with respect to certain of our tower sites, resulting in an increase in non-cash expenses compared to what had previously been reported.

As a part of our filing on Form 10-K for the year ended December 31, 2004, we restated our financial statements as of December 31, 2002 and 2003, for the two months ended December 31, 2002, for the year ended December 31, 2003 and each of the quarters therein, and for the first, second and third quarters of 2004. All amounts herein reflect the restated results. The restatement corrected errors relating to (i) the recognition of additional ground lease and other subleased sites' rent expense on a straight-line basis over the initial term of the lease or sublease plus the future optional renewal periods where there is reasonable assurance that the lease will be renewed, based on our evaluation at the inception of the lease or our assumption of the lease due to our acquisition of the related tower asset and (ii) the amortization period of leasehold improvements (primarily wireless towers) to amortize such improvements over the lesser of the remaining term of the underlying lease or sublease including the renewal periods assumed above or the estimated useful life of the leasehold improvement.

Prior to the restatement, we calculated straight-line rent expense using the current lease term (typically 5 to 10 years) without regard to renewal options. In addition, we depreciated our wireless towers over a 13 to 16 year useful life without regard to the underlying lease term because of our historical experience in successfully renewing or extending leases prior to expiration. As a result of the correction, we calculated our straight-line lease expense over the shorter of (i) the contracted term of the lease agreement assuming we exercise all of the renewal options or (ii) the contractual term of the lease agreement through and including the first renewal option period ending after the later of (a) our tenant leases which were in place or which we anticipated to being in place at the date we entered into the lease or acquired the communication site or (b) the depreciable life of the leasehold asset (primarily wireless towers) located on the leased property. The result of the depreciation correction was to shorten the depreciable lives of certain tower assets such that they are depreciated over the lesser of the remaining term of the underlying lease or the estimated

useful life of the tower.

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Our restatements did not impact historical or future cash flows provided by operating activities, the timing or amount of payments under the related leases, or compliance with any financial ratio covenants under our credit facility or other financial covenants under our mortgage loans.

We did not restate any periods for the predecessor company as the effect is immaterial and has no cumulative impact on the operating results or financial position of the successor company.

Revenues

We generate substantially all of our revenues from leasing space on communications sites to various tenants including wireless service providers, government agencies, operators of private networks and broadcasters. Factors affecting our revenues include the rate at which our customers deploy capital to enhance and expand their networks, the rate at which customers rationalize their networks, the renewal rates of our tenants and fixed-price annual escalation clauses in our contracts that allow us to increase our tenants' rental rates over time.

For the year ended December 31, 2004, 82% and 92% of our revenues and gross margin, respectively, were generated from our owned communications sites, while 18% and 8% of our revenues and gross margin, respectively, were generated from our managed communications sites. For the year ended December 31, 2003, 79% and 89% of our revenues and gross margin, respectively, were generated from our owned communications sites, while 21% and 11% of our revenues and gross margin, respectively, were generated from our managed communications sites. Typically, our tenant lease agreements are specific to a site, are for terms of one to ten years and are renewable for multiple pre-determined periods at the option of the tenant. Rents under the tenant leases are generally due to us on a monthly basis, and revenues from each agreement are recognized monthly. These agreements typically contain fixed-price annual escalation clauses. However rental revenues are recognized in our financial statements on a straight-line basis over the contractual term of the agreements excluding customer renewal options.

Our tenants are responsible for the installation and maintenance of their equipment at our sites. These tenants transmit from our sites utilizing a wide variety of technologies including personal communication services (PCS), cellular, enhanced specialized mobile radio (ESMR), mobile radio, paging, and radio and television broadcast. For the months of December 2001, 2002, 2003 and 2004 our revenue mix for the primary technology categories was as follows:

Revenues Percentage by Tenant Technology Type

Tenant Technology Type	Percent of Revenues for the Month of December			
	2001	2002	2003	2004
Telephony (PCS, Cellular, ESMR)	32.2%	37.0%	41.0%	51.1%
Mobile radio	30.9	28.5	25.5	21.9
Paging	25.3	22.4	21.5	17.8
Broadcast	6.1	7.0	7.1	6.5
Wireless data and other	5.5	5.1	4.9	2.7
Total	100.0%	100.0%	100.0%	100.0%

Direct Site Operating Expenses and Other Expenses

Direct site operating expenses consist of ground rents (if we do not own the land at our site), utilities, property and ad valorem taxes, insurance and site maintenance costs. Many of our ground lease agreements contain escalation clauses which are typically based on either a fixed percentage rate or the change in the Consumer Price Index. For ground leases with escalation clauses based on a fixed percentage rate, ground rental expenses are recognized in our financial statements on a straight-line basis over the shorter of (i) the contractual term of the ground lease agreement assuming we exercise all renewal options or (ii) the first renewal option period ending after the later of (a) our tenant leases which were in place or which we anticipated being in place at the date we entered into the ground lease or acquired the communications site and (b) the depreciable life of the assets located on the leased property.

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Other shared costs such as property management, site operations and contract administration are included in selling, general and administrative as described below. Because the costs of operating an owned site generally do not increase significantly as we add additional tenants, new lease revenues from additional tenants to a particular site provide high incremental gross margin for that site. Similarly, the loss of any tenant on an owned site does not significantly reduce the costs associated with operating that site; and as a result, the lost lease revenues will reduce cash flows and gross margin from that site. Fluctuations in our gross margins on owned sites are directly related to changes in our tenant lease revenues. For managed sites, we typically pay the site owner either a fixed rental payment, a percentage of revenues or a combination of a fixed rental payment plus a percentage of revenues. In instances where we pay the landlord a percentage of revenues, changes in revenues result in an increase or decrease, as applicable, in our communications site operating expenses.

Selling, general and administrative expenses consist of five major components (1) sales, marketing and collocations; (2) property management and site operations; (3) contracts administration; (4) business development including acquisitions and new builds and (5) administrative support including legal, human resources, finance, accounting and information technology.

Acquisitions and Dispositions of Communications Sites

Our financial results are also impacted by the timing, size and number of acquisitions and dispositions we complete in a period. Our number of active communications sites decreased from 3,881 at December 31, 2001 to 3,276 at December 31, 2003 and increased to 4,060 at December 31, 2004. In addition, we routinely review and dispose of under-performing sites which generate negative cash flows and which are not compatible with our strategy. During 2002, our dispositions principally related to our sale of 266 non-core microwave sites. During 2003 and 2004, we disposed of 134 and 81 under-performing sites, respectively, primarily consisting of managed sites, and as of December 31, 2004, we had 45 other sites held for sale.

During 2001, we reclassified our portfolio of five wireline telephony collocation facilities to assets held for sale. Three were sold in 2001 and two were sold in the ten months ended October 31, 2002. These facilities contributed \$6.4 million and \$1.1 million to revenues during 2001 and the ten months ended October 31, 2002 for the predecessor company, respectively, prior to the sale of the last facility in October 2002. These dispositions are not classified in "discontinued operations" as they did not meet the required segment criteria in 2001 and this was prior to our adoption of SFAS No. 144, "Accounting for the Impairment and Disposal of Long-lived Assets."

In 2002, we sold other assets including certain rental buildings, two wholly owned subsidiaries and a portfolio of microwave tower sites. The results of operations for these assets have been reclassified to discontinued operations under SFAS No. 144 which became effective January 1, 2002. In addition, the under-performing sites we disposed of in 2002 that were not previously held for sale were also reclassified as discontinued operations.

On September 23, 2003, a majority of our stockholders formed a new company, Pinnacle Towers Acquisition Holdings LLC or Pinnacle Acquisition, then known as Pinnacle Towers Acquisition Inc. This entity had no operations until December 4, 2003, when its subsidiary, Pinnacle Towers Acquisition LLC, acquired, from TowerCom Enterprises, L.L.C. and its affiliates, a portfolio of 67 towers which are primarily located in Florida, Georgia, Alabama and Mississippi and are generally less than five years old. The purchase price was \$27.3 million, including fees and expenses, and Pinnacle Acquisition accounted for the purchase using purchase accounting. Pinnacle Acquisition was initially funded through a \$100.0 million acquisition credit facility, provided by Morgan Stanley, which was increased to \$200.0 million on February 6, 2004 and to \$250.0 million on October 15, 2004. In addition, on February 6, 2004, we exercised our option to acquire all the outstanding common stock of Pinnacle Acquisition, and Pinnacle Acquisition became our wholly owned subsidiary. We acquired the common stock of Pinnacle Acquisition for approximately \$21,000. Global Signal and Pinnacle Acquisition had 99% common controlling stockholders. Since our acquisition of Pinnacle Acquisition was a business combination among "entities under common control," we have accounted for it in a manner similar to a pooling of interests. As a result, we have included the financial statements of Pinnacle Acquisition in our consolidated financial statements included elsewhere in this prospectus, beginning September 23, 2003.

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During 2004, we acquired 862 communications sites from 48 sellers unrelated to us. Prior to December 7, 2004, the acquisitions were funded through borrowings under our credit facility and a portion of the net proceeds from our initial public offering. After December 7, 2004, the date of our December 2004 mortgage loan, the acquisitions were funded with cash from the site acquisition reserve account established as part of the December 2004 mortgage loan. Some of the more significant acquisitions we completed during 2004 and early 2005 are as follows:

Seller	Acquisition Closing Dates	No. of Acquired Communications Sites	Purchase Price, including Fees & Expenses (\$ million)	% of Revenue From Investment Grade or Wireless Telephony Tenants(1)	Primary Site Locations
Towers of Texas Inc.	December 2004	48	\$ 25.5	99.5%	Texas
Didicom Towers, Inc.	December 2004	95	27.0	93.3	Arkansas, Missouri and Oklahoma
GoldenState Towers, LLC(2)	November 2004	214	64.5	98.2	California, Oregon, Idaho, Washington, Nevada and Arizona
Lattice Communications, LLC	October 2004	236	116.3	86.4	Indiana, Ohio, Alabama,

	through March 2005				Kansas and Georgia
Tower Ventures III LLC(2)	June 2004	97	53.0	99.6	Tennessee, Mississippi, Mis and Arkansas

(1)As of the time of acquisition.

(2)We acquired the membership interests of the named entity, which owned the towers.
Reorganization

Prior to our reorganization, we funded our operations through bank credit facilities and issuances of debt and equity securities. Prior to our emergence from bankruptcy, we were unable to meet our financial obligations due primarily to (1) our highly leveraged capital structure, (2) the non-strategic acquisition of assets we have subsequently disposed of that were unrelated to our core tower business and (3) the inability of our former management to efficiently integrate and manage our communications sites. In addition, to a lesser extent, we were unable to meet our financial obligations due to the reduced amount of capital spending by wireless carriers on their networks in 2001 and 2002. On May 21, 2002, Global Signal, then known as Pinnacle Holdings Inc., filed a voluntary petition for relief under Chapter 11 of the Bankruptcy Code in the United States Bankruptcy Court for the Southern District of New York. On October 9, 2002, the Bankruptcy Court entered an order confirming the Second Amended Joint Plan Of Reorganization dated September 23, 2002 or the Prearranged Plan, which became effective on November 1, 2002.

Under the Prearranged Plan, Fortress and Greenhill purchased 22,526,598 shares of our common stock for an aggregate purchase price of \$112.6 million and elected to receive an additional 9,040,166 shares of common stock in lieu of \$45.2 million of cash for the 10% senior notes due 2008, they held making their total investment in us in connection with the reorganization \$157.8 million. Other senior

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noteholders entitled to receive \$47.2 million of cash elected to receive 9,433,236 shares of common stock in lieu of cash, making the total equity investment \$205.0 million. In December 2002, Fortress purchased 1,440,000 shares of our common stock from Abrams Capital Partners I, L.P., Abrams Capital Partners II, L.P., and Whitecrest Partners, L.P., affiliates of Abrams Capital LLC, our third largest stockholder for an aggregate purchase price of approximately \$7.3 million. On February 5, 2004, Fortress and Greenhill's total investment was reduced by \$113.8 million to \$51.3 million (including the amount invested in connection with the purchase of shares from Abrams Capital, LLC and certain of its affiliates) as a result of our special distribution which represented a return of capital. In April 2004, Fortress exercised its warrants for 418,050 shares at an aggregate exercise price of \$3.6 million. On December 22, 2004, Greenhill increased their holding of our common stock through the exercise of 32,200 options. Since our reorganization, Fortress and Greenhill have received distributions representing a return of capital totaling \$156.6 million comprising a special distribution on February 5, 2004, and returns of capital related to their portion of our December 2003, and our March, June, September and December 2004 ordinary dividends to the extent the dividends exceeded accumulated earnings. On April 21, 2005 we also paid our stockholders of record as of April 11, 2005 a dividend of \$0.40 per share of our common stock for the three months ended March 31, 2005. As of the date of this prospectus, we have not closed our accounting books and records for the three months ended March 31, 2005, and therefore we cannot determine the exact amount of this dividend that represents a return of our stockholders' capital. The aggregate dividend was approximately \$20.9 million. Assuming the entire amount of the dividend is a return of capital, the Fortress and Greenhill investment would be reduced by \$13.3 million and Fortress and Greenhill will have

received a return of all of their invested capital plus approximately \$0.4 million.

Under the Prearranged Plan, we satisfied \$325.0 million of indebtedness related to our senior notes for \$21.6 million and 18,473,402 shares of our common stock valued at \$92.4 million, and satisfied \$187.5 million of indebtedness related to our 5.5% convertible notes due 2007 for \$1.0 million and warrants to purchase 820,000 shares of our common stock. In total, \$404.8 million, including \$7.3 million of accrued interest, was discharged under the reorganization. Under the Prearranged Plan, our then existing senior credit facility lenders were paid approximately \$93.0 million in cash, with the balance of the full amount owed to them incorporated into an amended and restated credit facility comprising a three-year secured term loan of \$275.0 million. In addition, certain of these lenders provided a secured revolving credit facility of \$30.0 million. We refer to the term loan and revolving credit facility, collectively, as our old credit facility. On February 5, 2004, the old credit facility was paid in full and terminated.

Our emergence from bankruptcy and adoption of fresh start accounting resulted in the extinguishment of \$404.8 million of indebtedness and significantly reduced our interest expense and depreciation and amortization expense. In addition to our reorganization, we have taken a number of other measures to minimize potential net losses in the future, including the sale of non-performing communications sites, the reduction of overhead and capital expenditures and the installation of a new management team.

2000/2001 Securities and Exchange Commission Investigation

In August 2000, we became the subject of an investigation by the SEC. On December 6, 2001, we entered into a settlement with the SEC relating to our original accounting for the August 1999 acquisition of certain communications sites from Motorola, Inc. We restated our financial statements to change our accounting for that transaction in filings made with the SEC in April and May 2001. In the settlement, we consented, without admitting or denying the SEC's findings, to the SEC's entry of an administrative order that we cease and desist from committing or causing violations of the reporting, books and records and internal control provisions of the federal securities laws. The SEC's order does not claim any violation of the antifraud provisions of the federal securities laws, nor does it assess a monetary penalty or fine against us. As previously disclosed, we cooperated fully with the SEC in its inquiry.

Basis of Accounting

In the following discussion, we refer to ourselves in the periods prior to our emergence from Chapter 11 as "predecessor company" and in the periods subsequent to the date of our emergence from bankruptcy as "successor company." The following is a discussion of our financial condition and results

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of operations for the ten months ended October 31, 2002, for the predecessor company, and the two months ended December 31, 2002 and the years ended December 31, 2003 and 2004 for the successor company. We refer to the years ended December 31, 2003 and 2004 as 2003 and 2004, respectively. The discussion should be read in conjunction with our financial statements included elsewhere in this prospectus.

As a result of the adoption of fresh start accounting as of November 1, 2002, our financial statements after that date are not comparable to our financial statements for prior periods because of the differences in the basis of accounting and the different debt and equity structures for the predecessor company and the successor company. The more significant effects of the differences in the basis of accounting on the successor company's financial statements are

lower depreciation and amortization expense as a result of the revaluation of our long-lived assets downward by \$357.2 million through the application of fresh start accounting, and lower interest expense as a result of the discharge of \$404.8 million of debt upon our emergence from bankruptcy. In addition, as required under fresh start accounting, we early adopted SFAS No. 143, "Accounting for Asset Retirement Obligations" at that time.

Financial Developments

The following are certain changes in our financial results which have occurred or we expect to occur in 2005 and beyond, as compared to our 2004 results.

As a new public company, we have incurred, and will continue to incur, significant legal, accounting and other expenses that we did not incur as a private company related to corporate governance, SEC reporting and compliance with the various provisions of the Sarbanes-Oxley Act of 2002. In particular, we expect to incur significant incremental expenses associated with Sarbanes-Oxley Section 404 compliance documentation and remediation. In addition, as a New York Stock Exchange-listed company, we were required to establish an internal audit function and did so, on an outsourced basis, in October 2004. As a result we will incur additional costs associated with this function. We also expect these new rules and regulations to make it more difficult and more expensive for us to obtain director and officer liability insurance, and we may be required to accept reduced coverage or incur substantially higher costs to obtain coverage.

Since 2003 we have become a more acquisition-focused company. As we evaluate towers for potential acquisition, we incur costs for various third parties' assistance, including in connection with due diligence, negotiation and structuring of these acquisitions. These costs are capitalized once the acquisition is deemed probable. If an acquisition is abandoned, these costs will be expensed. If the acquisition is consummated, these costs will be capitalized as a part of the total purchase price.

Although we have not yet analyzed the impact, the new accounting requirements for stock options and other stock-based compensation will require us to recognize expense whereas generally we have not been required to do so in the past.

Effect of Sprint Transaction

If we consummate the Sprint transaction as planned, on a pro forma basis as of December 31, 2004 after this offering, we will own, manage or lease over 10,600 wireless communications sites. In addition, on a pro forma basis, without giving effect to Sprint's pending merger with Nextel Communications, Sprint would become our largest customer, representing 31.1% of our revenue, for the year ended December 31, 2004.

We will account for the Sprint transaction as a capital lease and hence will recognize the assets and the lease obligations on our balance sheet. We will allocate the upfront rental payment along with transaction fees and costs to the leased assets (primarily towers and identifiable intangible assets) based on their fair market value similar to an acquisition of tower assets. We will depreciate and amortize these tangible and intangible assets over their estimated useful lives, which we expect to be similar to the current estimated useful lives of our existing tower and related intangible assets. As a result, our depreciation, amortization and accretion will increase significantly.

We expect to finance the Sprint transaction with an \$850.0 million bridge loan, which will substantially increase the amount of our debt outstanding and interest expense. In addition, the shares

issued in this offering and the shares we will issue pursuant to the Investment Agreement, will increase the number of shares outstanding and hence affect our future income (loss) per share.

The Sprint transaction is significantly larger than any acquisition we have completed to date. There are more Sprint Towers than the number of communications sites we currently operate. The integration of the over 6,600 Sprint Towers into our operations will be a significant undertaking. To manage the Sprint Towers, we expect to add over 100 additional employees which will add significant costs. We will also incur a substantial amount of non-recurring integration costs with respect to the Sprint transaction which will be expensed primarily in 2005.

As a result of our increased depreciation and amortization, accretion, integration costs, additional selling, general and administrative expenses and interest expense, we expect to generate net losses after the closing of the Sprint transaction.

In addition, in connection with the closing of the Sprint transaction, we will use a portion of the net proceeds of this offering to repay and terminate the outstanding borrowings on the \$50.0 million and \$25.0 million term loans under our Revolving Credit Agreement. As a result, we will write off the remaining unamortized deferred debt issuance costs as a loss on the early extinguishment of debt.

Results of Operations

Comparison of 2003 to 2004

The following table sets forth, for the periods indicated, each statement of operations item and such item as a percentage of revenues. The results of operations for any particular period are not necessarily indicative of results for any future period. The following data should be read in conjunction with our consolidated financial statements and notes thereto included herein.

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(dollars in thousands)	Year Ended December 31,					
	2003	%	2004	%	Var	%
Revenues	\$ 166,670	100.0%	\$ 182,865	100.0%	\$ 16,195	9.7%
Direct site operating expenses (excluding depreciation, amortization and accretion)	56,572	33.9	57,462	31.4	890	1.6
Gross margin	110,098	66.1	125,403	68.6	15,305	13.9
Other expense:						
Selling, general and administrative (excluding non-cash stock-based compensation expense)	26,914	16.1	23,410	12.8	(3,504)	(13.0)
State franchise, excise and minimum taxes	848	0.5	69	0.0	(779)	(91.9)
Depreciation, amortization and accretion	47,137	28.3	54,288	29.7	7,151	15.2
Non-cash stock-based compensation expense	1,479	0.9	4,235	2.3	2,756	1.8
	76,378	45.8	82,002	44.8	5,624	7.4

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Operating income	33,720	20.2	43,401	23.7	9,681	28.7
Interest expense, net	20,477	12.3	27,529	15.1	7,052	34.4
Loss on early extinguishment of debt	—	0.0	9,018	4.9	9,018	0.0
Other expense (income)	(110)	(0.1)	(124)	(0.1)	(14)	12.7
Income (loss) from continuing operations before income tax benefit (expense)	13,353	8.0	6,978	3.8	(6,375)	(47.7)
Income tax benefit (expense)	665	0.4	(341)	(0.2)	(1,006)	(151.3)
Income (loss) from continuing operations	14,018	8.4	6,637	3.6	(7,381)	(52.7)
Income (loss) from discontinued operations	(131)	(0.1)	111	0.1	242	(184.7)
Income (loss) before gain (loss) on sale of properties	13,887	8.3	6,748	3.7	(7,139)	(51.4)
Gain (loss) on sale of properties	(726)	(0.4)	124	0.1	850	(117.1)
Net income (loss)	\$ 13,161	7.9%	\$ 6,872	3.8%	\$ (6,289)	(47.8)%

Revenues

Our revenues increased \$16.2 million or 9.7%, primarily as a result of approximately \$11.1 million in revenues from our acquisition of 929 communications sites during the period from December 1, 2003 through December 31, 2004, and from internal growth. Our internal revenue growth of 3.1% was primarily driven by growth in our revenues generated from telephony customers of 13.5%, which was in part offset by a decline in our revenues generated by our non-telephony tenants.

For 2004, USA Mobility, our largest customer, accounted for 15.0% of our revenues. One of our primary master tenant leases with USA Mobility, the Arch Lease, expires in May 2005. The Arch Lease allows Arch Wireless, one of the two companies that merged to form USA Mobility, to locate a fixed number of transmitters on any of our sites for a fixed minimum rate. The number of sites that Arch Wireless currently occupies is significantly less than the maximum number of sites allowable under the current contract for the fixed minimum rate. Consequently, we believe that it is likely that the Arch Lease will be renewed or extended on terms and rates that are significantly less favorable to us than those currently in place and we expect our revenues from any renewal or extension of the Arch Lease to be significantly lower starting June 2005.

Expenses

Direct site operating expenses (excluding depreciation, amortization and accretion)

Our direct site operating expenses increased \$0.9 million primarily due to increased tower cost associated with the 929 wireless communications sites we have acquired during the period from December 1, 2003 through December 31, 2004. These additional costs from the acquired communications towers were partially offset by decreases in maintenance expenses at our existing communications sites. As a percentage of revenues, our direct site operating expenses decreased to 31.4% of revenues for 2004 from 33.9% of revenues for 2003.

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Selling, general and administrative (excluding non-cash stock-based compensation)

Our selling, general and administrative expenses decrease of \$3.5 million was primarily attributable to a \$0.9 million decline in legal and professional fees, a \$1.5 million decline in monitoring fees paid to Fortress and Greenhill, as the

monitoring agreement was terminated effective March 2004, and a decline in personnel related costs. As a percentage of revenues, our selling, general and administrative expenses declined to 12.8% of revenues for 2004 from 16.1% of revenues for 2003.

State franchise, excise and minimum taxes

Our state franchise, excise and minimum taxes decreased to \$0.1 million in 2004 from \$0.8 million in 2003 primarily as a result of a reversal of various tax reserves related to contingencies which are no longer probable.

Depreciation, amortization and accretion

The increase in depreciation, amortization and accretion of \$7.2 million for 2004 compared to 2003 was primarily due to the acquisition of 929 communications sites during the period from December 1, 2003 through December 31, 2004.

Non-cash stock-based compensation expense

Our non-cash stock based compensation expense increased to \$4.2 million in 2004 from \$1.5 million in 2003. In August 2003, our board of directors awarded options to purchase shares of our common stock to an employee of Fortress Capital Finance LLC, who provided financial advisory services to us. This agreement was terminated in March 2004 and the vesting of the outstanding options was modified. As a result of the services provided before the termination, the termination of this individual's agreement and the resulting modification, we recorded a total expense of \$2.6 million in 2004 related to these stock options which concludes all charges to be recognized related to this agreement. During 2003, we recognized \$1.5 million in non-cash stock-based compensation related to this agreement. In addition, during 2004, we recognized \$0.4 million in stock-based compensation related to 20,000 fully-vested, unrestricted shares of common stock issued to our four independent directors upon consummation of our initial public offering and \$1.3 million related to options granted to an executive which were granted at an exercise price less than the market value of the stock on the grant date.

Interest expense, net

Our net interest expense increase of \$7.1 million is related to the increase in the amount of debt in our capital structure resulting from (i) the February 5, 2004 mortgage loan transaction, which included the repayment of our old credit facility and borrowing \$418.0 million under the February 2004 mortgage loan and (ii) borrowings related to the acquisition of wireless communications sites during 2004.

Loss on early extinguishment of debt

On February 5, 2004, Pinnacle Towers LLC, then known as Pinnacle Towers Inc., and 13 of its direct and indirect subsidiaries borrowed \$418.0 million under a mortgage loan, the February 2004 mortgage loan, made payable to a newly formed trust. A portion of the net proceeds was used to repay outstanding borrowings under our old credit facility, and as a result of this repayment, this facility was terminated and \$8.4 million of unamortized deferred financing costs related to the old credit facility were expensed. On December 7, 2004, we borrowed \$293.8 million under a second mortgage loan to finance newly acquired wireless communications sites. A portion of the net proceeds was used to repay outstanding borrowings under our credit facility, and as a result of this repayment, this facility was terminated and \$0.6 million of unamortized deferred financing costs related to the credit facility were expensed.

Income tax expense

Our income tax expense in 2004 of \$0.3 million primarily relates to changes in estimates of our 2003 tax expense, recorded in 2004 when known. During 2003, we had an income tax benefit of \$0.7 million resulting primarily from

other changes in estimates of tax expense.

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Comparison of the ten months ended October 31, 2002, and the two months ended December 31, 2002 to 2003

Our results before November 1, 2002 are not generally comparable to the results of operations after that date due to the effects of fresh start accounting and our reorganization.

The following presents an overview of our results of operations for 2003, the ten months ended October 31, 2002 and the two months ended December 31, 2002.

(dollars in thousands)	Predecessor Company		Successor Company			
	Ten Months Ended October 31, 2002	% of Revenues	Two Months Ended December 31, 2002	% of Revenues	Year Ended December 31, 2003	% of Revenues
	\$		\$		\$	
Revenues	\$ 137,435	100.0%	\$ 27,454	100.0%	\$ 166,670	100.0%
Direct site operating expenses (excluding impairment losses, depreciation, amortization and accretion)	46,570	33.9	9,028	32.9	56,572	33.9
Gross margin	90,865	66.1	18,426	67.1	110,098	66.1
Other expenses:						
Selling, general and administrative (excluding \$0, \$0, and \$1,479 of non-cash stock-based compensation, respectively)	27,523	20.0	4,743	17.3	26,914	16.1
State franchise, excise and minimum taxes	1,671	1.2	330	1.2	848	0.5
Depreciation, amortization and accretion	73,508	53.5	10,119	36.9	47,137	28.3
Non-cash stock based compensation expense	—	0.0	—	0.0	1,479	0.9
Impairment loss on assets held for sale	1,018	0.7	—	0.0	—	0.0
Impairment loss on assets held for use	4,541	3.3	—	0.0	—	0.0
Reorganization expenses	59,124	43.0	—	0.0	—	0.0
	167,385	121.8	15,192	55.3	76,378	45.8
Operating income (loss)	(76,520)	(55.7)	3,234	11.8	33,720	20.2
Interest expense, net	45,720	33.3	4,041	14.7	20,477	12.3
Gain on extinguishment of debt	(404,838)	(294.6)	—	0.0	—	0.0
Other loss (income)	(533)	(0.4)	84	0.3	(110)	(0.1)
Income from continuing operations before income tax benefit (expense)	283,131	206.0	(891)	(3.2)	13,353	8.0
Income tax benefit (expense)	5,195	3.8	(19)	(0.1)	665	0.4
Income from continuing operations	288,326	209.8	(910)	(3.3)	14,018	8.4
Loss from discontinued operations	(32,076)	(23.3)	(84)	(0.3)	(131)	(0.1)

Income before loss on disposal of properties	256,250	186.5	(994)	(3.6)	13,887	8.3
Loss on disposal of properties	(78)	(0.1)	(2)	0.0	(726)	(0.4)
Net income	\$ 256,172	186.4%	\$ (996)	(3.6)%	\$ 13,161	7.9%

Revenues

Our average monthly revenue during 2003 and 2002 remained relatively constant. Our mix of revenues from wireless telephony customers increased to 41.1% of revenues for the month of December 2003, from 37.0% of revenues for the month of December 2002.

In 2003, our largest customer, USA Mobility, a paging service provider, accounted for 16.2% of our revenues. For the ten months ended October 31, 2002, USA Mobility accounted for 16.2% of our revenues and for the two months ended December 31, 2002, USA Mobility accounted for 16.5% of our revenues. Arch Wireless, one of the two companies that merged to form USA Mobility, reorganized under Chapter 11 in late 2001 and exited bankruptcy in May 2002. In connection with Arch Wireless' exit from bankruptcy we entered into a new three-year master lease agreement requiring Arch Wireless to make

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fixed minimum payments to us each month, which allows Arch Wireless to locate up to a fixed number of transmitters on any of our sites. Under this agreement, the monthly revenues we earned from Arch Wireless decreased by approximately 21.2% from that which we earned under our prior agreement with Arch Wireless prior to its emergence from bankruptcy. The number of sites that Arch Wireless currently occupies is significantly less than the maximum number of sites allowable under the current contract for the fixed minimum rate. Consequently, we believe that it is likely that the Arch Lease will be renewed on terms and rates that are significantly less favorable to us than those currently in place.

Expenses

Direct site operating expenses (excluding impairment losses, depreciation, amortization and accretion)

Our direct site operating expenses as a percentage of revenues in 2003 were consistent with our direct operating expenses as a percentage of revenue for the ten months ended October 31, 2002. Our direct operating expenses in the two months ended December 31, 2002 as a percentage of revenues were 1.0%, of revenues lower than our direct operating expense in the ten months ended October 31, 2002 and 2003 primarily as a result of lower utility costs.

Selling, general and administrative (excluding non-cash stock-based compensation)

The decrease in selling, general and administrative expenses as a percentage of revenues in 2003 was primarily attributable to declines in (1) salaries and salary related expenses due to the effects of workforce reductions, (2) professional fees, (3) bad debt expense, (4) aborted construction expenses and (5) insurance expense related specifically to the cost of directors and officers insurance expense incurred during the ten months ended October 31, 2002. The overall decrease was offset by an increase in (1) temporary help and professional services related to special projects geared toward improving internal processes and our document data base library, (2) severance and relocation expenses related to our installation of a new management team and (3) management fees paid to our principal stockholders beginning November 1, 2002.

State franchise, excise and minimum taxes

The decrease in state franchise, excise and minimum taxes as a percentage of revenues in 2003 was a result of recharacterizing certain subsidiaries as qualified REIT subsidiaries, divesting a taxable REIT subsidiary and reorganizing the overall operations to more effectively minimize state franchise and income taxes as well as an adjustment of our prior year estimated taxes. These taxes are calculated using various methods including an apportionment based on our property within a given state, or our capital structure or based upon a minimum tax in lieu of income taxes.

Depreciation, amortization and accretion

The decrease in depreciation, amortization and accretion as a percentage of revenues during 2003 as compared to the ten months ended October 31, 2002 was primarily due to the adoption of fresh start accounting, which reduced the depreciable basis of long-lived assets by \$357.2 million, resulting in decreases in depreciation expense, offset by an increase in accretion of our asset retirement obligation. The decrease in depreciation expense as a percentage of revenues during 2003 compared to the two months ended December 31, 2002 was primarily as a result of depreciation of tower assets on ground leases and other subleased sites, having a month-to-month term being fully depreciated in one month.

Non-cash stock based compensation expense

In August 2003, our board of directors awarded options to purchase shares of our common stock to an employee of Fortress Capital Finance LLC, who provided financial advisory services to us. These options originally vested at various times over a three-year period, the period during which this individual was expected to perform services. During 2003, we recorded an expense of \$1.5 million related to these options based on the estimated market value of our stock at December 31, 2003. This agreement was terminated in March 2004 and the vesting of the outstanding options was modified.

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Impairment loss on assets held for sale

During the ten months ended October 31, 2002, we recorded an additional impairment loss of \$1.0 million on a collocation facility reclassified as held for sale in 2001, based on a decrease in the net proceeds we expected to receive. The facility was sold in 2002.

Impairment loss on assets held for use

During the ten months ended October 31, 2002, we identified specific sites with impairment indicators and recorded an impairment loss of \$4.5 million.

Reorganization expenses

As a result of our reorganization, we incurred \$59.1 million in nonrecurring expenses related to our reorganization and the related bankruptcy filing during the ten months ended October 31, 2002. These expenses include the acceleration of the accretion of the original issue discount of \$23.1 million on our 10% Senior Notes due 2008 and the write-off of \$9.1 million of deferred debt issuance expenses on our Senior Notes and our 5 1/2% Convertible Notes due 2007. Also

included in these nonrecurring expenses are \$26.9 million of additional legal fees, consultant fees, the reimbursement of due diligence fees and employee retention plan expenses. Our reorganization was completed as of November 1, 2002; therefore, no reorganization expenses were incurred in the two months ended December 31, 2002 or the year ended December 31, 2003.

Interest expense, net

As a percentage of revenue, interest expense, net, for the two months ended December 31, 2002 and the ten months ended October 31, 2002 were 14.7% and 33.3%, respectively. This decline was primarily the result of changes to our debt structure because of our Chapter 11 bankruptcy filing on May 21, 2002 and ultimate emergence on November 1, 2002. Included in the decrease was (1) a decline in interest on the Convertible Notes which stopped accruing interest upon our bankruptcy filing, (2) a decrease in interest on the old credit facility as a result of a significant decrease in the principal balance and drop in the LIBOR rate and (3) a decline in the amortization of original issue discount on the Senior Notes and amortization of deferred debt issuance expenses on the Senior Notes and Convertible Notes, both of which stopped amortizing upon our bankruptcy filing. The Senior Notes and Convertible Notes were discharged on November 1, 2002 upon our emergence from Chapter 11. As a percentage of revenues, interest expense in 2003 and the two months ended December 31, 2002 was 12.3% and 14.7%, respectively. This decrease in interest expense as a percentage of revenues during 2003 is a result of our repayment from operating cash flow of a portion of the outstanding debt under our old credit facility and a drop in LIBOR rates.

Gain on extinguishment of debt

The \$404.8 million gain on extinguishment of debt recorded during the ten months ended October 31, 2002 was the result of our reorganization. In connection with our emergence from Chapter 11, we satisfied \$519.8 million in debt for payments totaling \$115.0 million. Debt discharged during the bankruptcy included \$211.0 million of our Senior Notes, \$186.5 million of our Convertible Notes and \$7.3 million of related accrued interest. There was no gain on the extinguishment of debt for the two months ended December 31, 2002 or the year ended December 31, 2003.

Income tax benefit (expense)

We are organized as a REIT for federal income tax purposes and accordingly only provide for income taxes based on the operating results of our taxable REIT subsidiaries. The decline in tax benefit is primarily attributable to our corporate restructuring activities in the ten months ended October 31, 2002. A large part of our deferred tax assets relating to net operating losses was eliminated under the provisions of fresh start accounting and SFAS No. 109, Accounting for Income Taxes.

Loss from discontinued operations

Under SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets, we classified certain sites as discontinued operations based on when the asset met the "held for sale" criteria or was

actually disposed. For the periods presented, our discontinued operations primarily include two wholly owned subsidiaries, a portfolio of microwave sites and certain non-core under-performing sites. The operations related to each of these assets were sold or liquidated by December 31, 2003 except for 69 under-performing sites that were held for disposal by sale. With respect to our discontinued operations, for the ten months ended October 31, 2002, we

recorded an impairment charge of \$31.4 million compared to no impairment charge for the two months ended December 31, 2002 and a \$0.4 million impairment charge for 2003.

Liquidity and Capital Resources

Our liquidity needs arise from working capital requirements, debt service, tower acquisitions, construction costs for occasional new tower builds and tower augmentations, other capital expenditures and dividend payments. We expect to meet our cash requirements for the next twelve months by using cash generated from operating activities, cash generated from equity offerings, cash in the December 2004 mortgage loan site acquisition reserve account described below, borrowings under the Revolving Credit Agreement and from additional mortgage loans and credit facilities we may obtain, including the bridge financing described below. However, there can be no assurance that we will be successful in raising additional equity or that we will be able to obtain additional mortgage loans or credit facilities, including the bridge financing described below. To the extent we are unsuccessful in raising additional capital, obtaining mortgage loans and additional credit facilities, we may need to curtail our investments in acquisitions (including the Sprint transaction) and new tower builds, and/or reduce the current level of our dividend.

Proposed Acquisition Credit Facility

Our wholly owned subsidiary, Global Signal Acquisitions LLC, or Global Signal Acquisitions, is in the process of negotiating a 364-day \$200.0 million credit facility, which we refer to as the proposed acquisition credit facility, with Morgan Stanley Asset Funding Inc. and Bank of America, N.A. (affiliates of the representatives of the underwriters) to provide funding for the acquisition of additional communications sites. We expect the proposed acquisition credit facility to be secured by substantially all of Global Signal Acquisitions' tangible and intangible assets and to be guaranteed by Global Signal OP, Global Signal Inc. and Global Signal GP LLC. We expect to use a portion of the proceeds from this offering to buy assets to be owned by Global Signal Acquisitions. We expect the level of borrowings to be limited based on a borrowing base. We further expect borrowings under the proposed acquisition credit facility to bear interest at our option at either the Eurodollar rate plus 1.5% or the bank's base rate plus a margin to be determined provided the loan balance is equal to or lower than 68% of the borrowing base, as defined therein. If the loan balance is higher than 68% of the borrowing base, we expect the proposed acquisition credit facility to bear interest at our option at either the Eurodollar rate plus 2.0% or the bank's base rate plus a margin to be determined. In addition, to the extent the loan balance is higher than 68% of the borrowing base after we make a borrowing, we expect to be required to pay an acquisition fee in an amount equal to 0.125% of the amount borrowed. In addition, we expect the proposed acquisition facility to require an origination fee of 0.375% of the \$200.0 million commitment and an exit fee of either 0.375% or 0.5%, which shall be credited against fees payable to each of Morgan Stanley and Bank of America, N.A. if they are offered the position of co-lead lender with respect to a refinancing of this credit facility. We intend to fund future acquisitions with this credit facility along with proceeds from this offering and incremental equity offerings, and for a short period of time may fund 100% of the purchase price of acquisitions with the proposed acquisition credit facility. We expect this credit facility to contain typical representations and covenants for facilities of this type, and we expect the facility to require us to use our reasonable best efforts to file a shelf registration statement and have it declared effective by the SEC as soon as practicable. There can be no assurance that we will secure this financing on these terms or within the time necessary to close on acquisitions as scheduled, or to be able to secure this financing at all.

Sprint Transaction and Related Financing

On February 14, 2005, we, Sprint Corporation, or Sprint, and certain Sprint subsidiaries (the "Sprint Contributors") entered into an agreement to contribute, lease and sublease, which we refer to as the

Agreement to Lease. Under the Agreement to Lease, we have agreed to lease or, if certain consents have not been obtained, operate for a period of 32 years over 6,600 wireless communications tower sites and the related towers and assets (collectively, the Sprint Towers) from one or more newly formed special purpose entities of Sprint (collectively, "Sprint TowerCo"), under one or more master leases for which we agreed to pay an upfront payment of approximately \$1.2 billion as prepaid rent, which we refer to as the upfront rental payment, subject to certain conditions, adjustments and prorations. At the closing of the Sprint transaction, we will also enter into a master lease agreement, which we refer to as the Master Lease, which will expire in 2037. During the period commencing one year prior to the expiration of the Master Lease and ending 120 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 Sprint Towers then leased for approximately \$2.3 billion, subject to adjustment, including based on a final appraisal of the Sprint Towers to be completed prior to closing. The closing of the Sprint transaction is expected to occur towards the end of the second quarter of 2005.

On February 14, 2005, in connection with the execution of the Sprint transaction, we entered into an Investment Agreement with the Investors, which consist of the following entities:

- Fortress Investment Fund II LLC, a Delaware limited liability company, or FIF II, an affiliate of our largest stockholder, Fortress;
- 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 Islands limited liability company and Riva Capital Partners, L.P., a Delaware limited partnership, affiliates of our third largest stockholder, Abrams Capital, LLC (collectively, the "Abrams Investors"); 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, and Greenhill Capital Partners (Employees) II, L.P., a Delaware limited partnership (collectively the "Greenhill Investors").

Under the Investment Agreement, the Investors committed to purchase, severally and not jointly, at the closing of the Sprint transaction, up to \$500.0 million of our common stock, at a price of \$25.50 per share. The \$500.0 million aggregate commitment from the Investors will automatically be reduced by (1) the amount of net proceeds received by us pursuant to any offering of our equity securities prior such date prior to the closing of the Sprint transaction, and (2) the amount of any borrowings in excess of \$750.0 million outstanding at the closing of the Sprint transaction under any credit facility or similar agreements provided to us in connection with the Sprint transaction, provided that the Investors' aggregate commitment will not be reduced below \$250.0 million. Pursuant to the terms of the Investment Agreement, each of FIF II, the Abrams Investors and the Greenhill Investors shall purchase such number of shares of common stock equal to 48%, 32% and 20%, respectively, of the total number of shares of common stock to be purchased under the Investment Agreement. The purchase of the shares by the Investors is conditioned upon the occurrence of the closing of the Sprint transaction, and will close simultaneously with the Sprint transaction. In the event an Investor fails to purchase the shares of common stock it is obligated to purchase, the other Investors have the right, but not the obligation, to purchase such shares. The issuance of these securities will be made pursuant to an exemption from registration provided by Section 4(2) of the Securities Act. If we do not complete an offering of our equity securities prior to the closing of the Sprint transaction, under an Option Agreement with us, 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 common stock, at a price of \$26.50 per share having a value equal to the difference between the total consideration paid by the Investors for the common stock at the closing of the Sprint transaction and \$250.0

million. The option would be immediately vested upon issuance at the closing and would expire six months and one day after the closing of the Sprint transaction. The option will be non-transferable. 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 set forth above. In the event

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that we complete an offering of our equity securities prior to the closing of the Sprint transaction, no option would be issued by the Investors.

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, affiliates of the representatives of the underwriters, setting forth the terms on which they would provide, subject to certain conditions, bridge financing of approximately \$750.0 million to us for use in funding the Sprint transaction. On March 10, 2005, we executed a non-binding term sheet with Morgan Stanley Asset Funding Inc., Bank of America, N.A. and Banc of America Securities LLC, affiliates of the representatives of the underwriters, which increased the amount of bridge financing up to \$850.0 million. The borrower is expected to be Global Signal Acquisitions II LLC and/or one or more other newly created entities, under our direct control which we refer to as the borrower, that will own 100% of our interest in the Sprint Towers. The loan is expected to be secured by, among other things, the ownership interests in the borrower, borrower's leasehold and subleasehold interests (including purchase options) in the Sprint Towers, and an assignment of leases and rents. The 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 loan is expected to bear interest at 30-day LIBOR plus either 1.5% or 1.75% per annum, depending on cash flows related to the Sprint Towers. In either case, the rate is expected to increase by 0.25% upon the first extension and 0.50% upon the second, if such extension options are exercised. The loan is expected to require an origination fee of 0.375% of \$775.0 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 conditions precedent to closing including no material adverse change, and customary events of default including, bankruptcy of the borrower or us, change of control or cross default to our other indebtedness.

In connection with the Sprint transaction, we entered into interest rate swap agreements for a total notional value of \$750.0 million with Bank of America, N.A., an affiliate of one of the representatives of the underwriters, as counterparty, in anticipation of securing \$750.0 million or more of bridge financing, which is expected to be replaced by a mortgage loan of a greater amount. Under the interest rate swaps, we agreed to pay the counterparty a fixed interest rate of 4.303% on a total notional amount of \$750.0 million beginning on June 1, 2005 through December 1, 2010, with a mandatory termination 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.

On March 21, 2005, in connection with the Sprint transaction and the \$850.0 million bridge loan term sheet we executed on March 10, 2005, we entered into additional interest rate swap agreements for a total notional amount of \$100.0 million with Bank of America, N.A. as counterparty. This brings the total notional amount of swap agreements related to financing the Sprint transaction to \$850.0 million. These swap agreements are in anticipation of the Sprint transaction bridge financing, which is expected to be replaced by a mortgage loan of at least \$850.0 million. Under the interest rate swaps, we agreed to pay the counterparty a fixed interest rate of 4.733% on the total notional amount of \$100.0 million beginning on 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.

Other Financings

On December 3, 2004, Global Signal OP entered into a 364-day \$20.0 million revolving credit agreement (the "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. On February 9, 2005, Global Signal OP amended and restated this 364-day \$20.0 million Revolving Credit Agreement with Morgan Stanley Asset Funding Inc. and Bank of America, N.A., to provide an additional \$50.0 million term loan facility in connection with the Sprint transaction. On February 14, 2005, the full amount of the term loan was posted as a deposit, as required by the Agreement to Lease. On April 15, 2005, we amended and restated the Revolving Credit Agreement to provide an additional \$25 million multi-draw term loan further to be used for fees and expenses incurred in connection with the Sprint transaction. Amounts

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available under the revolving credit facility are reduced to \$15.0 million upon the earlier of June 3, 2005 or the completion of certain equity issuances by us in excess of \$5.0 million (excluding any equity issuances by us in connection with the Sprint transaction, including this offering, or as a result of the exercise of options or warrants outstanding as of February 9, 2005). Interest on the \$20 million revolving portion of this credit facility is payable, at Global Signal OP's option, at either the LIBOR plus 3.0% or the bank's base rate plus 2.0%. Interest on the term loans under the credit facility is payable at our option at either, LIBOR plus 1.75% or the bank's base rate plus 0.75%. In connection with the Sprint transaction, we expect to repay and terminate the \$50.0 million and \$25.0 million term loans. As a result, we will write-off as a loss on early extinguishment of debt and unamortized deferred debt issuance costs associated with the term loans. The credit facility, through the Revolving Credit Agreement and the related ancillary documentation, contains covenants and restrictions customary for a facility of this type including a limitation on our consolidated indebtedness at approximately \$1.0 billion and a requirement to limit our ratio of consolidated indebtedness to consolidated EBITDA, as defined in the loan document, to 7.0 to 1.0. The limitations on consolidated indebtedness will be increased to approximately \$1.8 billion and the ratio to 7.65 to 1.0 upon consummation of the bridge financing for the Sprint transaction. The credit facility continues to be guaranteed by us, Global Signal GP, LLC and certain subsidiaries of Global Signal OP. It is secured by a pledge of Global Signal OP's assets, including a pledge of 65% of its interest in our United Kingdom subsidiary, 100% of its interest in certain other domestic subsidiaries, a pledge by us and Global Signal GP, LLC of our interests in Global Signal OP, and a pledge by us of 65% of our interest in our Canadian subsidiary. The term loans must be repaid on the earlier of (1) August 14, 2005, (2) the date that we receive a refund of the deposit from Sprint under the Agreement to Lease, and (3) the date of the closing of the Sprint transaction.

On December 7, 2004, our wholly owned subsidiary, Pinnacle Towers Acquisition Holdings LLC, and five of its direct and indirect subsidiaries borrowed approximately \$293.8 million under a mortgage loan made payable to a newly created trust that issued approximately \$293.8 million in fixed rate commercial mortgage pass-through certificates, which we refer to as the December 2004 mortgage loan, to provide fixed rate financing for the communications sites we acquired since December 1, 2003 along with certain additional communications sites we expect to acquire. The proceeds of the December 2004 mortgage loan were used primarily to repay the \$181.7 million of then outstanding borrowings under our credit facility and to partially fund a \$120.7 million site acquisition reserve account to be used to acquire additional qualifying wireless communications sites over the six-month period following closing. As of April 18, 2005, the site acquisition reserve account had a balance of \$15.2 million which we expect to use to partially fund the ForeSite 2005 acquisition and other pending acquisitions. The December 2004 mortgage loan requires monthly payments of interest until its maturity in December 2009. The weighted average interest rate on the various tranches of certificates is approximately 4.74%, as of December 31, 2004. The December

2004 mortgage loan is secured by mortgages, deeds of trust, deeds to secure debt and first priority liens on substantially all of Pinnacle Towers Acquisition Holdings LLC's tangible assets and its interests in the five subsidiaries which we expect will have an aggregate acquisition cost of approximately \$450.0 million, including estimated fees and expenses, after all amounts in the site acquisition reserve have been used to fund acquisitions.

On June 2, 2004, we completed our initial public offering of 8,050,000 shares of our common stock, including shares issued pursuant to the exercise of the underwriters' overallotment option, for \$18.00 per share raising net cash proceeds of \$131.2 million. The net cash proceeds were used in part to repay \$33.4 million outstanding under our credit facility, and to fund the purchase of wireless communications towers by Pinnacle Towers Acquisition LLC, including the Tower Ventures acquisition for \$53.0 million.

On February 5, 2004, our largest operating subsidiary, Pinnacle Towers LLC, then known as Pinnacle Towers Inc., and 13 of its direct and indirect subsidiaries borrowed \$418.0 million under a mortgage loan made payable to a newly formed trust, which we refer to as the February 2004 mortgage loan. The February 2004 mortgage loan requires monthly payments of principal and interest of approximately \$2.4 million, bears interest at a weighted average interest rate of approximately 5.0% as of December 31, 2004, with a final maturity date of January 2029. However, the loan documents impose material penalties if we fail to repay the February 2004 mortgage loan on or prior to January 2009. The net proceeds from the February 2004 mortgage loan were used primarily to repay the \$234.4 million of then outstanding

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borrowings under our old credit facility and to fund a \$142.2 million one-time special distribution to our stockholders. In connection with the repayment of our old credit facility, we also terminated our ability to borrow under its line of credit. The February 2004 mortgage loan restricts the ability of our largest operating subsidiary, Pinnacle Towers LLC, and its subsidiaries from incurring other indebtedness or further encumbering their assets. In addition, so long as the tangible assets of the borrowers under the February 2004 mortgage loan represent at least 25% of the assets of Global Signal Inc., it will be an event of default under the February 2004 mortgage loan if Global Signal Inc. incurs any unsecured indebtedness for borrowed money without confirmation from the rating agencies that rated the commercial mortgage pass-through certificates that none of the ratings will be adversely affected.

In addition, on February 6, 2004, we acquired all of the outstanding common stock of Pinnacle Acquisition, then known as Pinnacle Towers Acquisition Inc., through the exercise of an option granted to us by its stockholders, which constituted the majority of our stockholders. Because this acquisition was a business combination among "entities under common control," we have accounted for it in a manner similar to a pooling of interests.

In connection with the February 2004 acquisition of Pinnacle Acquisition's outstanding stock, we increased the capacity on our credit facility to \$200.0 million, including a \$5.0 million working capital line, and extended the maturity date to February 6, 2005. The maturity date was extended further to October 1, 2005, upon consummation of our initial public offering. On October 15, 2004, we amended and restated our \$200.0 million credit facility with Morgan Stanley Asset Funding Inc. to, among other things, increase the commitment by the lenders to \$250.0 million, to remove the \$5.0 million working capital line previously included in the credit facility and to add Bank of America, N.A. as a lender. Borrowings under the amended and restated credit facility were limited based on a borrowing base equal to 65% of the value of acquired communications towers as defined in the credit facility agreement. We repaid the outstanding borrowings under our credit facility with a portion of the net proceeds from our December 2004 mortgage loan and terminated the facility.

Cash Flows

Net cash flows provided by operating activities were \$83.5 million for 2004, compared to \$59.2 million for 2003. The increase of \$24.3 million of net cash flows provided by operating activities is primarily the result of (i) internal revenue growth and higher net margins on the communications site portfolio we owned for the full year of 2004, (ii) cash flows generated on communications sites acquired during 2004 and (iii) less cash flows being used in working capital. During 2004, \$1.6 million in cash flows were provided by working capital as compared to \$9.2 million of cash flows used in working capital in 2003. During 2003, we made payments of liabilities accrued prior to and in connection with our emergence from Chapter 11 bankruptcy which resulted in a decrease in our accounts payable and accrued expenses and cash flows from operating activities being used in working capital.

Net cash flows provided by operating activities were \$59.2 million for the year ended December 31, 2003, compared to \$20.9 million for the ten months ended October 31, 2002 and \$7.2 million for the two months ended December 31, 2002. The increase in net cash flows provided by operating activities in 2003 was primarily related to (1) lower cash interest expense which is primarily a result of the forgiveness of \$404.8 million of debt upon our emergence from bankruptcy and the repayment of debt under our old credit facility from both the proceeds of the \$205.0 million equity investment made in connection with our emergence from bankruptcy and operating cash flow generated in 2003, (2) lower selling, general and administrative expenses and (3) the absence of reorganization expenses in 2003. These items were in part offset by cash used in working capital in 2003 as a result of our payment during 2003 of accrued expense associated with our reorganization compared to cash provided by working capital in 2002, which is primarily the result of cash which was escrowed in 2001 being released from the escrow accounts in the ten months ended October 31, 2002.

Net cash flows used in investing activities were \$447.7 million for 2004 compared to \$36.2 million for 2003. Investing activities for 2004 consisted of (1) investments to expand our business including (i) the acquisition of 648 wireless communications towers and other communications sites for \$294.0 million, including fees and expenses, (ii) the purchase of a business and its 214 wireless communications towers

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for \$64.5 million, including fees and expenses, (iii) the purchase of interests in land under towers where we had previously held a leasehold interest for \$7.2 million, and (iv) the purchase of the minority interest in our subsidiary, Pinnacle Towers Limited, for \$1.2 million, (2) the net activity of restricted cash totaling \$72.9 million into escrow accounts as (i) deposits on future acquisitions, (ii) imposition reserve account activity for insurance, taxes and ground rents as a part of our February and December 2004 mortgage loan transactions and (iii) an acquisition reserve account to be used to acquire future wireless towers established in connection with our December 2004 mortgage loan and (3) \$9.1 million of capital expenditures related to our implementation of new software systems, improvements to our existing communications sites and other general corporate assets. These uses were, in part, offset by proceeds of \$1.0 million from the disposals of under-performing sites. Investing activities of \$36.2 million in 2003 consisted of (1) our acquisition of 67 towers located in the southeastern United States, (2) our acquisition of fee owned interest and long-term easements under several towers we own where we previously had a leasehold interest, and (3) additions and improvements to our communications sites offset by proceeds from the disposals of under-performing sites.

Net cash flows used in investing activities were \$3.9 million for the ten months ended October 31, 2002 and \$0.7 million for the two months ended December 31, 2002. During the ten months ended October 31, 2002 and the two months ended December 31, 2002, our investing activities of \$3.9 million and \$0.7 million, respectively, related almost exclusively to improvements and additions to our communications sites net of proceeds from the disposal of

under-performing sites.

Net cash flows provided by financing activities were \$361.4 million for 2004 and are primarily related to (1) \$418.0 million in borrowings associated with our mortgage loan transaction on February 5, 2004, (2) \$293.8 million in borrowings associated with our mortgage loan transaction on December 7, 2004, (3) net cash proceeds of \$131.2 million from the initial public offering, (4) proceeds of \$15.1 million from the exercise of common stock options and warrants and (5) \$187.0 million in borrowings on the previous credit facility. These funds were in part offset by (1) \$235.9 million used to repay in full our old credit facility, (2) \$215.0 million to repay the outstanding borrowings under our previous credit facility at the time of our initial public offering and in connection with our December 2004 mortgage loan, (3) \$6.1 million of principal paid on our February 2004 mortgage loan, (4) \$4.2 million of net payments to terminate the interest rate swap used to hedge our February and December 2004 mortgage loans, (5) debt issuance costs of \$14.8 million, \$5.6 million and \$0.5 million related to our February 2004 mortgage loan, December 2004 mortgage loan and the revolving credit facility, respectively, (6) \$0.5 million in payments on capital leases, (7) payments of \$58.9 million in ordinary dividends, of which \$44.0 million represents a return of capital, and (8) a \$142.2 million one-time special distribution to our stockholders which represented a return of capital. Net cash used in financing activities for 2003 of \$17.8 million primarily consisted of \$44.0 million of principal repayments related to the old credit facility and \$28.0 million of borrowings on our credit facility primarily to fund the acquisition of 67 wireless communications towers.

Net cash flows used in financing activities were \$22.1 million for the ten months ended October 31, 2002 and \$9.6 million for the two months ended December 31, 2002. Net cash flows used in financing activities for the ten months ended October 31, 2002 included proceeds from our reorganization of \$205.0 million offset by repayment of \$115.0 million of our Senior Notes and Convertible Notes discharged in bankruptcy and \$93.0 million in repayments on our old credit facility. Net cash flows used in financing activities for the two months ended December 31, 2002 consisted entirely of repayment of long-term obligations.

Capital expenditures were \$9.1 million for 2004 compared to \$8.5 million for 2003. The capital expenditures for these two periods primarily consisted of the purchase of tower-related equipment and tower augmentations and improvements which totaled \$7.1 million and \$6.6 million for 2003 and 2004, respectively. In addition, we capitalized \$3.0 million of costs related to our computer systems and software in 2004, of which \$1.4 million was financed on a capital lease. Capital expenditures were \$9.3 million in the ten months ended October 31, 2002 and \$0.8 million in the two months ended December 31, 2002. These capital expenditures primarily consisted of the purchase of tower-related equipment and tower augmentation and improvements.

As of December 31, 2004, we had executed definitive agreements to acquire 27 communications sites and to acquire fee interest or long-term easements under an additional 17 communications towers, for an

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aggregate purchase price of approximately \$11.9 million, including estimated fees and expenses. As of April 18, 2005, we have closed on the acquisition of 24 of the communications sites and on 13 fee-interests or long-term leases for an aggregate purchase price of \$9.9 million including estimated fees and expenses. A number of our acquisition agreements provide for additional proceeds to be paid to the sellers for future lease commencements during a certain period, usually one year or less, after the acquisition is completed, or upon the occurrence of a specific event. The amount of this contingent purchase price is not expected to be material. In addition, on February 14, 2005 we entered into the Agreement to Lease discussed above with Sprint. See the section entitled "Business—Sprint Transaction."

We have no material commitments for capital expenditures, other than planned site acquisitions. However, we anticipate we will incur capital expenditures for tower related equipment and tower augmentations and improvements during 2005 comparable on a per tower basis to that which we incurred in 2004. In addition, during 2005, we are finalizing the implementation of our new software systems. We have completed the initial implementation of our PeopleSoft software system for all of our accounting functions including accounts payable, accounts receivable and all internal reporting functions. We are also implementing a separate software system, manageStar, to manage data related to our communications sites, including tenant leases, ground leases and other operational data. For 2004, we have incurred \$3.0 million of costs related to these implementations. We have obtained three-year financing for approximately \$1.4 million of these costs related to new hardware and software. The remaining costs were paid from cash.

Contractual Commitments

The following tables provide a summary of our material debt, including the related interest payments, lease and other contractual commitments as of and at December 31, 2004.

Contractual Obligations	Total	Less than			After 5 Years
		1 Year	1-3 Years	4-5 Years	
		(dollars in thousands)			
Operating Lease Payments	\$ 198,062	\$ 36,335	\$ 57,542	\$ 36,072	\$ 68,113
Asset Retirement Obligations (1)	62,903	1,140	653	896	60,214
February 2004 Mortgage Loan (2)(3)	493,403	28,260	57,084	408,059	—
December 2004 Mortgage Loan (2)(4)	363,287	14,038	27,712	321,537	—
Revolving Credit Facility (5)(2)	—	—	—	—	—
Capital Lease Obligation (2)	1,398	541	857	—	—
Commitments Under Acquisition Purchase Agreements (6)	11,892	11,892	—	—	—
Total contractual cash obligations at December 31, 2004 (7)	\$1,130,945	\$ 92,206	\$143,848	\$766,564	\$128,327

(1) Reflects the future estimated cash payments after giving effect to estimated annual increases of 2.5% in expenses to dismantle our towers discounted at an average annual discount rate of approximately 12.0–13.0%. The liability is recorded in the financial statements at its present value.

(2) Includes contractual interest for all fixed-rate debt instruments and assumes interest on variable rate instruments at the December 31, 2004 rates.

(3) The February 2004 mortgage loan has a final maturity date of January 2029. However the loan document imposes material penalties if we fail to repay the February 2004 mortgage loan on or prior to January 2009 (the "Anticipated Repayment Date"). The principal amount of the February 2004 mortgage loan is divided into seven tranches, each having a different level of seniority. Interest accrues on each tranche at a fixed rate per annum. As of December 31, 2004, the weighted average interest rate on the various tranches was approximately 5.0%. If the February 2004 mortgage loan is not repaid in its entirety by the Anticipated Repayment Date the interest rate on the February 2004 mortgage loan will increase by a minimum of 5.0% and substantially all of Pinnacle Tower LLC's excess cash flow from operations will be utilized to repay outstanding amounts due under the February 2004 mortgage loan. The actual amount of interest payable after the Anticipated Repayment Date is dependent on the amount of excess cash flow utilized to repay the February 2004 mortgage loan, the interest rate and the outstanding mortgage loan balance. Total contractual interest to be paid on the February 2004 mortgage loan is \$20.5 million in the less than 1 year period, \$40.1 in the 1 to 3 year period, \$26.0 million in the 4 to 5 year period,

assuming repayment of the outstanding balance on the Anticipated Repayment Date. We have assumed the February 2004 mortgage loan is repaid on its Anticipated Repayment Date.

- (4) The principal amount of the December 2004 mortgage loan is divided into seven tranches, each having a different level of seniority. Interest accrues on each tranche at a fixed rate per annum. As of December 31, 2004, the weighted average interest

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rate on the various tranches was approximately 4.74%. The borrowers are required to make monthly payments of interest on the December 2004 mortgage loan until its maturity in December 2009 when the unpaid principal amount will be due. Total contractual interest to be paid on the December 2004 mortgage loan is \$13.9 million in the less than 1-year period, \$27.7 in the 1 to 3 year period and \$27.8 million in the 4 to 5 year period.

- (5) The revolving credit facility is a 364-day facility entered into with Morgan Stanley Asset Funding Inc. and Bank of America, N.A., affiliates of the representatives of the underwriters, by Global Signal OP. As of December 31, 2004, no amounts were outstanding on the revolving credit facility. Amounts available under the revolving credit facility are reduced to \$15.0 million upon the earlier of June 3, 2005 or the completion of certain equity issuances by us in excess of \$5.0 million. On February 9, 2005, we amended and restated our revolving credit facility to provide an additional \$50.0 million term loan facility in connection with the Sprint transaction. On February 14, 2005, the full amount of the term loan was posted as a deposit, as required by the Agreement to Lease. The term loan must be repaid on the earlier of (1) the six month anniversary of the funding of the term loans, (2) the date that we receive a refund of our \$50.0 million deposit from Sprint under the Agreement to Lease, and (3) the date of the closing of the Sprint transaction. Interest on the revolving credit facility is payable at our option of either LIBOR, plus 3.0% or the bank's base rate plus 2.0%.
- (6) Reflects our commitment as of December 31, 2004 under asset purchase agreements to acquire 27 towers from four unrelated sellers and 17 land parcels under our existing towers. All of these acquisitions are expected to close in less than one year.
- (7) As of December 31, 2004, we did not have any material purchase obligations other than obligations under contracts to acquire tower assets, as all of our operational contracts are generally either month-to-month or have mutual cancellation clauses.

The February 2004 Mortgage Loan

Our largest operating subsidiary, Pinnacle Towers LLC (known as Pinnacle Towers Inc. at the time) and 13 of its direct and indirect subsidiaries are borrowers under a \$418.0 million mortgage loan payable to a newly formed trust, Global Signal Trust I, made on February 5, 2004, which we refer to as the February 2004 mortgage loan. The trust simultaneously issued \$418.0 million in commercial mortgage pass-through certificates with terms that correspond to the February 2004 mortgage loan. The February 2004 mortgage loan is secured by (1) mortgage liens on the borrowers' interests (fee, leasehold or easement) in more than 1,100 of our communications sites, (2) a security interest in substantially all of the borrowers' personal property and fixtures including our rights under substantially all of our site management agreements, tenant leases (excluding tenant leases for sites referred to in (1) above) and a management agreement with GS Services and (3) a pledge of the capital stock (or equivalent equity interests) of each of the borrowers (including a pledge of the ownership interests of Pinnacle Towers from its direct parent). Our consolidated financial statements include the February 2004 mortgage loan but do not include the financial statements of the trust.

The principal amount of the February 2004 mortgage loan is divided into seven tranches, each having a different level of seniority. Interest accrues on each tranche at a fixed rate per annum. As of December 31, 2004, the weighted

average interest rate on the various tranches was approximately 5.0%.

The borrowers are required to make monthly payments of principal and interest on the February 2004 mortgage loan. The amount of principal due each month will initially be calculated based on a 25-year amortization schedule, with a final maturity date of January 2029. However, the loan documents impose material penalties if the borrowers fail to repay the February 2004 mortgage loan on or prior to the monthly payment date in January 2009, including the following: accruing additional interest, requiring all excess cash flow after the payment of principal, interest, reserves and certain operating expenses, as defined to be applied to repay the loan, and at the election of the lender, transferring servicing of the sites to an unrelated third party.

If the debt service coverage ratio, defined in the February 2004 mortgage loan as the net cash flow for the sites for the immediately preceding twelve calendar month period divided by the amount of principal and interest that the borrowers will be required to pay over the succeeding twelve months on the February 2004 mortgage loan, as of the end of any calendar quarter falls to 1.45 times or lower, then all excess cash flow will be deposited into a reserve account instead of being released to us. The funds in the reserve account will not be released to us unless the debt service coverage ratio exceeds 1.45 times for two consecutive calendar quarters. If the debt service coverage ratio falls below 1.20 times as of the end of any calendar quarter, then all funds on deposit in the reserve account along with future excess cash flows will be applied to prepay the February 2004 mortgage loan. As of December 31, 2004, the borrowers' debt service coverage ratio was 3.55. The borrowers' future debt service coverage ratio will be affected by

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their net cash flows which are primarily a result of new and existing leasing activities on the existing communications sites, the existing tenant credit worthiness and lease renewals, and the future expenses we incur to maintain the sites.

The borrowers may not prepay the February 2004 mortgage loan in whole or in part at any time prior to February 5, 2006, the second anniversary of the closing date, except in limited circumstances (such as the occurrence of certain casualty and condemnation events relating to the communications sites securing the February 2004 mortgage loan). Thereafter, prepayment is permitted provided it is accompanied by any applicable prepayment consideration. If the prepayment occurs within three months of the January 2009 monthly payment date, no prepayment consideration is due.

The February 2004 mortgage loan documents include covenants customary for mortgage loans subject to rated securitizations. Among other things, the borrowers are prohibited from incurring additional indebtedness or further encumbering their assets. In addition, so long as the tangible assets of the borrowers represent at least 25% of the total tangible assets of Global Signal Inc., it will be an event of default under the February 2004 mortgage loan if Global Signal Inc. incurs any unsecured indebtedness for borrowed money without confirmation from the rating agencies that rated the commercial mortgage pass-through certificates that none of the ratings will be adversely affected.

The December 2004 Mortgage Loan

On December 7, 2004, our subsidiary, Pinnacle Towers Acquisition Holdings LLC, and five of its direct and indirect subsidiaries issued a \$293.8 million mortgage loan, which we refer to as the December 2004 mortgage loan, to a newly formed trust, Global Signal Trust II. The trust then issued an identical amount of commercial mortgage pass-through certificates in a private transaction. We have continued to consolidate our subsidiaries, but have not consolidated the Trust in our financial statements. The net proceeds of the December 2004 mortgage loan were used primarily to repay the \$181.7 million of then outstanding borrowings under our credit facility and to partially fund a

\$120.7 million site acquisition reserve account to be used to acquire additional qualifying wireless communications sites over the six-month period following the December 2004 closing. Under our December 2004 mortgage loan, we are required to prepay the loan plus applicable prepayment penalties with funds in our acquisition reserve account to the extent such funds are not used to acquire additional qualifying wireless communications sites during the six month period following the closing of the loan. As of April 18, 2005, \$15.2 million remained in the acquisition reserve account pending its investment in qualifying wireless communications sites.

The principal amount of the December 2004 mortgage loan is divided into seven tranches, each having a different level of seniority. Interest accrues on each tranche at a fixed rate per annum. As of December 31, 2004, the weighted average interest rate on the various tranches was approximately 4.74%. The borrowers are required to make monthly payments of interest on the December 2004 mortgage loan until its maturity in December 2009 when the unpaid principal balance will be due. The December 2004 mortgage loan is secured by, among other things, (1) mortgage liens on the borrowers' interests (fee, leasehold or easement) in substantially all of their wireless communications sites, (2) a security interest in substantially all of the borrowers' personal property and fixtures and (3) a pledge of the capital stock (or equivalent equity interests) of each of the borrowers (including a pledge of the equity interests of Pinnacle Towers Acquisition Holdings LLC from its direct parent, Global Signal Holdings III LLC).

If the debt service coverage ratio, defined in the December 2004 mortgage loan as the net cash flow for the sites for the immediately preceding twelve calendar month period (adjusted to account for new sites) divided by the amount of interest that we will be required to pay over the succeeding twelve months on the December 2004 mortgage loan, as of the end of any calendar quarter falls to 1.30 times or lower, then all excess cash flow will be deposited into a reserve account instead of being released to us. The funds in the reserve account will not be released to us unless the debt service coverage ratio exceeds 1.30 times for two consecutive calendar quarters. If the debt service coverage ratio falls below 1.15 times as of the end of any calendar quarter, then all funds on deposit in the reserve account along with future excess cash flows will be applied to prepay the December 2004 mortgage loan. As of December 31, 2004, the debt service coverage ratio was 2.18. The borrowers' future debt service coverage ratio will be affected by their

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net cash flows which are primarily a result of new and existing leasing activities on their existing communications sites, their existing tenant credit worthiness and lease renewals, and the future expenses the borrowers incur to maintain their sites. The December 2004 mortgage loan restricts our ability to incur unsecured indebtedness without confirmation from the rating agencies that such indebtedness will not impact the mortgage loan rating.

We may not prepay the December 2004 mortgage loan in whole or in part at any time prior to December 7, 2006, the second anniversary of the closing date, except in limited circumstances (such as the occurrence of certain casualty and condemnation events relating to the communications sites securing the December 2004 mortgage loan). Thereafter, prepayment is permitted provided it is accompanied by any applicable prepayment consideration. If the prepayment occurs within three months of the December 2009 monthly payment date, no prepayment consideration is due.

The December 2004 mortgage loan documents include covenants customary for mortgage loans subject to rated securitizations. Among other things, the borrowers are prohibited from incurring additional indebtedness or further encumbering their assets.

Revolving Credit Facility

On December 3, 2004, Global Signal OP entered into a 364-day \$20.0 million Revolving Credit Agreement with Morgan Stanley Asset Funding Inc. and Bank of America, N.A., affiliates of the representatives of the underwriters, to provide funding for working capital and other corporate purposes. Amounts available under the revolving credit facility are reduced to \$15.0 million upon the earlier of June 3, 2005 or the completion of certain equity issuances by us in excess of \$5.0 million. On February 9, 2005, we amended and restated the Revolving Credit Agreement to provide an additional \$50.0 million term loan facility in connection with the Sprint transaction. On February 14, 2005, the full amount of the term loan was posted as a deposit, as required by the Agreement to Lease. On April 15, 2005, we amended and restated the Revolving Credit Agreement to provide an additional \$25.0 million multi-draw term loan to be used for fees and expenses incurred in connection with the Sprint transaction. The term loans must be repaid on the earlier of (1) August 14, 2005, (2) the date that we receive a refund of our \$50.0 million deposit from Sprint under the Agreement to Lease, and (3) the date of the closing of the Sprint transaction. Interest on the revolving credit facility is payable at our option of either LIBOR plus 3.0% or the bank's base rate plus 2.0%. Interest on the term loans under the credit facility is payable at our option at either LIBOR plus 1.75% or the bank's base rate plus 0.75%. The credit facility contains covenants and restrictions standard for a facility of this type including a limitation on our consolidated indebtedness at approximately \$1.0 billion and a requirement to limit our ratio of consolidated indebtedness to consolidated EBITDA, as defined in the loan document, to 7.0 to 1.0. The limitations on consolidated indebtedness will be increased to approximately \$1.8 billion and the ratio to 7.65 to 1.0 upon consummation of the bridge financing for the Sprint transaction. The revolving credit facility is guaranteed by Global Signal, Global Signal GP, LLC and certain subsidiaries of Global Signal OP that are not party to the December and February 2004 mortgage loans. It is secured by a pledge of Global Signal OP's assets, including a pledge of 65% of its interest in our United Kingdom subsidiary, 100% of its interest in certain other domestic subsidiaries and a pledge by us of 65% of our interest in our Canadian subsidiary.

Proposed Acquisition Credit Facility

Our wholly owned subsidiary Global Signal Acquisitions is in the process of negotiating a \$200.0 million credit facility, which we refer to as the proposed acquisition credit facility, with Morgan Stanley and Bank of America, N.A. (affiliates of the representatives of the underwriters), to provide funding for the acquisition of additional communications sites. For a more detailed description of the proposed acquisition credit facility, see the above section entitled "—Liquidity and Capital Resources—Proposed Acquisition Credit Facility."

Previous Credit Facilities

On September 23, 2003, a majority of our stockholders formed a new corporation, Pinnacle Acquisition, then known as Pinnacle Towers Acquisition Inc., to acquire and develop strategically located

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towers and other communications sites. Pinnacle Acquisition was initially funded through a \$100.0 million committed credit facility, provided by Morgan Stanley. On February 6, 2004, we exercised our option with respect to all the outstanding common stock of Pinnacle Acquisition, and Pinnacle Acquisition became our wholly owned subsidiary. On February 6, 2004, we amended our \$100.0 million credit facility with Morgan Stanley to, among other things, increase the commitment thereunder to \$200.0 million including a \$5.0 million working capital line and reduce the applicable margin for federal funds rate loans and LIBOR loans to 2.1175% and 2.50%, respectively. We extended the maturity date to February 6, 2005, which was further extended to October 1, 2005 upon consummation of our initial public offering. In addition, we pledged 100% of our ownership interest in Pinnacle Acquisition and replaced Pinnacle Acquisition's former stockholders as guarantor under the credit facility. On May 12, 2004, we further amended the

credit facility in connection with the implementation of the UPREIT operating partnership structure to, among other things, substitute Global Signal OP for Global Signal Inc. as the guarantor and the pledgor under the credit facility. In addition, upon consummation of our initial public offering Global Signal OP was no longer required to pledge its ownership interest in Pinnacle Acquisition. Our stockholders' pledge of stock was released and our stockholders were no longer required to guarantee the credit facility. We repaid all outstanding debt under the credit facility with proceeds from our initial public offering. On October 15, 2004, we amended and restated the credit facility to, among other things, increase the commitment by the lenders to \$250.0 million, to remove the \$5.0 million working capital line and to add Bank of America, N.A. as a lender. The credit facility was secured by substantially all of Pinnacle Acquisition's tangible and intangible assets and by a pledge of Global Signal's 5% equity interest in Global Signal REIT Savings TRS, Inc. (the remaining 95% of the equity having been pledged by Pinnacle Acquisition).

Borrowings under the credit facility were limited based on a borrowing base, which was calculated as 65% of the value of all towers owned, leased or managed by Pinnacle Acquisition or its subsidiaries. Borrowings under the credit facility bore interest, at our option, at either the federal funds rate plus 2.1175% per annum or LIBOR plus 2.50% per annum. The credit facility contained typical representations and covenants for facilities of this type, including, but not limited to restrictions on our ability to (1) incur consolidated indebtedness in excess of \$685.0 million and (2) permit our leverage ratio, defined as the ratio of debt for borrowed money, to consolidated EBITDA, to be greater than 6:1. The credit facility required a commitment fee of \$1.25 million which has been paid. We repaid the outstanding borrowings under the credit facility with a portion of the proceeds from our December 2004 mortgage loan and terminated the facility. As a result, we expensed the remaining unamortized deferred financing cost of approximately \$0.6 million in December 2004.

Prior to the issuance of the February 2004 mortgage loan in 2004, our largest operating subsidiary, Pinnacle Towers LLC, then known as Pinnacle Towers Inc., and 13 of its direct and indirect subsidiaries, were party to an amended and restated bank credit facility, which provided a term loan for \$275.0 million with outstanding borrowings totaling \$235.0 million at December 31, 2003 and a revolving line of credit of \$15.0 million with no borrowings outstanding at December 31, 2003. This old credit facility was provided by a syndicate of lenders, for which Bank of America, N.A. served as the administrative agent. The amount available under our line of credit was reduced, at our option, from \$30.0 million to \$15.0 million. Interest on both the term loan and revolving line of credit was charged at our option, at either LIBOR plus 4.5% or our agent bank's base rate plus 3.5%. In addition, we were required to pay a commitment fee of 1.0% per annum in respect of the undrawn portion of the revolving line of credit. In connection with our issuance of the February 2004 mortgage loan, we repaid all outstanding amounts due under the term loan and terminated the old credit facility's line of credit. As a result, we expensed the remaining unamortized deferred financing expenses of approximately \$8.4 million in February 2004.

Interest Rate Swap Agreements

On December 11, 2003, in anticipation of the issuance of the February 2004 mortgage loan, Pinnacle Towers LLC entered into a forward-starting interest rate swap agreement with Morgan Stanley as the counterparty to hedge the variability of future interest payments under the anticipated February 2004 mortgage loan. Under the swap agreement, Pinnacle Towers agreed to pay Morgan Stanley a fixed rate of 3.816% on a notional amount of \$400.0 million for five years beginning in March 2004 in exchange for

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receiving floating payments based on the three month LIBOR on the notional amount for the same five-year period. The swap, effective on December 11, 2003, required us to begin making monthly payments to the counterparty equal

to the difference between 3.816% and the then-current three-month LIBOR rate, which was 1.13% on February 5, 2004, on the notional amount of \$400.0 million. The swap was terminated in connection with the issuance of the February 2004 mortgage loan at a cost to us of \$6.2 million.

On March 26, 2004 and August 27, 2004, in anticipation of acquisitions of additional communications sites and the issuance of the December 2004 mortgage loan, we entered into six forward-starting interest rate swaps with Morgan Stanley as counterparty to hedge the variability of future interest rates on our anticipated mortgage financing. Under the interest rate swaps, we agreed to pay the counterparty a fixed interest rate of 3.416% on a total notional amount of \$200.0 million and 3.84% on a total notional amount of \$100.0 million beginning in October 2004 through April 2009 in exchange for receiving the three month LIBOR on the same notional amounts for the same period. Concurrent with the pricing of the December 2004 mortgage loan, we terminated the six interest rate swaps and received a net payment of \$2.0 million. Because the \$300.0 million total notional value of the six interest rate swaps exceeded the \$293.8 million principal amount of the December 2004 mortgage loan, we recognized approximately \$40,000 as additional interest expense, related to one of the August 2004 swaps, during the fourth quarter of 2004.

On January 11, 2005, in anticipation of the issuance of a third mortgage loan to finance the acquisition of wireless communications towers we expect to acquire during 2005, we entered into six forward starting interest rate swap agreements with Morgan Stanley as counterparty to hedge the variability of future interest rates on our anticipated mortgage financing. Under the interest rate swaps, we agreed to pay the counterparty a weighted average fixed interest rate of 4.403% on a total notional amount of \$300.0 million beginning on various dates between July 29, 2005 and November 30, 2005 through September 2010 in exchange for receiving floating payments based on the three month LIBOR on the same notional amounts for the same period.

On February 2, 2005, in anticipation of the Sprint transaction and the issuance of a mortgage loan as financing, we entered into eight interest rate swap agreements with Bank of America, N.A. as the counterparty to hedge the variability of expected future interest payments. Under the swap agreements, we agreed to pay Bank of America, N.A. a fixed rate of 4.303% on a total notional amount of \$750.0 million beginning June 1, 2005 through December 2010 in exchange for receiving floating payments based on the three month LIBOR on the same notional amount for the same period.

On March 21, 2005, in connection with the Sprint transaction and the \$850.0 million bridge loan term sheet we executed on March 10, 2005, we entered into additional interest rate swap agreements for a total notional amount of \$100.0 million with Bank of America, N.A. as counterparty. This brings the total notional amount of swap agreements related to financing the Sprint transaction to \$850.0 million. These swap agreements are in anticipation of the Sprint bridge financing, which is expected to be replaced by a mortgage loan of at least \$850.0 million. Under the interest rate swaps, we agreed to pay the counterparty a fixed interest rate of 4.733% on the total notional amount of \$100.0 million beginning on June 1, 2005 through December 1, 2010, with a mandatory maturity date of March 31, 2006, in exchange for receiving floating payments based on the three-month LIBOR on the same notional amount for the same period.

Critical Accounting Policies and Estimates

The preparation of our financial statements in conformity with accounting principles generally accepted in the United States requires us to make estimates and judgments that affect our reported amounts of assets and liabilities, revenues and expenses. We consider an accounting estimate to be critical if it requires assumptions to be made that were uncertain at the time the estimate was made and changes in the estimate, or different estimates that could have been selected, could have a material impact on our consolidated results of operations or financial condition. We have identified the following critical accounting policies that affect the more significant estimates and judgments.

Revenues

Site operations revenues are recognized when earned based on lease and license agreements. Rate increases based on fixed escalation clauses that are included in certain lease and license agreements are recognized on a straight-line basis over the term of the lease or license. Revenues from fees, such as engineering and site inspection fees, are recognized upon delivery of the related products and services to the customer.

A portion of the revenue we generate is related to the management of wireless communications towers and sites on rooftops owned by third parties. Under most of the site management agreements, we lease space from the third party under an operating lease and we then sublease that space or a portion of that space to our tenants. We recognize these tenant revenues on a gross basis. For 21 of our managed sites, we earn a fee based on a percentage of the gross revenues derived from the rooftop site subject to the agreement and we recognize these fee revenues when earned on a net basis.

We evaluate our revenues based on the criteria of SAB 104, Revenue Recognition in Financial Statements, which allows us to only recognize revenues if collectability is reasonably assured at the time of sale. In instances where collectability is not reasonably assured, we recognize revenues as cash is collected.

Lease Accounting

As a part of our accounting for ground leases and other subleased sites, we must evaluate various facts and circumstances that would lead us to conclude that we have "reasonable assurance" that we would renew these leases. In determining whether we have reasonable assurance, we consider the contractual renewal periods available to us, and whether we would incur an economic detriment (such as having to impair an asset) or forego an economic benefit (such as foregoing tenant lease revenue, when we have provided a tenant with renewal options on our tower). These evaluations are made when we enter into the leases or assume a lease, such as when we acquire a tower asset on leased land, and hence require judgments and estimates that may not transpire as expected.

Allowance for Uncollectible Accounts

We evaluate the collectability of our accounts receivable and our straight-line receivable resulting under SFAS No. 13, Accounting for Leases, based on a combination of factors. In circumstances where we are aware that a specific customer's ability to meet its financial obligations to us is in question (for example, bankruptcy filings, default status of their account), we record a specific allowance against amounts due to reduce the net recognized receivable and related income from the customer to the amount we reasonably believe to be collectible. For all other customers, we reserve a percentage of the remaining outstanding accounts receivable balance based on a review of the aging of customer balances, industry experience and the current economic environment. If circumstances change (for example, higher than expected defaults or an unexpected material adverse change in one or more significant customers' ability to meet their financial obligations to us), our estimates of recoverability of amounts due us could be reduced by a material amount.

Property and Equipment

Property and equipment built, purchased, leased or licensed under long-term leasehold or license agreements are recorded at cost less impairment losses, if any, and depreciated over their estimated useful lives or in the case of assets located on leased land, the shorter of the useful life or the ground lease term including all renewal options we control. Those assets owned at November 1, 2002 were revalued and recorded at reorganization value, which approximated

fair value at that date, in accordance with fresh start accounting. We capitalize expenses incurred in bringing property and equipment to an operational state. Expenses clearly associated with the acquisition, development and construction of property and equipment are capitalized as a cost of the assets. Indirect expenses that relate to several assets are capitalized and allocated to the assets to which the expenses relate. Indirect expenses that do not clearly relate to projects under development or construction are charged to expense as incurred. Depreciation on

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towers is computed using the straight-line method over the estimated useful lives of 13 years for towers owned at November 1, 2002 and 15 to 16 years for towers built or acquired after that date. With regard to towers and other property and equipment located on leased land, the depreciable life is the shorter of their estimated useful lives or the ground lease term including all renewal options we control. Depreciation on property and equipment excluding towers is computed using the straight-line method over the estimated useful lives of the assets ranging from three to forty years.

In connection with the adoption of fresh start accounting on November 1, 2002, we re-established, for financial reporting purposes, the remaining estimated useful lives for tower assets owned at November 1, 2002, to 13 years. In addition, during the year ended December 31, 2004, we obtained third party appraisals of certain tower assets acquired and as a result established lives of 15 to 16 years for these newly acquired tower assets. Other than the change in depreciable lives of tower assets owned at November 1, 2002, for the years ended December 31, 2004 and 2003, two months ended December 31, 2002 and ten months ended October 31, 2002 no significant changes were made to the depreciable lives applied to operating assets, the underlying assumptions related to estimates of depreciation, or the methodology applied. If the estimated lives of all assets being depreciated were increased by one year, the consolidated depreciation expense would have decreased by approximately \$3.1 million, or 8.5%, for 2004. If the estimated lives of all assets being depreciated were decreased by one year, the consolidated depreciation expense would have increased by approximately \$3.2 million, or 9.0%, for 2004.

Intangible Assets

Intangible assets post reorganization include goodwill, lease absorption value, leasehold interest and lease origination value recognized in accordance with fresh start accounting and at the time of acquisitions arising after our adoption of SFAS No. 141.

Goodwill represents the aggregate purchase price of business acquisitions in excess of the fair value of the acquisitions. Negative goodwill is allocated to tangible and intangible assets on a pro rata basis. Goodwill will be evaluated for impairment on an annual basis or more frequently if an event occurs or circumstances change that would more likely than not reduce the fair value of a reporting unit below its carrying amount. As of December 31, 2004, we had recorded approximately \$9.8 million in goodwill related to our acquisitions of GoldenState Towers LLC, or GoldenState, during the fourth quarter of 2004.

Lease absorption value, which was also recorded in connection with our adoption of fresh start accounting and other acquisitions, represents the value attributable to in-place leases. This intangible represents the lease rentals which we would have foregone during the period of time required to attract a new tenant lease for each of the tenant leases in-place at the date of our fresh start accounting or business combinations. In connection with our fresh start accounting we recorded lease absorption value at \$127.3 million and \$50.7 million in connection with the acquisitions made since December 2003. The lease absorption value is being amortized over the remaining contractual term of the in-place leases and their expected renewals, in an accelerated manner consistent with the lease revenues associated

with the in-place leases and their expected renewals. We evaluate our lease absorption value for impairment when indicators of impairment arise by determining the ability of the in-place leases at the time lease absorption value was established to generate future cash flows sufficient to recover the unamortized balance over the remaining useful life. We estimate future cash flows based primarily on the current performance of the in-place leases and our expectations for the future. If lease absorption value is determined to be unrecoverable, the carrying amount will be reduced to its estimated fair value in the period in which such determination is made. If the estimated lives of the lease absorption value being amortized were increased by one year, the consolidated amortization expense would have decreased by approximately \$0.2 million or 1.7%, for 2004. If the estimated lives of the lease absorption value being amortized were decreased by one year, the consolidated amortization expense would have increased by approximately \$0.3 million, or 2.2%, for 2004.

Leasehold interests represent our interest as a tenant in various rooftops and other leased telecommunications sites and is stated at cost except those existing at November 1, 2002, which was revalued in accordance with fresh start accounting. Leasehold interests are amortized over four years,

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using the straight line method. We evaluate our leasehold interest for impairment as indicators of impairment arise by determining the ability of the leasehold interests to generate future cash flows sufficient to recover the unamortized balance over the remaining useful life. We estimate future cash flows based primarily on the current performance of the in-place leases and our expectations for the future. If leasehold interests are determined to be unrecoverable, the carrying amount will be reduced to its estimated fair value in the period in which such determination is made. If the estimated lives of the leasehold interests being amortized were increased by one year, the consolidated amortization expense would have decreased by approximately \$0.8 million or 18.5%, for 2004. If the estimated lives of the leasehold interests being amortized were decreased by one year, the consolidated amortization expense would have increased by approximately \$1.4 million, or 33.0%, for 2004.

Lease origination value was recorded as an intangible asset in connection with our adoption of fresh start accounting and represents the value associated with the "cost avoidance" of acquiring an in-place lease. Fair value of this intangible was determined based on our estimate of the incremental cost (primarily sales commissions) to replace all leases with greater than three years remaining on the current term. This intangible was valued at \$2.7 million in connection with our fresh start accounting and \$2.3 million in connection with the acquisitions made since December 2003 and is being amortized over the remaining contractual lease terms and expected renewals. Similar expenses incurred prior to and subsequent to fresh start accounting are expensed because the amounts have been immaterial to our operations. We evaluate our lease origination value for impairment as indicators of impairment arise by determining the ability of the assets acquired to generate future cash flows sufficient to recover the unamortized balance over the remaining useful life. We estimate future cash flows based primarily on the current performance of the acquired assets and our business plan for those assets. Changes in business conditions, major customers or other factors could result in changes in those estimates. If lease origination value is determined to be unrecoverable, the carrying amount will be reduced to its estimated fair value in the period in which such determination is made. If the estimated lives of the lease origination value being amortized were increased or decreased by one year, the consolidated amortization expense would have changed by an immaterial amount for 2004.

Impairment of Long-lived Assets

Long-lived assets, such as property and equipment, and purchased intangible assets, are evaluated for impairment whenever events or changes in circumstances indicate the carrying value of an asset may not be recoverable. An

impairment loss is recognized when estimated undiscounted future cash flows expected to result from the use of the asset plus net proceeds expected from disposition of the asset (if any) are less than the carrying value of the asset. When impairment is identified, the carrying amount of the asset is reduced to its estimated fair value. Effective January 1, 2002, potential impairment of long-lived assets other than goodwill and purchased intangible assets with indefinite useful lives is evaluated using the guidance provided by SFAS No. 144, Accounting for the Impairment or Disposal of Long-lived Assets. Goodwill is evaluated for impairment using the guidance provided by SFAS No. 142, Goodwill and Other Intangible Assets, at least annually or more often if indicators of impairment arise.

Asset Retirement Obligation

Effective with our emergence from Chapter 11, we adopted SFAS No. 143, Accounting for Asset Retirement Obligations. SFAS No. 143 addresses the accounting and reporting obligations associated with the retirement of tangible long-lived assets and the associated retirement expenses and requires that the fair value of a liability for an asset retirement obligation be recognized in the period in which it is incurred if a reasonable estimate of fair value can be made. We recorded an asset retirement obligation of \$5.3 million for our estimated future obligation to dismantle towers on leased land sites in connection with our fresh start accounting and \$1.3 million in connection with the acquisitions made since December 1, 2003, using discounted cash flows of expected dismantling expenses. We used a discount factor of 13% in connection with our fresh start accounting and a rate of 12% for subsequent additions and an annual cost increase factor of 2.5%. If our estimates regarding the future cost to dismantle these sites had increased by 10% the original liability recorded would have increased by \$0.6 million or 10.1%.

Our original asset retirement obligation of \$5.3 million was increased by accretion expense of \$0.2 million in the two months ended December 31, 2002 resulting in a balance at December 31, 2002 of \$5.5

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million. During 2003 we recorded an additional asset retirement obligation of \$0.1 million in connection with our purchase of 67 telecommunication tower assets as well as accretion expense of \$0.4 million. In 2003 we revised our estimate of dismantling costs and reduced the obligation and the tower assets by \$1.3 million. The asset retirement obligation balance at December 31, 2003 was \$4.7 million. During 2004 we recorded additional asset retirement obligations of \$1.2 million in connection with our acquisitions as well as an accretion expense of \$0.5 million. The asset retirement obligation balance at December 31, 2004 is \$6.4 million.

Stock-Based Compensation Expense

When we grant stock options to employees, we are required to compare the fair value of the stock to the exercise price on the date of grant to determine if compensation expense must be recognized. We also provide pro forma disclosures reflecting the impact of employee stock options using the fair value method, rather than the intrinsic value method. We use the Black-Scholes method to calculate this pro forma impact. When we grant stock options to non-employees for services, we measure the compensation expense related to those options at their vesting date using the Black-Scholes method, and recognize the expense for options with graded vesting using the accelerated method over the service period. Prior to the vesting date, the expense is recognized based on the fair value of the options at the end of each financial reporting period, also using the Black-Scholes method. The Black-Scholes method requires us to use assumptions related to the fair value of our stock, the expected life of the options, volatility, the risk-free interest rate and the dividend yield.

When we grant restricted stock awards to employees, we measure the compensation expense related to the grant at the date of the grant and recognize the expense for options with graded vesting using the accelerated method over the vesting period.

Derivatives

We periodically enter into interest rate swaps to effectively fix the variable-interest rates of certain of our debt instruments or to fix certain variables which will be used to price anticipated debt instruments, and must recognize these derivatives at their fair value on our balance sheet. While we generally obtain this fair value information from the counterparty, this valuation includes certain assumptions about market conditions. In addition, for the anticipated transactions, we must continually evaluate the probability that the transaction will occur as anticipated and on the anticipated timeline. If an anticipated transaction is no longer probable, then we would cease to qualify for hedge accounting. The judgment of probability is significant and has a high degree of uncertainty.

Income Taxes

We review our deferred tax assets on a regular basis to evaluate their recoverability based on projections of the turnaround timing of our deferred tax liabilities, projections of future taxable income, and tax planning strategies that we might employ to utilize such assets, including net operating loss carry-forwards. Unless it is "more likely than not" that we will recover such assets through the above means, we establish a valuation allowance. If our projections of tax turnarounds and future taxable income, or our tax planning strategies change, we may be required to increase our valuation allowance to reduce the deferred tax assets.

Recently Issued Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46, Consolidation of Variable Interest Entities. FIN No. 46 requires an investor with a majority of the variable interests in a variable interest entity ("VIE") to consolidate the entity and also requires majority and significant variable interest investors to provide certain disclosures. A variable interest entity is an entity in which the equity investors do not have a controlling interest, or the equity investment at risk is insufficient to finance the entity's activities without receiving additional subordinated financial support from the other parties. For arrangements entered into with variable interest entities created prior to February 1, 2003, the provisions of FIN No. 46

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are effective in fiscal periods ending after December 31, 2003. The provisions of FIN No. 46 are effective immediately for all arrangements entered into with new variable interest entities created after January 31, 2003. We do not believe we have any investments in variable interest entities as of December 31, 2004 that would require a change in our consolidation policy, and thus do not expect the impact of FIN No. 46 to be material to our financial statements at this time. While we do not currently expect to enter into any types of VIE arrangements, if we did so the impact could be material.

In December 2004, the FASB issued its SFAS No. 123(R) Share-Based Payment, which is a revision to SFAS No. 123, Accounting for Stock-Based Compensation. Generally, the approach in the new pronouncement is similar to the approach described in SFAS No. 123. However, SFAS No. 123(R) would require all share-based payments to employees, including grants of employee stock options, to be recognized in the income statement based on their fair values. The pronouncement is effective for us as of January 1, 2006. As of the required effective date, we will apply

this Statement using a modified version of prospective application. Under that transition method, compensation cost for the portion of awards for which the requisite service has not been rendered that are outstanding as of the required effective date shall be recognized as the requisite service is rendered on or after the required effective date, based on the grant date fair value of those awards calculated under SFAS No. 123. We have not yet determined the effect of the new standard on our financial statements.

Inflation

Some of our expenses, such as those for tower operating expenses, wages and benefits, generally increase with inflation. In addition, many of our tenant leases and ground leases contain fixed escalations or escalations based on the change in the Consumer Price Index. However, we do not believe that our financial results have been, or are likely to be, adversely affected by inflation in a material way.

Non-GAAP Financial Measures

Adjusted EBITDA

We define Adjusted EBITDA as net income before interest, income tax expense (benefit), depreciation, amortization, and accretion, non-cash stock based compensation expense and gain or losses on the extinguishment of debt. Adjusted EBITDA is not a measure of performance calculated in accordance with accounting principles generally accepted in the United States, or "GAAP."

We use Adjusted EBITDA as a measure of operating performance. Adjusted EBITDA should not be considered in isolation or as a substitute for operating income, net income or loss, cash flows provided by operating, investing and financing activities or other income statement or cash flow statement data prepared in accordance with GAAP.

We believe Adjusted EBITDA is useful to an investor in evaluating our operating performance because:

- it is one of the primary measures used by our management to evaluate the economic productivity of our operations, including the efficiency of our employees and the profitability associated with their performance, the realization of contract revenues under our tenant leases, our ability to obtain and maintain our customers and our ability to operate our leasing business effectively;
- it is widely used in the wireless tower industry to measure operating performance without regard to items such as depreciation and amortization, which can vary depending upon accounting methods and the book value of assets; and
- we believe it helps investors meaningfully evaluate and compare the results of our operations from period to period by removing the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results.

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Our management uses Adjusted EBITDA:

- in presentations to our board of directors to enable it to have the same measurement of operating performance used by management;

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- for planning purposes, including the preparation of our annual operating budget;
- for compensation purposes, including as the basis for annual incentive bonuses for certain employees;
- as a valuation measure in strategic analyses in connection with the purchase and sale of assets;
- with respect to compliance with our prior credit facility that we repaid with a portion of the net proceeds of the December 2004 mortgage loan, which required us to maintain certain financial ratios based on Consolidated EBITDA, which is equivalent to Adjusted EBITDA except that Consolidated EBITDA (i) annualizes the Adjusted EBITDA contribution from newly acquired towers until such towers have been owned for twelve months and (ii) excludes asset impairment charges, gains or losses on foreign currency exchange and certain other non-cash charges; we expect any future credit facilities we obtain to contain similar financial ratios based on Consolidated EBITDA; and
- as a measurement of operating performance because it assists us in comparing our operating performance on a consistent basis as it removes the impact of our capital structure (primarily interest charges from our outstanding debt) and asset base (primarily depreciation and amortization) from our operating results.

There are material limitations to using a measure such as Adjusted EBITDA, including the difficulty associated with comparing results among more than one company and the inability to analyze certain significant items, including depreciation and interest expense, that directly affect our net income or loss. We compensate for these limitations by considering the economic effect of the excluded expense items independently as well as in connection with our analysis of net income. Adjusted EBITDA should be considered in addition to, but not as a substitute for, other measures of financial performance reported in accordance with GAAP.

The table below shows Adjusted EBITDA for the ten months ended October 31, 2002, for the predecessor company and the two months ended December 31, 2002, and the years ended December 31, 2003 and 2004 for the successor company:

	Predecessor Company		Successor Company		Pro Forma
	Ten Months Ended	Two Months Ended	Year Ended	Year Ended	As Adjusted
	October 31, 2002	December 31, 2002	December 31, 2003	December 31, 2004	Year Ended December 31, 2004
	(thousands of dollars)				
Net income	\$ 256,172	\$ (996)	\$ 13,161	\$ 6,872	\$
Depreciation, amortization and accretion	76,956	10,165	47,173	54,370	
Interest, net	45,720	4,041	20,477	27,529	
Income tax expense (benefit)	(5,195)	19	(665)	341	
Loss (gain) on early extinguishment of debt	(404,838)	—	—	9,018	
Non-cash stock based compensation	—	—	1,479	4,235	
Adjusted EBITDA	\$ (31,185)	\$ 13,229	\$ 81,625	\$ 102,365	\$

Adjusted Funds From Operations

We are exposed to market risks from changes in interest rates charged on our credit facilities used to finance acquired communication sites on an interim basis. The impact on our earnings and the value of our long-term debt is subject to change as a result of movements in market rates and prices. As of December 31, 2004, we had \$706.9 million in long-term fixed rate debt and no variable rate debt. As of December 31, 2004, the total fixed rate debt outstanding had a weighted average interest rate of 4.9%.

The following table presents the future principal payment obligations and weighted-average interest rates at December 31, 2004, associated with our existing long-term debt instruments, using our actual level of long-term indebtedness of \$1.2 million under capital leases, \$411.9 million under our February 2004 mortgage loan, and \$293.8 million under our December 2004 mortgage loan.

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	Weighted Average Interest Rate	Total	Expected Maturity Date — Year Ended December 31,					Thereafter
			2005	2006	2007	2008	2009	
			(thousands of dollars)					
February 2004 mortgage loan	5.0%	\$411,909	\$ 7,823	\$ 8,305	\$ 8,817	\$ 9,361	\$377,603	\$ —
December 2004 mortgage loan	4.7%	293,825	—	—	—	—	293,825	—
Capital lease obligation	10.3%	1,186	445	492	249	—	—	—
Total debt		\$706,920	\$ 8,268	\$ 8,797	\$ 9,066	\$ 9,361	\$671,428	\$ —

Foreign Currency Exchange Risk

Our exposure to adverse movements in foreign currency exchange rates is primarily related to our subsidiaries' operating revenues and expenses, primarily in the United Kingdom and Canada, denominated in the respective local currency. A hypothetical change of 10% in foreign currency exchange rates would not have a material impact on our consolidated financial statements or results of operations.

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INDUSTRY

Industry Strengths

We believe that the tower industry is attractive because of the following characteristics:

- **Strong Industry Outlook.** We believe that the following factors will drive the growth of new tenant leases:
 - o growth in the number of wireless telephony subscribers;
 - o increasing wireless telephony usage per subscriber;
 - o increasing wireless data usage;

- o customer demand for high network quality and coverage;
- o new wireless technologies, devices and applications; and
- o significant investments by wireless telephony service providers in their networks to increase coverage, quality and accommodate new technologies.
- High Operating Leverage. Operating expenses associated with adding incremental wireless tenants to an existing owned tower are relatively low resulting in a significant percentage of new revenues being converted to cash flow provided by operating activities.
- Low Maintenance Capital Expenditures. Generally, wireless towers require minimal annual capital investments to maintain. During the year ended December 31, 2004, our average capital expenditure for the maintenance of our owned towers was less than \$1,250 per tower.
- Low Churn of Wireless Telephony Customers. Due to the expense of modifying their wireless network architecture and relocating their equipment, wireless carriers tend to be long-term tenants that enter into multi year leases and renew them.
- Large and Fragmented Industry. There are approximately 115,000 wireless communications towers in the United States with over 47,000 towers owned by small tower operators and individuals and over 21,000 towers owned by wireless telephony service providers, which provides significant acquisitions opportunities.

Industry Overview

Like many other real estate businesses, the wireless communications site business is characterized by a relatively stable cash flow stream that is generated from tenant leases, a fixed cost base with additional leases providing high operating leverage and requiring minimal annual capital investments to maintain existing communications sites. Typically, telephony wireless tenants enter into three to five year leases with three to five renewal options of similar duration at the option of the tenant. The leases usually include annual rental rate increases, or escalators, of three to five percent. A tower can accommodate anywhere from one to 30 tenants or more, depending on the size and strength of the tower and the type of equipment that each tenant needs to install. Typically, however, the average tower will accommodate three to six telephony tenants.

The direct expenses associated with operating the tower consist of ground lease rent, property insurance, utilities, property taxes and site maintenance and monitoring expenses. Most ground leases consist of an initial five to ten year term with multiple five to ten year renewal terms and often provide for annual escalators similar to those in the tenant leases. The magnitude of the other direct expenses associated with operating the tower vary from site to site depending on the taxing jurisdiction and the height and age of the tower but typically do not make up a large percentage of total operating expenses. The ongoing maintenance requirements are typically minimal and include replacing lighting systems, maintaining common shelters, maintaining heating, ventilation and cooling systems in the common shelters, painting a tower or upgrading or repairing an access road or fencing.

Given the fixed nature of the direct expenses of a single tower, there is significant operating leverage in the economic model through the addition of multiple tenants to a single tower. For example, on a single

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hypothetical tower with one tenant paying approximately \$18,000 per year in rent to lease site space, and annual operating expenses of approximately \$12,000, which is the approximate average direct operating expenses for a telephony site with a ground lease, the gross margin would be \$6,000, or 33%. If a second tenant is added to the tower, there would be an additional approximately \$18,000 of annual revenues and minimal additional operating

expenses (assume \$1,000), providing for a gross margin of approximately \$23,000, or 64%, or almost twice the gross profit margin with only one tenant.

Wireless communications service providers tend to invest significant amounts of capital in their network design and the purchase and installation of their base station equipment and therefore have difficulty moving their equipment to another competitive tower without altering their network architecture and incurring significant relocation expenses. In some cases, a customer can invest as much as \$250,000 in the equipment and its installation at a communications tower site and often that equipment is optimized for a specific location. If a customer decides to move its equipment and switch site providers, it will have to invest additional capital which could be as much as \$75,000 to redeploy equipment to another tower site. Given the significant expense in modifying wireless network architecture, relative to the monthly rental payments, customers infrequently move their equipment to another tower site.

The significant capital and regulatory requirements involved in developing and obtaining permits for a communications tower provide important competitive barriers to entry. The cost of constructing a new tower can range from \$175,000 to \$250,000 or more, depending on several variables including the height and various zoning and permitting expenses. In many jurisdictions, the local zoning requirements make it difficult to get permission to build a new tower. Furthermore, once a tower has been permitted and constructed, the local authorities often require that potential new wireless tenants attempt to locate on existing towers prior to permitting the construction of a new tower. As a result, it is often administratively difficult and usually not economically worthwhile to build a competitive tower close to another operator's tower site.

Existing Towers

In general, wireless communications towers are vertical metal structures of three types: guyed towers, lattice towers and monopole towers.

- Guyed towers generally range in height between 200 and 2,000 feet and are supported by cables attached at different levels on the tower that run to anchor foundations in the ground. Guyed towers typically have the capacity to accommodate wireless communications equipment for up to 30 tenants or more, depending on their design.
- Lattice towers generally range in height between 150 and 400 feet and are self-supporting with three or four legs that taper up from the bottom and join either at the top of the tower or at a lower location from which a fully vertical extension rises. They typically have the capacity to accommodate wireless communications equipment for up to 12 tenants, depending on their design.
- Monopole towers generally range in height between 50 and 200 feet and are self-supporting vertical tubular structures that are lighter than other tower types and typically have the capacity to accommodate wireless communications equipment for up to five tenants, depending on their design.

Wireless communications equipment may also be placed on building rooftops or other structures. Rooftop sites are common in urban areas where tall buildings are available and zoning restrictions render tower construction difficult, and where multiple communications sites are required because of relatively higher volume and density of wireless traffic. The types of technology and number of tenants that may be accommodated at any particular rooftop depend on the construction and height of the building, the area of its rooftop available for use and the types of wireless communications equipment that tenants seek to deploy.

Market Demand

The key demand drivers for additional tenants locating on existing sites and new tower sites are (1) the growth in wireless communication services including the deployment of new technologies and (2) the

growth in the number of new wireless subscribers and the volume of their use of the wireless technology. There are numerous distinct wireless technologies in broad use today and we believe that the number of wireless communication technologies that can be deployed on communications towers will increase over time.

Because of the continuing growth in the number of wireless telephony subscribers and the minutes each subscriber uses, we have seen, and expect to continue to see over the next several years, a higher percentage of growth coming from telephony customers.

Increasing subscriber demand is driving the current expansion of telephony service providers' transmission networks. According to independent industry analysts, the number of wireless subscribers in the United States grew from 61 million in June 1998 to 182 million as of December 2004, or a compound annual growth rate of more than 18% per year. This number is projected by some industry analysts to grow to over 200 million by the end of 2008.

Furthermore, we believe that the introduction of wireless number portability, which allows wireless subscribers to change local carriers without having to change their mobile number, has increased the pressure on the major carriers to provide higher quality network service and improved coverage to combat customer churn. In addition, the FCC's rules requiring wireline to wireless number portability in all areas of the U.S. may allow the wireless carriers to expand their market base and continue to grow the number of their subscribers.

BUSINESS

Business Overview

Global Signal, formerly known as Pinnacle Holdings Inc., is one of the largest wireless communications tower owners in the United States, based on the number of towers owned. On June 2, 2004, we completed our initial public offering through the issuance of 8,050,000 shares of our common stock at \$18.00 per share of common stock. On February 14, 2005, we, Sprint, and certain Sprint subsidiaries entered into an agreement to lease or otherwise operate over 6,600 wireless communications tower sites and the related towers and assets. The consummation of the Sprint transaction will substantially increase the size and scope of our operations.

Our strategy is to grow our Adjusted EBITDA and Adjusted Funds From Operations (1) organically by adding additional tenants to our towers, (2) by acquiring towers with existing telephony tenants in locations where we believe there are opportunities for organic growth and (3) by financing these newly acquired towers, on a long-term basis, using equity issuances combined with low-cost fixed-rate debt obtained through the issuance of mortgage-backed securities. Through this strategy, we seek to increase our dividend per share over time. We are organized as a real estate investment trust, or REIT, and as such are required to distribute at least 90% of our taxable income to our stockholders. We paid a dividend of \$0.40 per share of our common stock for the quarter ended December 31, 2004 which is a 28.0% increase over the dividend we paid for the quarter ended December 31, 2003. In addition, on March

30, 2005, our board of directors declared a dividend of \$0.40 per share of our common stock for the three months ended March 31, 2005, which was paid on April 21, 2005 to stockholders of record as of April 11, 2005.

For the years ended December 31, 2003 and 2004, substantially all of our revenues came from our ownership, leasing and management of communications towers and other communications sites. Although we have communications sites located throughout the United States, Canada and the United Kingdom, our communications sites are primarily located in the southeastern and mid-Atlantic regions of the United States. As of December 31, 2004, we owned 2,988 towers and 265 other communications sites. We own in fee or have long-term easements on the land under 915 of these towers and we lease the land under 2,073 of these towers. In addition, as of December 31, 2004, we managed 807 towers, rooftops and other communications sites where we had the right to market space or where we had a sublease arrangement with the site owner. As of December 31, 2004, we owned or managed a total of 4,060 communications sites. On a pro forma basis for the Sprint transaction and the Triton and ForeSite 2005 acquisitions, as of December 31, 2004, we would own, manage or lease, over 11,000 communications sites and we would be the third largest wireless communications tower operator based on number of towers owned, managed or leased.

Our customers include a wide variety of wireless service providers, government agencies, operators of private networks and broadcasters. These customers operate networks from our communications sites and provide wireless telephony, mobile radio, paging, broadcast and data services. As of December 31, 2004, we had an aggregate of more than 15,000 leases on our communications sites with over 2,000 customers. The average number of tenants on our owned towers, as of December 31, 2004, was 4.1, which included an average of 1.6 wireless telephony tenants. The percentage of our revenues from wireless telephony tenants has increased from 41.0% of our total revenues for the month of December 2003 to 51.1% of our total revenues for the month of December 2004.

For the years ended December 31, 2003 and 2004, we generated:

		2003		2004
		(\$ in millions)		
Revenues	\$	166.7	\$	182.9
Net income	\$	13.2	\$	6.9
Adjusted EBITDA(1)	\$	81.6	\$	102.4
Adjusted Funds from Operations(1)	\$	60.1	\$	71.8

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(1) Adjusted EBITDA and Adjusted Funds From Operations, or AFFO, are non-GAAP financial measures we use in evaluating our performance. See "Summary Consolidated Financial Information" for a reconciliation of these measures to net income and "Management's Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures" for a detailed description of why we believe such measures are useful.

Growth Strategy

Our objective is to increase our Adjusted EBITDA, AFFO and our dividend per share of our common stock. Key elements of our strategy to achieve this objective include:

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Grow our Revenues by Adding New Tenants to our Existing Communications Sites. We believe that we can take advantage of our site capacity and locations, strong customer relationships and operational expertise to attract new tenants to our existing communications sites. On a pro forma basis for the Sprint transaction and the Triton and ForeSite 2005 acquisitions, as of December 31, 2004, we would own, manage or lease, over 11,000 communications sites and we would be the third largest wireless communications tower operator based on number of towers owned, managed or leased.

- **Expand our Communications Sites Network Through Acquisition and Development of Towers.** We plan to purchase or selectively develop towers in locations where we believe there is, or will be, significant demand for wireless services which should drive network expansion and increase demand for space on our towers. We will focus our acquisition efforts on towers that already have an existing telephony tenant, or in the case of new builds, a telephony customer committed to a new lease, and have the potential to add multiple additional telephony tenants. We believe that telephony tenants provide a relatively stable revenue stream and that there is a high likelihood of lease renewals by multiple tenants. Since 1998, we have experienced average annualized churn as a result of non-renewal and other lease terminations from our telephony tenants of less than 1% of annualized telephony revenues.
- **Maintain an Efficient Capital Structure.** We believe that our low-cost debt, combined with appropriate leverage, will allow us to maintain operating and financial flexibility. Our capital management strategy is to finance newly acquired assets, on a long-term basis, using equity issuances combined with low-cost fixed-rate debt obtained through the periodic issuance of mortgage-backed securities. Prior to issuing mortgage-backed securities, our strategy is to finance communications sites we acquire on a short-term basis through credit facilities we expect to obtain on terms similar to the credit facility we repaid with a portion of the net proceeds from our December 2004 mortgage loan.
- **Build on Relationships with Wireless Telephony Carriers.** We maintain a consistent and focused dialogue with our wireless telephony carriers in order to meet their network needs.
- **Outsource New Tower Development and Construction.** We outsource all aspects of new tower development, including engineering, initial land acquisition, zoning and construction. We believe that by outsourcing, we avoid most of the high overhead and risks associated with providing these services.

Our Strengths

- **High Quality Communications Sites with Diversified and Relatively Stable Cash Flows.** As of December 31, 2004, we owned and managed 4,060 communications sites, including 2,988 owned towers. Our diversified customer base, which includes over 2,000 customers with over 15,000 leases, has historically provided us with a relatively stable cash flow stream. Our tenants include a wide variety of wireless service providers, government agencies, operators of private networks and broadcasters.

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- **Efficient and Well-Organized Operating Platform.** We have recently spent a significant amount of time and capital on improving our operations. Our organizational structure, sales force, business processes and systems are oriented towards improving customer service and adding new tenants. For example, we have recently implemented new computer systems to manage our communications sites, tenant and ground leases, and to handle our accounting and billing functions. In addition, we recently implemented a digital library that

provides us with easy access to our key records and allows us to rapidly respond to customer requests and to deploy new tenants on our sites.

- **Experienced Management Team.** We have an experienced management team that is highly focused on growing our business. Our management team owns, and is incentivized with options to acquire, a total of approximately 4.1% of our common stock on a fully diluted basis, as of December 31, 2004.
- **Tax-Efficient REIT Status.** We are organized as a REIT, which enables us to reduce our corporate-level income taxes by making dividend distributions to our stockholders and to pass our capital gains through to our stockholders in the form of capital gains dividends.

Communications Sites

As of December 31, 2004, we owned or managed a total of 4,060 wireless communications towers, rooftops and other communications sites. As of December 31, 2004, on a pro forma basis for the Sprint transaction and the Triton and ForeSite 2005 acquisitions, we would own, manage, or lease over 11,000 communications sites and we would be the third largest wireless communications tower operator based on the number of towers owned, managed or leased. The average number of tenants on all of our towers, rooftops and land sites as of December 31, 2004 is 3.9. No single communications site accounted for more than 1% of the gross margin for the year ended December 31, 2004. We routinely review and dispose of sites which generate negative cash flows and for which the growth prospects are not compatible with our strategy. During 2003 and 2004, we disposed of 134 sites and 81 sites, respectively, of which 125 and 65, respectively, were managed sites.

The following table outlines the number and type of our communications sites and the number of tenant leases as of December 31, 2004, as well as the relative contribution to our revenues and gross margin for the year ended December 31, 2004:

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Type of Communications Sites

Type of Communications Sites	As of December 31, 2004		For the Year Ended December 31, 2004			
	Number of Communications Sites	Number of Tenant Leases	Aggregate Revenues (dollars in thousands)	Percentage of Total Revenues	Gross Margin	Percentage of Total Gross Margin
Owned						
Towers						
Guyed	1,574	7,071	\$ 83,216	45.5%	\$ 63,698	50.8%
Lattice	895	3,865	48,893	26.7	36,896	29.4
Monopole	519	1,340	14,662	8.0	11,171	8.9
Total	2,988	12,276	146,771	80.2	111,765	89.1
Other communications sites						
Land	242	242	2,304	1.3	2,202	1.8

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Rooftop	23	113	1,298	0.7	909	0.7
Total	265	355	3,602	2.0	3,111	2.5
Owned sub-total	3,253	12,631	150,373	82.2	114,876	91.6
Managed						
Towers						
Guyed	222	817	7,167	3.9	2,398	1.9
Lattice	210	613	5,881	3.2	2,180	1.7
Monopole	19	58	547	0.4	224	0.2
Total	446	1,488	13,596	7.5	4,802	3.8
Other communications sites						
Land	23	33	382	0.2	152	0.1
Rooftop	333	1,610	18,514	10.1	5,573	4.5
Total	356	1,643	18,896	10.3	5,725	4.6
Managed sub-total	807	3,131	32,492	17.8	10,527	8.4
Total	4,060	15,762	\$ 182,865	100.0%	\$ 125,403	100.0%

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We further classify our communications sites into core owned telephony sites, defined as those sites that have or have at one point had a telephony tenant, acquired sites, defined as those sites we have acquired since December 1, 2003, non-telephony sites, defined as those owned sites that have never had a telephony tenant, and managed sites. The table below sets forth the revenues and gross profit for our core owned telephony sites, acquired sites, non-telephony sites and managed sites for the year ended December 31, 2003 and 2004:

	No. of Communication Sites as of December 31, 2004	For the Year Ended December 31,					
		2003		2004		Variance	
		\$	% of Total	\$	% of Total	\$	% Change
(dollars in thousands)							
Revenues							
Core owned telephony communications sites prior to December 2003(1)	1,508	\$ 107,382	64.4%	\$ 115,217	63.0%	\$ 7,835	7.3%
Acquired communications sites since December 2003	928	240	0.1	11,347	6.2	11,107	nm
Non-telephony communications sites	873	24,322	14.6	23,948	13.1	(374)	(1.5)
Managed communications sites	751	34,726	21.0	32,353	17.7	(2,374)	(6.8)
Total	4,060	\$ 166,670	100.0%	\$ 182,865	100.0%	\$ 16,194	9.7%
Gross Profit							

Core owned telephony communications sites prior to December 2003(1)	\$ 82,491	74.9%	\$ 90,995	72.6%	\$ 8,504	10.3%
Acquired communications sites since December 2003	151	0.1	8,114	6.5	7,963	nm
Non-telephony communications sites	15,587	14.2	15,837	12.6	249	1.6
Managed communications sites	11,869	10.8	10,457	8.3	(1,412)	(11.9)
Total	\$ 110,098	100.0%	\$ 125,403	100.0%	\$ 15,304	13.9%

(1)Our acquisition program began in December 2003.

Since the beginning of our acquisition program on December 1, 2003, through April 18, 2005, we have acquired 1,024 communications sites for an aggregate purchase price of approximately \$428.1 million, including fees and expenses. In addition, during this time, we invested an additional \$9.2 million, including fees and expenses, to acquire a fee interest or long-term easement under 92 wireless communications towers where we previously had a leasehold interest. As of April 18, 2005, including the Triton and ForeSite 2005 acquisitions we have definitive agreements to acquire an additional 343 communications sites and to acquire fee interest or long-term easements under an additional 10 communications towers, for an aggregate purchase price of approximately \$91.3 million, including estimated fees and expenses. In addition, as of April 18, 2005, we also had non-binding letters of intent with other parties to purchase an additional 36 towers for approximately \$19.6 million, including estimated fees and expenses. We are in the process of performing due diligence on these towers and seek to negotiate definitive agreements.

We believe the towers we acquired and have contracted to acquire are in locations where there are opportunities for organic growth and that these towers generally have significant additional capacity to accommodate new tenants. The above pending acquisitions are subject to customary closing conditions for real estate transactions of this type and may not be successfully completed.

During the first quarter of 2005, we were in the process of performing due diligence on these towers and were seeking to negotiate definitive agreements or closing on such transactions. We believe the towers we acquired and have contracted to acquire are in locations where there are opportunities for organic growth and that these towers generally have significant additional capacity to accommodate new tenants.

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Capacity is not usually a limiting factor on our leasing of space, as we can usually augment a tower to accommodate additional tenants. On occasions, we are unable to modify a tower to satisfy a prospective tenant's timing requirements.

As of December 31, 2004, we owned in fee or had long-term easements on the land under 915 of our owned towers and 255 of our other communications sites. For the land that we do not own or hold in easement, the average remaining life on the ground leases, including our options to renew, was 24.4 years. Generally, our ground leases terminate upon the occurrence of an event of default under the terms of the lease, by our written notice prior to a lease renewal, or by the terms of the lease which may set a maximum number of renewals. For the years ended December 31, 2003 and 2004, we incurred \$13.7 million and \$14.9 million, respectively, in rent expense for our ground leases

for an average annual lease payment of \$10,372 for the year ended December 31, 2003 and \$7,179 for the year ended December 31, 2004 based on 1,319 and 2,083 ground leases at December 31, 2003 and December 31, 2004, respectively. The lower rate per site at December 31, 2004 was due in part to the 688 communications sites acquired during the fourth quarter ended December 31, 2004. Rent payments are generally payable on a monthly or annual basis during the term of the lease. We often have the right to sublease or assign ground leases, and to grant licenses to use the leased communications sites. We are generally responsible for the indemnification of the landlord, and the payment of real estate taxes, general liability insurance and ordinary maintenance costs at the leased sites. Under the terms of the ground leases, we periodically also have the right of first refusal to purchase the leased property when the landlord receives a third party offer to purchase. The table below indicates our interest in the real property underlying our towers and other communications sites at December 31, 2004 for each classification of real property interest and therefore excludes the 807 managed sites:

Real Property Interest Classification for Owned Communications Sites

Real Property Interest Classification	No. of Towers	No. of Other Communications Sites	Total No. of Communications Sites
Fee owned	704	191	895
Ground lease	2,073	10	2,083
Easement	211	64	275
Total	2,988	265	3,253

During the years ended December 31, 2003 and 2004, we expensed \$1.5 million in real estate taxes in each year and \$3.0 million in personal property taxes in each year for an annual total of \$4.5 million in real estate and property taxes, or an average of \$1,937 per site for the year ended December 31, 2003 and approximately \$1,501 per site for the year ended December 31, 2004 based on 2,280 and 2,988 owned towers at December 31, 2003 and December 31, 2004, respectively. The lower rate per site at December 31, 2004 was due in part to the 688 communications sites acquired during the fourth quarter ended December 31, 2004 for which we incurred only small amounts of tax for the partial period of ownership. We hold real and tangible property in over 3,000 jurisdictions in the United States, Canada and the United Kingdom. Property tax assessment methodologies and rates vary widely throughout the various taxing jurisdictions.

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As of December 31, 2004, we owned or managed a total of 4,060 communications sites, including 3,751 located in the United States, 176 located in Canada, and 133 located in the United Kingdom. Our towers and other communications sites are geographically diversified. The table below represents the concentrations of our owned and managed communications sites at December 31, 2004:

Geographic Concentrations

State	Total Number of Communications
-------	--------------------------------

	Sites
Florida	369
Georgia	338
Texas	291
California	226
Alabama	225
Tennessee	211
South Carolina	175
Louisiana	164
Indiana	144
North Carolina	141
Other	1,776
Total	4,060

Tenant Leases

As of December 31, 2004, we had over 15,000 tenant leases with over 2,000 different customers. The average length of our tenant leases excluding renewal options is approximately 5.3 years and the average remaining life from December 31, 2004 until the next renewal is approximately 2.9 years. The following table sets forth information related to expirations of our tenant leases as of December 31, 2004:

Tenant Lease Expiration

Year of Expiration	Number of Tenant Leases	Aggregate Annualized December 2004 Revenues (dollars in thousands)
2005 and month-to-month	6,494	\$ 67,737
2006	2,563	33,850
2007	1,554	