HLTH CORP
Form 8-K
December 15, 2008

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 8-K
CURRENT REPORT
Pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934
December 10, 2008
Date of Report (Date of earliest event reported)
HLTH CORPORATION
(Exact name of registrant as specified in its charter)

Delaware	**0-24975**	**94-3236644**
(State or other jurisdiction of incorporation)	(Commission File Number)	(I.R.S. Employer Identification No.)

669 River Drive, Center 2
Elmwood Park, New Jersey 07407-1361
(Address of principal executive offices, including zip code)
(201) 703-3400
(Registrant s telephone number, including area code)
(Former name or address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (*see* General Instruction A.2. below):

o Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

o Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

o Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

o Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act

---

Item 2.05. Costs Associated with Exit or Disposal Activities

As announced at the Registrant s Annual Meeting of Stockholders held on December 10, 2008, the Registrant expects to incur a restructuring charge for severance costs in the fourth quarter of 2008. The amount of the charge is expected to be approximately $3.5 million (almost all of which reflects expected cash expenditures), including approximately $2.5 million relating to WebMD Health Corp., a publicly traded subsidiary of the Registrant. As a result of WebMD s completion of the integration of prior acquisitions and efficiency gains from technology implementation, WebMD is reducing its workforce by approximately 4% to 5%. WebMD believes this will allow it to better allocate resources within the company going forward. The remainder of the workforce reduction by the Registrant relates to employees in its Corporate segment.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

HLTH CORPORATION

Dated: December 15, 2008

By: /s/ Lewis H. Leicher
Lewis H. Leicher
Senior Vice President

3

font-size: NaNpt; color: #000000; font-weight: normal; font-style: normal; border-bottom: 3px double #000000 ; padding-left: 0pt; text-indent: 0pt; padding-top: 0pt" align="right" valign="bottom" colspan="1" nowrap="nowrap">1,725 $7,423 $2,214 $1,556 $1,715 $3,720 $18,353

---

i. The Lattice Acquisition is being consummated in stages. As of December 31, 2004, 225 of the total 237 sites had been acquired. These amounts reflect all 237 sites since the difference is not material.

F-9

---

ii. Triton Acquisition's audited statement of revenues and direct operating expenses was adjusted as follows to reflect the revenues to be recognized on a straight-line basis pursuant to an agreement between Global Signal and Triton to enter into a 10-year master lease agreement whereby Triton will pay Global Signal at fixed monthly rates for each of the 169 towers, as if occured on January 1, 2004. The Triton lease is for an initial term of 10 years and contains annual escalators after the third year ranging from 2% to 3%.

Statement of Revenue and Direct Operating Expenses

	Year Ended December 31, 2004		
	As Reported	Pro Forma Adjustments	As Adjusted
Revenue	$ 2,640	$ 4,033	$ 6,673
Direct operating expenses:			
Rent	2,485	—	2,485
Property taxes	366	—	366
Other tower operating expenses	102	—	102
Selling, general & administrative	—	—	—
Total direct operating expenses	2,953	—	2,953
Revenue (less than) in excess of direct operating expenses	$ (313)	$ 4,033	$ 3,720

DD2. The table below reflects the purchase price for four of our 2004 and two of our 2005 acquisitions, one of which has been consummated, described in DD1 above:

	Total for Acquisitions After December 31, 2004(B1)	Total for Acquisitions During the Year Ended	Total

		December 31, 2004	
Purchase price	$ 85,974	$ 218,140	$ 304,114
Fees and expenses	3,053	3,446	6,499
Cash purchase price, including fees and expenses	$ 89,027	$ 221,586	$ 310,613

The adjustment reflects depreciation, amortization and accretion on the assets acquired as part of the acquisitions listed above based on a total purchase price of $307,520, including estimated expenses.

		Amount	Estimated Life	Annual Expense
Fixed assets		$ 272,558	15-16 years	$ 15,491
Land		1,061	N/A	
Intangible assets:				
Lease origination value	$ 2,062		16-24 years	95
Lease absorption value	35,697		16-24 years	1,650
Total intangible assets		37,759		
Total assets		311,378		
Asset retirement obligation		(765)	23 years	61
Total		$ 310,613		
Total depreciation, amortization and accretion				$ 17,297

The Tower Ventures, Lattice, Didier Communications and Towers of Texas acquisitions closed prior to December 31, 2004. As a result, the pro forma adjustment for depreciation expense for the year ended December 31, 2004 for these acquisitions is for a period less than one year.

DD3. Reflects the increased interest expense of $5,299 from the $74,527 of borrowings on the acquisition credit facility (at Eurodollar rate plus 1.5%, assumed to be 5.9%) on the acquisitions after December 31, 2004 plus the amortization of deferred financing costs (see B1).

EE. Reflects the December 2004 Mortgage Loan issuance

EE1. Reflects the net increase in interest expense related to the issuance of the mortgage loan on December 7, 2004 as detailed below:

Interest expense relating to the December 2004 mortgage loan using weighted average interest rate of approximately 4.74%	$ 13,856
Amortization of December 2004 deferred debt issuance costs of $4,991 relating to the mortgage loan using the effective interest method	1,101
Amortization of swap termination proceeds of $2,016, using the effective interest method	(441)
Interest expense related to the credit facility we repaid with a portion of the net proceeds from the December 2004 mortgage loan for the portion of the year borrowings were outstanding	(5,299)
	$ 9,217

FF. Reflects this offering and the application of the net proceeds which will be held in cash and restricted cash pending its use for acquisitions of communication sites or other general corporate purposes. We have assumed no interest income on the cash for purposes of these pro forma financial statements.

GG. Reflects the Sprint Transaction

GG1. Reflects 2004 revenues and direct site operating expenses as adjusted for the certain items footnoted below. These amounts were derived from the audited statement of revenue and certain expenses of Sprint Sites USA for the year ended December 31, 2004 included elsewhere herein.

	Year Ended December 31, 2004		
	As Reported	Pro Forma Adjustments	As Adjusted
Revenue	$ 103,766	$ 118,657i	$ 222,423
Certain expenses:			
Ground rent	111,763	—	111,763
Property taxes	16,887	(2,532)ii	14,355
Other tower operating expenses	9,783	1,699iii	11,482
Selling, general & administrative	7,290	—	7,290
Total certain expenses	145,723	(833)	144,890
Revenue (less than) in excess of certain expenses	$ (41,957)	$ 119,490	$ 77,533

i. Represents the annual rent on a straight-line basis we will recognize from Sprint under Sprint's lease of approximately 6,400 sites at a fixed monthly rate per tower plus a presumed minimum of 2% annual contractual escalation over the ten year contractual term. The lease provides for escalations equal to the lesser of 3% or 2% plus the change in CPI.

ii. Reflects the adjustment of real and personal property taxes to market rates. Under the Sprint master lease, we have agreed to pay Sprint a per site fee annually for real and personal property taxes attributable to the Sprint sites and

an additional amount per site to the landlord as a reimbursement of real estate taxes, the total of which we believe represents market.

iii. Reflects additional expense we expect to incur related to maintaining property and casualty insurance on the Sprint Towers as Sprints Sites USA was self-insured during the year ended December 31, 2004.

GG2. Reflects depreciation, amortization and accretion on the assets acquired as part of the Sprint Transaction based on an upfront rental payment of $1,202,000 plus estimated fees and expenses of $32,500.

		Amount	Estimated Life	Annual Expense
Allocation of upfront rental payment:				
Fixed assets		$1,023,427	15 years	$ 68,228
Land		831	N/A	
Intangible assets:				
Lease origination value	$ 13,386		16 years	837
Lease absorption value	210,068		16 years	13,130
Total intangible assets		223,454		

Total assets	1,247,712		
Asset retirement obligation	(13,212)	18 years	1,175
Total	$1,234,500		$ 83,370

GG3. Reflects the increased interest expense of $49,759 from the $850,000 of borrowings under our bridge financing (at 5.84%) to finance the Sprint transaction and amortization of deferred debt issuance costs of $3,350 related to the bridge financing.

3. Pro Forma Income (Loss) Per Share

Shares used to calculate unaudited pro forma as adjusted basic and diluted net income (loss) from continuing operations per share were adjusted to reflect the 8,050,000 shares issued in our initial public offering on June 2, 2004, 5,750,000 shares of common stock issued in this offering and 9,803,922 shares issued to the Investors in connection with the Sprint transaction as if they had been outstanding since January 1, 2004.

Diluted shares outstanding on a pro forma as adjusted basis are the same as basic shares outstanding since their inclusion would be anti-dilutive due to the pro forma as adjusted net loss.

Details of the calculation follow (in thousands):

	Year Ended December 31, 2004					
	Historical	Initial Public Offering	Pro Forma	This Offering	The Sprint Transaction	Pro Forma As Adjusted
Weighted average number of shares of common stock outstanding - basic	46,831	3,374	50,205	5,750	9,804	65,759
Dilution from options and warrants	2,852	—	—	—	—	—
Weighted average number of shares of common stock outstanding - diluted	49,683	3,374	50,205	5,750	9,804	65,759

Report of Independent Registered Certified Public Accountants

Stockholders and Board of Directors of Global Signal Inc.

We have audited the accompanying consolidated balance sheets of Global Signal Inc. ("the Company") as of December 31, 2003 and 2004, and the related consolidated statements of operations, stockholders' equity, and cash flows for the ten months ended October 31, 2002, the two months ended December 31, 2002, and the years ended December 31, 2003 and 2004. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Company's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Global Signal Inc. and subsidiaries at December 31, 2003, and 2004, and the consolidated results of their operations and their cash flows for the ten months ended October 31, 2002, the two months ended December 31, 2002, and the years ended December 31, 2003 and 2004, in conformity with U.S. generally accepted accounting principles.

As more fully described in Note 3 – Reorganization and Emergence from Chapter 11, to the consolidated financial statements, effective November 1, 2002, the Bankruptcy Court confirmed the Company's plan of reorganization and the Company emerged from protection under Chapter 11 of the U.S. Bankruptcy Code. In accordance with AICPA Statement of Position No. 90-7, the Company adopted fresh start accounting whereby its assets, liabilities, and new capital structure were adjusted to reflect estimated fair values as of November 1, 2002. As a result, the consolidated financial statements for the periods beginning November 1, 2002, reflect the Successor Company's new basis of accounting and are not comparable to the Predecessor Company's pre-reorganization consolidated financial statements.

/s/ Ernst & Young LLP

Tampa, Florida
March 28, 2005
except for the last paragraph of footnote 19
as to which the date is March 30, 2005

F-13

GLOBAL SIGNAL INC.
CONSOLIDATED BALANCE SHEETS
(in thousands, except share data)

	December 31, 2003	December 31, 2004
Assets		
Current assets:		
Cash and cash equivalents	$ 9,661	$ 5,991
Accounts receivable, less allowance for doubtful accounts		
of $1,303 and $794, respectively	987	533

Prepaid expenses and other current assets		6,927		9,772
Total current assets		17,575		16,296
Restricted cash		—		72,854
Fixed assets, net of accumulated depreciation of $35,677 and $71,101, respectively		357,158		636,200
Intangible assets:				
Goodwill		—		9,770
Leasehold interests, net of accumulated amortization of $5,318 and $8,730, respectively		12,916		7,791
Lease absorption value, net of accumulated amortization of $15,012 and $28,352, respectively		114,049		149,625
Other intangible assets, net of accumulated amortization of $250 and $588, respectively		2,485		4,461
Deferred debt issuance costs, net of accumulated amortization of $5,517 and $2,994, respectively		11,227		18,911
Other assets		4,557		7,461
	$	519,967	$	923,369
Liabilities and Stockholders' Equity				
Current liabilities:				
Accounts payable	$	2,085	$	1,960
Accrued expenses		14,170		14,437
Dividends payable		—		20,491
Deferred revenue		10,857		13,410
Interest rate swap liabilities, at fair value		1,970		—
Current portion of long-term debt		6,535		8,268
Total current liabilities		35,617		58,566
Long-term debt, net of current portion		257,716		698,652
Other liabilities		8,286		12,954
Total liabilities		301,619		770,172
Minority interest in subsidiary		817		—
Stockholders' equity:				
Preferred stock, $0.01 par value, 20,000,000 shares authorized; no shares issued or outstanding at December 31, 2003 and December 31, 2004		—		—
Common stock, $0.01 par value, 150,000,000 shares authorized; 41,000,000 shares issued and outstanding at December 31, 2003, and 51,304,769 shares issued and outstanding at December 31, 2004		410		513
Additional paid-in capital		206,089		157,004
Deferred stock-based compensation		—		(3,101)
Accumulated other comprehensive loss		(1,133)		(1,219)
Retained earnings		12,165		—
		217,531		153,197
	$	519,967	$	923,369

The accompanying Notes to Consolidated Financial Statements
are an integral part of these financial statements

F-14

GLOBAL SIGNAL INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(in thousands, except per share data)

	Predecessor Company	Successor Company		
	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004
Revenues	$ 137,435	$ 27,454	$ 166,670	$ 182,865
Direct site operating expenses (excluding impairment losses, depreciation, amortization and accretion)	46,570	9,028	56,572	57,462
Gross margin	90,865	18,426	110,098	125,403
Other expenses:				
Selling, general and administrative (excluding $0, $0, $1,479 and $4,235 of non-cash stock-based compensation expense, respectively)	27,523	4,743	26,914	23,410
State franchise, excise and minimum taxes	1,671	330	848	69
Depreciation, amortization and accretion	73,508	10,119	47,137	54,288
Non-cash stock-based compensation expense	—	—	1,479	4,235
Impairment loss on assets held for sale	1,018	—	—	—
Impairment loss on assets held for use	4,541	—	—	—
Reorganization costs	59,124	—	—	—
	167,385	15,192	76,378	82,002
Operating income (loss)	(76,520)	3,234	33,720	43,401
Interest expense, net	45,720	4,041	20,477	27,529
Loss (gain) on early extinguishment of debt	(404,838)	—	—	9,018
Other loss (income)	(533)	84	(110)	(124)
Income (loss) from continuing operations before income tax benefit (expense)	283,131	(891)	13,353	6,978
Income tax benefit (expense)	5,195	(19)	665	(341)
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
Basic income (loss) per common share:				
Income (loss) from continuing operations	$ 5.94	$ (0.02)	$ 0.34	$ 0.14
Income (loss) from discontinued operations	(0.66)	(0.00)	(0.00)	0.00
Gain (loss) on sale of properties	(0.01)	(0.00)	(0.02)	0.01
Net income (loss)	$ 5.27	$ (0.02)	$ 0.32	$ 0.15
Diluted income (loss) per common share:				
Income (loss) from continuing operations	$ 5.94	$ (0.02)	$ 0.34	$ 0.13
Income (loss) from discontinued operations	(0.66)	(0.00)	(0.00)	0.00
Gain (loss) on sale of properties	(0.01)	(0.00)	(0.02)	0.01
Net income (loss)	$ 5.27	$ (0.02)	$ 0.32	$ 0.14

Weighted average number of common shares outstanding				
Basic	48,573	41,000	41,000	46,831
Diluted	48,573	41,000	41,112	49,683

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements

GLOBAL SIGNAL INC.
CONSOLIDATED STATEMENT OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands, except share data)

	Common Stock		Additional	Deferred		Accumulated Other	Retained	
			Paid-In	Stock-Based	Comprehensive	Comprehensive	Earnings	Stockholders'
	Shares	Amount	Capital	Compensation	Income	Loss	(Deficit)	Equity
Predecessor Company balance at December 31, 2001	48,430,593	$ 48	$ 773,231	$ —		$ (2,497)	$ (686,984)	$ 83,798
Comprehensive income:								
Net income					$256,172		256,172	256,172
Foreign currency translation adjustment					(171)	(171)		(171)
Amortization of accumulated other comprehensive income on terminated derivative instrument					2,668	2,668		2,668
Comprehensive income					$258,669			
Conversion of convertible notes	158,851	—	12,450			—	—	12,450
Recapitalization and fresh-start adjustments:								
Cancellation of old shares of common stock	(48,589,444)	(48)	(785,681)			—	—	(785,729)
Issuance of new shares of common stock	41,000,000	410	204,590			—	—	205,000
Fresh-start adjustments	—	—	—	—		—	430,812	430,812

Predecessor Company balance at October 31, 2002	41,000,000	410	204,590	—		—	—	205,000
Comprehensive income:								
Net loss (two months-successor company)					$ (996)	—	(996)	(996)
Foreign currency translation adjustment					326	326	—	326
Comprehensive income					$ (670)			
Successor Company balance at December 31, 2002	41,000,000	410	204,590	—		326	(996)	204,330
Comprehensive income:								
Net income					$ 13,161		13,161	13,161
Foreign currency translation adjustment					511	511	—	511
Change in fair value of derivative financial instruments					(1,970)	(1,970)	—	(1,970)
Comprehensive income					$ 11,702			
Non-cash stock-based compensation			1,479			—	—	1,479
Pinnacle Towers Acquisition LLC issuance of shares of common stock for acquisition			20			—	—	20
Successor Company balance at December 31, 2003	41,000,000	410	206,089	—		(1,133)	12,165	217,531
Comprehensive income:								
Net income					$ 6,872	—	6,872	6,872
Foreign currency translation adjustment					948	948	—	948
Change in fair value of derivative financial instruments					(2,229)	(2,229)	—	(2,229)
Amortization of accumulated other comprehensive income on terminated derivative instruments					1,195	1,195	—	1,195
Total comprehensive income					$ 6,786			

Issuance of common stock:							
Initial public offering, net of offering costs of $13,674	8,050,000	81	131,145	—	—	—	131,226
Warrants exercised	757,972	8	6,456	—	—	—	6,464
Options exercised	1,399,155	14	8,564	—	—	—	8,578
Shares issued to directors	20,000	—	360	—	—	—	360
Ordinary dividends declared and paid ($1.00 per share)	—	—	(44,025)	—	—	(14,899)	(58,924)
Special distribution declared and paid ($3.47 per share)	—	—	(142,188)	—	—	—	(142,188)
Ordinary dividends declared ($.40 per share)	—	—	(16,353)	—	—	(4,138)	(20,491)
Restricted stock grant	77,642	—	2,020	(2,020)	—	—	—
Non-cash stock-based compensation	—		4,956	(2,352)	—	—	2,604
Amortization of deferred stock-based compensation			—	1,271			1,271
Purchase of Pinnacle Towers Acquisition LLC subsidiary	—	—	(20)	—	—	—	(20)
Successor Company balance at December 31, 2004	51,304,769	$513	$ 157,004	$ (3,101)	$ (1,219)	$ —	$ 153,197

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements

GLOBAL SIGNAL INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Predecessor Company	Successor Company		
	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	2004

Cash flows from operating activities:				
Net income (loss)	$ 256,172	$ (996)	$ 13,161	$ 6,872
Adjustments to reconcile net income (loss) to net cash provided by operating activities:				
Depreciation, amortization and accretion	73,508	10,119	47,137	54,288
Amortization of deferred debt issuance and hedges	13,263	778	4,737	5,605
Deferred tax expense (benefit)	(5,768)	(70)	(665)	341
Provision for doubtful accounts	6,733	686	1,452	796
Non-cash stock-based compensation expense	—	—	1,479	4,235
Disposal of fixed assets	84	—	(31)	(631)
Minority share of net loss of subsidiary	22	—	16	—
Impairment losses	7,825	—	—	841
Reorganization items, net	21,239	—	—	
Loss (gain) on early extinguishment of debt	(404,838)	—	—	9,018
Non-cash items reported in discontinued operations (primarily depreciation and impairment chanrges)	34,931	48	878	545
Change in fair value of derivative financial instruments	5,136	258	212	—
(Increase) decrease in:				
Cash held in escrow	6,838	1	254	—
Accounts receivable	(3,628)	626	3,647	(341)
Prepaid expenses and other current assets	3,432	3,151	(1,914)	(1,309)
Other assets	(1,410)	(674)	(3,701)	(2,904)
Increase (decrease) in:				
Accounts payable	(1,304)	(574)	(471)	(126)
Accrued expenses	10,001	(10,731)	(8,027)	267
Deferred revenues	(8,316)	3,574	(951)	2,553
Other liabilities	6,949	997	2,005	3,496
Net cash provided by operating activities	20,869	7,193	59,218	83,546
Cash flows from investing activities:				
Acquisition of GoldenState Towers LLC, net of cash acquired	—	—	—	(64,458)
Payments made in connection with acquisitions of communications sites:				
Fixed assets	(116)	—	(29,527)	(266,796)
Leasehold interests	(4)	—	—	—
Intangible assets	—	—	(24)	(35,552)
Capital expenditures	(9,273)	(762)	(8,544)	(9,057)
Proceeds from the sale of fixed assets	5,473	35	1,914	1,003
Funds invested in restricted cash	—	—	—	(294,491)
Funds provided by restricted cash	—	—	—	221,637
Purchase of Pinnacle Towers Acquisition LLC subsidiary	—	—	—	(20)
Net cash used in investing activities	(3,920)	(727)	(36,181)	(447,734)
Cash flows from financing activities:				
Borrowings under mortgage loans	—	—	—	711,825
Borrowings under long-term debt	22,237	—	29,026	187,003
Repayment of long-term debt	(126,853)	(9,626)	(44,042)	(457,432)
Repayment of liabilities subject to compromise	(115,000)	—	—	—
Payment of debt issuance costs	(7,486)	—	(2,844)	(20,904)
Payment made to terminate interest rate swaps	—	—	—	(4,199)
Special distribution paid	—	—	—	(142,188)

Ordinary dividends paid	—	—	—	(58,924)
Proceeds from the issuance of common stock, net of offering costs	205,000	—	20	146,268
Net cash provided by (used in) financing activities	(22,102)	(9,626)	(17,840)	361,449
Effect of exchange rate changes on cash	(652)	128	114	(931)
Net increase in cash and cash equivalents	(5,805)	(3,032)	5,311	(3,670)
Cash and cash equivalents, beginning of period	13,187	7,382	4,350	9,661
Cash and cash equivalents, end of period	$ 7,382	$ 4,350	$ 9,661	$ 5,991
Non-cash investing and financing transactions:				
Assets acquired under a capital lease obligation	$ —	$ —	$ —	$ 1,404
Increase (decrease) in the fair value of interest rate swaps recorded to other comprehensive income	$ (2,668)	$ —	$ 1,970	$ 2,229
Issuance of common stock for debt	$ 97,959	$ —	$ —	$ —
Common stock options issued in connection with the intitial public offering	$ —	$ —	$ —	$ 1,865
Common stock issued to directors	$ —	$ —	$ —	$ 360
Restricted shares issued to employees	$ —	$ —	$ —	$ 2,020
Supplemental disclosure of cash flows:				
Cash paid for interest and income taxes	$ 27,385	$ 8,734	$ 22,470	$ 19,903

The accompanying Notes to Consolidated Financial Statements are an integral part of these financial statements

GLOBAL SIGNAL INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Nature of Business

The accompanying audited consolidated financial statements reflect the financial position, results of operations and cash flows of Global Signal Inc. and its wholly-owned subsidiaries. Global Signal Inc., formerly Pinnacle Holdings Inc., owns and manages communications towers and other communications sites and leases space on them to providers of wireless communications and broadcast services, such as wireless telephony services, paging, mobile radio, wireless data transmission and radio and television broadcasting, and to operators of private networks such as federal, state and local government agencies.

As used herein, as of December 31, 2003 and 2004, unless the context otherwise requires, "we," "us," "our," "Company," or "Global Signal" refers to Global Signal Inc. and its wholly-owned consolidated subsidiaries, including, without limitation, Pinnacle Towers LLC, Pinnacle Towers Canada, Inc., Pinnacle Towers Acquisitions Holdings LLC, Global Signal Services LLC, and Pinnacle Towers Limited. All significant intercompany balances and transactions have been eliminated. "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. "Abrams" refers to Abrams Capital, LLC and certain of its affiliates. Since November 1, 2002, Fortress has been our largest stockholder, Greenhill has been our second largest stockholder and Abrams has been our third largest stockholder.

As more fully described in Note 5, Pinnacle Towers Acquisition Holdings LLC ("Pinnacle Acquisition") and all of its wholly-owned subsidiaries, was acquired by Global Signal on February 6, 2004. Due to 99% common control of both Global Signal and Pinnacle Acquisition since Pinnacle Acquisition's formation on September 23, 2003, the merger was accounted for in a manner similar to a pooling of interests. Therefore, the financial statements of Pinnacle Acquisition have been included in these financial statements of Global Signal beginning September 23, 2003.

As of May 11, 2004, we completed our formation of an UPREIT structure whereby we own substantially all of our assets and conduct our operations through an operating partnership, Global Signal Operating Partnership, L.P. (‘‘Global Signal OP"). Global Signal Inc. is the special limited partner of Global Signal OP. Global Signal GP LLC, our wholly-owned subsidiary, is the managing general partner and as such, has the exclusive power to manage and conduct the business 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. The partnership agreement of Global Signal OP provides that it distribute cash flows from its operations to its limited partners and the managing general partner in accordance with their relative percentage interests. The distributions that we receive from Global Signal OP will, among other things, enable us to make dividend distributions to our stockholders. We believe that the UPREIT structure provides flexibility by enabling us to execute certain acquisitions more effectively by giving tax advantages to transferees who accept partnership units in the UPREIT as payment.

2. Summary of Significant Accounting Policies and Basis of Presentation

Basis of Presentation

As further discussed in Note 3, we filed for bankruptcy under Chapter 11 in May 2002 and emerged on November 1, 2002. Due to the reorganization and implementation of fresh start accounting, the consolidated financial statements for the Successor Company (period starting November 1, 2002) are not comparable to those of the Predecessor Company.

Segment Reporting

The Company has determined that it operates in one segment, as defined in Statement of Financial Accounting Standards (‘‘SFAS") No. 131, Disclosures about Segments of an Enterprise and Related Information. All of our wireless communications towers and other communications sites offer essentially

F-18

---

the same service to tenants. Therefore, our chief decision makers use site-specific information to allocate resources and make strategic and operational decisions. Our towers and sites are geographically dispersed across all 50 of the United States and the District of Columbia, and to a lesser extent in Canada and the United Kingdom. However, our foreign operations represent less than 5% of our revenues. See ‘‘Concentration of Credit Risk" elsewhere in Note 2 for additional information about our two largest customers based on revenues for 2004, USA Mobility Inc. and Cingular Wireless Inc. which each exceeded 10% of our revenues.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and use assumptions that affect the reported amounts of assets and liabilities and the disclosure for contingent assets and liabilities at the date of the financial statements as well as the reported amounts of revenues and expenses during the reporting period. Actual results may vary from estimates used and such variances could be material.

Principles of Consolidation

The consolidated financial statements include the accounts of all majority-owned subsidiaries. All inter-company accounts, transactions and profits are eliminated. We have not consolidated the financial statements of Global Signal Trust I or Global Signal Trust II (collectively, the "Trusts"), described more fully in Note 11—Debt, because we do not have any equity ownership interest in the Trusts, we are not its primary decision makers and are not the primary beneficiary with respect to expected income or losses.

Cash and Cash Equivalents

We consider all highly liquid temporary cash investments with an original maturity of three months or less at the date of purchase to be cash equivalents.

Restricted Cash

As of December 31, 2004, we had restricted cash of approximately $72.9 million. These escrowed funds primarily relate to cash held in our site acquisition reserve account established with proceeds from our December 2004 mortgage loan ($58.5 million remaining at December 31, 2004), which we expect to use to fund qualifying acquisitions of wireless communication sites within the first five months of 2005. In addition, restricted cash includes amounts held in escrow in connection with our February and December 2004 mortgage loans for insurance, real estate taxes and ground lease rental payments. Based on the terms of our mortgage loans, as cash for lease payments is received from tenants it is directly deposited to this account and is subsequently released to our general cash operating account as each one of the sub accounts reaches a pre-established funding level. The sub accounts consist of monies designated in the mortgage loan agreements for certain operating and debt service expenditures. There was no restricted cash at December 31, 2003.

Accounts Receivable

Our accounts receivable are generally unsecured as we require no collateral. We establish a general reserve in addition to a specific reserve for receivables with known collection doubts due to circumstances such as payment history, poor liquidity or bankruptcy. Collection doubts are primarily identified using an analysis of aged receivables based on invoice dates and monitoring customers' status using publicly available information. Items that are deemed uncollectible are written off against the allowance for doubtful accounts. Interest charged on overdue receivables is recognized when collected and has not been material.

Concentration of Credit Risk

Substantially all of our accounts receivable are with national and local wireless communications providers along with Federal, state, and local government agencies, and operators of private wireless

---

networks. Sales to our largest customer based on revenues for 2004, USA Mobility, Inc. (the company created from the November 16, 2004 merger of Arch Wireless and Metrocall), accounted for 15.0% and 16.2% of revenues for the years ended December 31, 2004 and 2003, respectively, 16.5% of revenues for the two months ended December 31, 2002, and 16.2% of revenues for the ten months ended October 31, 2002. Prior to Arch's emergence from Chapter 11 protection under the U.S. Bankruptcy Code in May 2002, we renegotiated a new three-year master antenna site lease with Arch which is scheduled to expire in May 2005. 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. Sales to our second largest customer, Cingular Wireless, Inc. (after considering its October 16, 2004 acquisition of AT&T Wireless), accounted for 12.6% and 9.8% of revenues for the years ended December 31, 2004 and 2003, respectively, 9.8% of revenues for the two months ended December 31, 2002, and 9.2% of revenues for the ten months ended October 31, 2002. No other customer represented over 10.0% of our revenues for the periods presented. Our largest single receivable balance as of December 31, 2004 is $0.6 million due from Motient Communications. In addition, some of our customers have filed Chapter 11 petitions in the U.S. Bankruptcy Courts; however, we have provided an allowance based on our best estimates of amounts that we believe will not ultimately be collected.

Fixed Assets

Fixed assets are stated at cost less impairment losses, if any, except for those assets owned at November 1, 2002, which were revalued and recorded at reorganization value (which approximates fair value) in accordance with fresh start accounting (See Note 3—Reorganization and Emergence from Chapter 11). Betterments, renewals and extraordinary repairs, which increase the value or extend the life of the asset, are capitalized. Repairs and maintenance costs are expensed as incurred. Fixed assets are depreciated using the straight-line method over the estimated useful lives of the assets or in the case of assets located on leased land, the shorter of the remaining term of the underlying lease or sublease including the assumed renewal periods, or the estimated useful life. Equipment held under capital leases is amortized on a straight-line basis over the term of the lease or the remaining estimated life of the leased property, whichever is shorter, and the related amortization is included with depreciation expense. Fixed assets includes the carrying amounts of assets included in discontinued operations.

Depreciation expense from continuing operations for the years ended December 31, 2004 and 2003, the two months ended December 31, 2002, and ten months ended October 31, 2002 was $36.1 million, $28.7 million, $7.0 million, and $56.6 million, respectively. In connection with the application of fresh start accounting, we revalued our fixed assets downward by $471.8 million to reflect the fair values of the assets as of our emergence from bankruptcy.

Leasehold Interests

Leasehold interests represent our interest as a lessee in various rooftops and other leased communications sites and are stated at cost except those existing at November 1, 2002, which were revalued in accordance with fresh start accounting (See Note 3—Reorganization and Emergence from Chapter 11). Leasehold interests are being amortized over four years, using the straight line method. Amortization expense on leasehold interests related to continuing operations for the years ended December 31, 2004 and 2003, the two months ended December 31, 2002, and ten months ended October 31, 2002 was $4.1 million, $4.9 million, $0.8 million, and $16.9 million, respectively.

Lease Absorption Value

Lease absorption value, recorded in connection with our implementation of fresh start accounting and subsequent tower asset acquisitions, represents the tenant 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 for assets acquired after November 1, 2002, the date of the acquisition. For leases in place at the date of our fresh start accounting, the lease absorption value is being amortized over 16 years, the estimated remaining contractual terms of the in-place leases and their expected renewals, in an accelerated manner consistent with the lease revenues associated with those leases and expected renewals. For acquisitions completed since December 2003, the lease absorption value is being amortized on a straight-line basis over the estimated remaining contractual terms of the in-place leases and their expected renewals.

Historically over 90% of our tenants have exercised their renewal rights as provided in the terms of their leases and we incur no additional costs related to the renewals, therefore we have considered the expected renewal periods when establishing our lease absorption value and associated amortization period. Our accelerated amortization method was calculated using the tenant lease commencement dates and the expirations and expected renewals based on the tenant technology types. Our accelerated amortization reflects the mix of revenues from technologies and the expected churn rate from declining usage. Our acquisitions since November 2002 are primarily wireless telephony tenants, which have historically experienced lower churn rates and higher lease renewal rates, and therefore the amortization is not accelerated.

Amortization expense on lease absorption value related to continuing operations for the years ended December 31, 2004 and 2003, and the two months ended December 31, 2002 was $13.3 million, $12.9 million, and $2.1 million, respectively. No lease absorption value was recorded by the Predecessor Company.

Goodwill

Goodwill represents the aggregate purchase price of acquired businesses in excess of the fair value of the acquisitions. Goodwill is 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 one business combination in 2004. There was no goodwill recorded at December 31, 2003.

Other Intangible Assets

Lease origination value, recorded in connection with our implementation of fresh start accounting and subsequent tower asset acquisitions, represents the value associated with ‘‘cost avoidance" of acquiring an in-place lease and was determined based on our estimate of the incremental cost to replace these leases, namely sales commissions. Similar costs incurred prior to and subsequent to fresh start accounting are expensed because the amounts are not material to our statements of operations. Lease origination value for assets owned as of November 1, 2002, is being amortized using the straight line method over 16 years, the estimated average remaining contractual terms of the in-place leases and their expected renewals. For acquisitions completed since November 2002, the lease origination value is being amortized using the straight-line method over the average estimated remaining contractual terms of the in-place leases and their expected renewals.

Our only other intangible asset recorded on the balance sheet is a trademark purchased in 2003.

Amortization expense on other intangible assets related to continuing operations for the years ended December 31, 2004 and 2003 was $0.3 million and $0.2 million, respectively. There was no amortization expense for the two months ended December 31, 2002 or the ten months ended October 31, 2002.

Asset Retirement Obligations

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 costs 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 factor of 12% for subsequent additions and an annual cost increase factor of 2.5%.

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 million. During 2003, we recorded an additional asset retirement obligation of $0.1 million in connection with our purchase of 67 communication 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 accretion expense of $0.5 million. The asset retirement obligation balance at December 31, 2004 is $6.4 million, which is the net present value of our expected future cash outlays of approximately $62.9 million.

Impairment of Long-lived Assets

We follow SFAS No. 144, Accounting For The Impairment or Disposal of Long-Lived Assets, which requires impairment losses to be recognized for long-lived assets used in operations when indicators of impairment are present and the undiscounted cash flows are not sufficient to recover the assets' carrying value. Any impairment loss is measured by comparing the fair value of the asset to its carrying value. We evaluate the profitability of our sites as part of the ongoing operations of our business.

As prescribed by SFAS No. 144, we evaluate the recoverability of fixed assets and definite-life intangible assets whenever adverse events or changes in business climate indicate that the expected undiscounted future cash flows from the related asset may be less than previously anticipated. If the net book value of the related asset exceeds the undiscounted future cash flows of the asset, the carrying amount is reduced to the present value of its expected future cash flows and an impairment loss recognized. We recorded asset impairments on discontinued operations during the years ended December 31, 2004 and 2003, of $0.5 million and $0.4 million, respectively. No impairment charges were recorded during the two months ended December 31, 2002. Asset impairment charges of $5.6 million and $31.4 million were recorded for continuing and discontinued operations, respectively, for the ten months ended October 31, 2002.

Other Assets

Other assets include deposits on ground leases and accrued tenant lease receivables on multi-year tenant leases recorded in connection with straight-line revenue recognition under SFAS No. 13, Accounting for Leases.

Fair Value of Financial Instruments

Cash and cash equivalents, accounts receivable and accounts payable are reflected in our balance sheets at their carrying values, which approximate their fair values at December 31, 2004 and 2003, due to their short maturity. We consider our variable rate financial instruments, primarily derivatives and long term debt, to be representative of current market interest rates and, accordingly, the recorded amounts also approximate fair market value.

Derivatives

We follow SFAS No. 133, Accounting for Derivative Instruments and Hedging Activities, as amended, and recognize all derivatives on the balance sheet at fair value. The accounting for changes in the fair value (i.e., gains or losses) of a derivative instrument depends on whether it has been designated and qualifies as part of a hedging relationship and further, on the type of hedging relationship. For those derivative instruments that are designated and qualify as hedging instruments, we designate the hedging instrument, based upon the exposure being hedged, as a fair value hedge, cash flow hedge or a hedge of a net investment in a foreign operation. For derivatives that do not meet the criteria for hedge accounting, changes in fair value are immediately recognized in earnings. For those derivatives that qualify for hedge

---

accounting, the effective portion of the gain or loss on the hedge instruments is reported as a component of other comprehensive income and reclassified into earnings in the same line item associated with the forecasted transaction in the same period or periods during which the hedged transaction affects earnings. Any ineffective portion of a derivative's change in fair value is immediately recognized in earnings.

Foreign Currency Translation

All asset and liability accounts of our international operations, which are based in Canada and the United Kingdom, are translated into U.S. dollars at current rates. Revenues, costs and expenses are translated at the average currency rate which prevailed during the fiscal period. We have no activities in any hyperinflationary economies. In general, gains and losses resulting from foreign currency transactions are included in income currently. In accordance with SFAS No. 52, Foreign Currency Translation, long-term translation differences in the intercompany accounts are excluded from net income and are recorded as other comprehensive income, a component of stockholders' equity. Gains and losses resulting from translation of financial statements are also excluded from net income and are recorded as other comprehensive income, a component of stockholders' equity.

Revenue Recognition

We generate revenue by leasing space on communications sites we own or which we lease from or manage for others. In almost all instances, we are the lessor under our tenant leases. Revenue is recorded in the month in which it is earned. Revenue from lease arrangements with our tenants on communications sites that have fixed-rate escalation clauses are recognized on a straight-line basis over the contractual life of the related lease agreements excluding tenant renewal options. Amounts recognized in months before being billed to our tenants due to straight lining are included in other assets. As a part of fresh start accounting, this asset was revalued considering only the remaining payments from leases in effect at November 1, 2002. Amounts recognized as revenue on tenants billed in arrears are included in other assets in the months before these tenants are billed.

Revenue from management contracts for sites owned by third parties is recognized on a gross basis as earned, to the extent the management contract requires us to lease directly with the tenants on those towers because the tenant views us as the primary obligor to fulfill the terms of the lease, and on a net basis to the extent we only earn a fee based on percentage of revenue or revenues collected. Fee based revenues are not material to our consolidated financial statements.

We further evaluate our revenue recognition and defer any revenue if the following criteria are not met: persuasive evidence of an arrangement exists, payment is not contingent upon other performance or other obligations, the price is fixed or determinable and collectibility is reasonably assured. Rental amounts received in advance of the month earned are recorded as deferred revenue.

Interest Expense

We record interest expense on various debt obligations and include the amortization of deferred debt issuance costs, original issue discount and the amortization of settlement amounts of interest rate swaps included in other comprehensive income, in interest expense. The table below details the components of net interest expense as presented on the consolidated statements of operations (in thousands).

	Predecessor Company	Successor Company		
	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004
Interest on long-term debt	$ 25,055	$ 3,066	$ 15,912	$ 22,039
Interest rate swap—May 2000 Swap	7,805	257	212	—
Interest rate swap—August 2004 Swaps	—	—	—	40
Amortization of original issue discount	11,319	—	—	—
Amortization of derivative settlement costs	—	—	—	1,153
Amortization of deferred debt issuance costs	1,944	778	4,732	4,412
Less: Capitalized interest	(403)	(60)	(379)	(115)
	$ 45,720	$ 4,041	$ 20,477	$ 27,529

Deferred Financing and Equity Costs

We amortize deferred financing costs using the effective interest method over the expected term of the debt and record such amortization as interest expense. Amortization of annual commitment fees for unused portions of available borrowings are also recorded as interest expense. Costs incurred in advance of closing an equity offering are capitalized and deferred until the equity financing is consummated, at which time the assets are offset against the proceeds recorded in stockholders' equity. Deferred equity costs are expensed when it is probable that the equity financing will not be consummated.

Income Taxes

We have elected to be taxed as a real estate investment trust (‘‘REIT") under Sections 856-860 of the Internal Revenue Code of 1986, as amended (the ‘‘Code"). As a REIT, we and our ‘‘qualified REIT subsidiaries" (other corporations wholly owned by us which are not ‘‘taxable REIT subsidiaries") are not generally subject to Federal income tax. We believe that from our inception we have been organized and operated in such a manner as to qualify for taxation as a REIT. We are allowed a tax deduction for the amount of dividends paid to stockholders, thereby effectively subjecting our distributed net income to taxation at the stockholder level only, provided we distribute at least 90% of our REIT taxable income and meet certain other requirements for qualifying as a REIT.

Income tax expense relates to our taxable REIT subsidiaries only, and is accounted for using the liability method as described in SFAS No. 109, Accounting for Income Taxes.

Comprehensive Income

Comprehensive income is defined as the change in equity (net assets) of a business enterprise during a period from transactions and other events and circumstances from non-owner sources, and is comprised of net income and "other comprehensive income." Our accumulated other comprehensive income is comprised of the following (in thousands):

	December 31, 2003	December 31, 2004
Foreign currency translation adjustment	$ 837	$ 1,785
Change in fair value of derivatives	(1,970)	(3,004)
	$ (1,133)	$ 1,219

Stock-Based Compensation

As permitted by SFAS No. 123, Accounting for Stock-Based Compensation, we account for our stock option grants to employees and directors using the intrinsic value method under Accounting Principles Board (APB) Opinion No. 25, Accounting for Stock Issued to Employees, and adopted the disclosure-only

provisions of SFAS No. 123 and SFAS No. 148, Accounting for Stock-Based Compensation—Transition and Disclosure—an amendment of SFAS Statement No. 123. Under APB No. 25, no compensation costs are recognized relating to the option grants to employees if the exercise price of the options awarded was equal to or greater than the fair value of the common stock on the dates of grant. During 2004, we recognized $1.3 million of compensation expense related to stock options granted with exercise prices below market value and restricted stock grants. The unamortized portion of the related compensation expense is recorded as unearned compensation, a contra account within stockholders' equity. We use the accelerated method to recognize compensation expense of our equity-based awards with graded vesting.

We follow SFAS No. 123 and Emerging Issues Task Force (EITF) Issue No. 96-18, Accounting for Equity Investments that are Issued to Other than Employees for Acquiring or in Conjunction with Selling Goods and Services, for our stock option grants to other individuals. As such, we measure compensation expense at the date of grant and recognize the expense ratably over the service period. Prior to vesting or termination, we recognize expense using the fair value of the option at the end of the reporting period. Additional expense due to increases in the value of the options prior to the vesting date would be recognized in the period of the option value increase.

Had compensation costs for employee stock option activity been determined based on the fair value at the dates of grant consistent with the provisions of SFAS No. 123, our net income would have decreased to the pro forma amounts indicated below (in thousands, except per share data):

	Predecessor Company	Successor Company		
	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004
Net income (loss) attributable to common stockholders:				
Net income (loss) as reported	$ 256,172	$ (996)	$ 13,161	$ 6,872
Add: Non-cash stock-based compensation expense included in reported net income, net of $0 related tax effect for all periods	—	—	—	1,264
Deduct: Total stock based employee compensation expense determined under fair value based method for all awards, net of $0 related tax effect	(6,401)	(3,947)	(7,376)	(4,476)
Pro forma net income (loss)	$ 249,771	$ (4,943)	$ 5,785	$ 3,660
Basic income (loss) per share attributable to common stockholders:				
Net income (loss) as reported	$ 5.27	$ (0.02)	$ 0.32	$ 0.15
Pro forma net income (loss)	5.14	(0.12)	0.14	0.08
Diluted income (loss) per share attributable to common stockholders:				
Net income (loss) as reported	$ 5.27	$ (0.02)	$ 0.32	$ 0.14
Pro forma net income (loss)	5.14	(0.12)	0.14	0.07

These pro forma amounts may not be representative of future disclosures since the estimated fair value of stock options is amortized to expense over the vesting periods and additional options may be granted in future years. The fair value of each option grant is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions:

	Predecessor Company	Successor Company		
	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004
Risk-free interest rate	4.86%	1.94%–2.58%	1.94%–2.58%	1.93%
Cumulative volatility	53.20%	255.00%	109.60%	31.25%

Dividend yield	—	2.00%	2.00%	7.29%
Weighted average expected life of options	6 years	3 years	3 years	3 years

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility. Since the Successor Company's common stock did not trade on public markets until June 3, 2004, a volatility based on publicly-traded competitors was used in the Black-Scholes option valuation model for the two months ended December 31, 2002 and the years ended December 31, 2003 and 2004, respectively, and no options have been granted since the Successor Company became publicly traded.

On February 5, 2004, pursuant to the terms of the stock option plan, the exercise price of the then outstanding stock options was adjusted as follows as a result of the one-time special distribution of $142.2 million declared and paid on that date: the $5.00 exercise price was reduced to $4.26 per share and the $10.00 exercise price was reduced to $8.53 per share. The exercise price of our outstanding options was adjusted such that the ratio of the option exercise price to the fair market value of our common stock, as determined by our board of directors, is the same before and after the one-time special distribution; therefore, there was no accounting impact.

Reclassifications

Certain amounts from prior years have been reclassified for consistency with current presentation. These reclassifications were not material to the consolidated financial statements, and are as follows:

a. Employees advances for $8,000 were reclassified from other non-current assets to current assets at December 31, 2003 to conform to the December 31, 2004 presentation.
b. Miscellaneous income of $125,000 and $52,000 was reclassified from interest expense, net to other income (expense) for the year ended December 31, 2003 and the two months ended December 31, 2002, respectively, to conform to the December 31, 2004 presentation.

Recent Accounting Pronouncements

In December 2004, the FASB issued 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, based on a deferral by the SEC in April 2005. 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 and 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.

3. Reorganization and Emergence from Chapter 11

The Reorganization

On May 21, 2002 (the ‘‘Petition Date"), Global Signal and certain of its wholly owned subsidiaries, Pinnacle Towers LLC, Pinnacle Towers III LLC and Pinnacle San Antonio LLC (collectively, the

‘‘Debtors") filed voluntary petitions for relief (the ‘‘Bankruptcy Case") under Chapter 11 of the United States Bankruptcy Code (the ‘‘Bankruptcy Code") in the United States Bankruptcy Court for the Southern District of New York (the ‘‘Bankruptcy Court"). From the Petition Date, and continuing through our emergence, we operated the business and managed our assets in the ordinary course as debtors-in-possession.

On October 9, 2002, the Bankruptcy Court entered an order approving our Second Amended Plan of Reorganization (the ‘‘Plan") and we emerged on November 1, 2002 (the ‘‘Effective Date"). The Plan provided for an equity investment of up to $205.0 million pursuant to the terms of the Security Purchase Agreement (‘‘Purchase Agreement") with Fortress Investment Group (‘‘Fortress") purchasing up to approximately 27,470,000 shares of common stock (the ‘‘Fortress Shares") of the reorganized Global Signal Inc. (the ‘‘Successor Company") and Greenhill Capital Partners, L.P. and affiliated investment funds (‘‘Greenhill") purchasing up to approximately 13,530,000 shares of common stock of the Successor Company (the ‘‘Greenhill Shares," and together with the Fortress Shares, the ‘‘Investor Shares"). Collectively, Greenhill and Fortress are referred to as the ‘‘Investors". The Purchase Agreement also provided for the cancellation of the 10% senior notes due 2008 (‘‘Senior Notes") in exchange for up to $114.0 million (or $350.77 per $1,000 par value bond) in cash or, at the holder's prior election, a combination of cash and up to 49.9% of the Successor Company's outstanding common stock. As a part of the emergence from bankruptcy, approximately $21.9 million in cash was paid to holders of Senior Notes, including $0.3 million of accrued interest, with the remainder owed to such holders satisfied with 18.5 million shares of our Successor Company common stock. The number of Investor Shares (and hence the associated cash investment) were proportionately decreased by the number of shares purchased by holders of the Senior Notes.

The Purchase Agreement also provided for the cancellation of the 5.5% convertible notes due 2007 (‘‘Convertible Notes") in exchange for up to $0.5 million in cash and warrants exercisable for five years that allow the purchase of up to approximately 410,000 shares of the Successor Company's common stock at approximately two times the price of the Investor Shares or $10.00 per share. This exercise price was adjusted pursuant to the term of the warrant agreement, from $10.00 to $8.53 per share due to the special distribution declared and paid on February 5, 2004. Convertible Note holders increased this cancellation amount to a total of $1.0 million in cash and warrants to purchase 820,000 shares of our common stock, representing approximately 2% of the Successor Company's equity capitalization, by agreeing to give certain releases.

The Purchase Agreement further provided for cancellation of all the outstanding shares of the Predecessor Company's common stock. Former stockholders and plaintiffs in a stockholder class action received warrants to purchase up to 205,000 shares of the Successor Company's common stock (representing approximately ½% of the equity capitalization) at $10.00 per share exercisable for five years. This warrant exercise amount was increased to 409,850 shares, representing approximately 1% of the Successor Company's capitalization, when the former stockholders agreed to give certain releases. This exercise price was adjusted pursuant to the term of the warrant agreement, from $10.00 to $8.53 per share due to the special distribution declared and paid on February 5, 2004.

In connection with the restructuring, existing senior credit facility lenders were paid approximately $93.0 million in cash, with the remainder of the full amount owed to them incorporated into an amended and restated credit facility consisting of a three year secured term loan of $275.0 million and a new secured revolving credit facility of $30.0 million. (See Note 11—Debt).

Trade and other creditors were paid in full in the ordinary course, with no impairments.

Holders of the Senior Notes and the Convertible Notes received their distributions under the Plan on November 6, 2002. Following the closing of the Purchase Agreement, the Predecessor Company filed a Form 15 with the Securities and Exchange Commission (‘‘SEC"). Pursuant to the filing of Form 15 with the SEC on November 4, 2002, the Predecessor Company's securities registered under §12(g) of the Securities Exchange Act of 1934, as amended, were deregistered as of February 3, 2003.

Liabilities Subject to Compromise

Liabilities subject to compromise refer to liabilities incurred prior to the Petition Date, which were impaired and resolved in connection with the Chapter 11 filing. The principal categories of our claims

classified as liabilities subject to compromise, and the resolution of those claims, consist of the following (in thousands):

	Total Subject to Compromise	Discharged in Bankruptcy	Satisfied
Accrued interest	$ 7,288	$ 7,288	$ —
10% Senior Notes due 2008	325,000	211,000	114,000
5.5% Convertible Notes due 2007	187,550	186,550	1,000
	$ 519,838	$ 404,838	$ 115,000

Our gain on the discharge of debt in the amount of $404.8 million was recognized in the period from January 1, 2002 to October 31, 2002 by the Predecessor Company as a result of the reorganization under Chapter 11 of the Bankruptcy code.

Reorganization, Restructuring and Other Special Charges

Reorganization expenses are items of expense and loss that were realized by the Predecessor Company as a result of the reorganization under Chapter 11 of the Bankruptcy Code. During 2002, the Predecessor Company recorded $59.1 million of reorganization expenses.

Net reorganization expenses for the Predecessor Company for the ten months ended October 31, 2002, the only period in which these costs were incurred, consisted of the following (in thousands):

Accelerated accretion on original issue discount	$ 23,050
Professional fees related to company and Investors' advisors	14,752
Accelerated amortization of deferred debt issuance costs	9,128
Professional fees related to creditor advisors	5,740
Retention plan costs	3,385
Professional fees related directly to the filing	1,973
Debtor-in-possession fees related to refinancing	696
Settlement of damage claims	400
	$ 59,124

Fresh Start Accounting

On November 1, 2002, we adopted fresh start accounting pursuant to SOP 90-7. In accordance with the principles of fresh start accounting, we adjusted the value of our assets and liabilities to their reorganization value (which approximates fair value) as of the Effective Date.

The reorganization and the adoption of fresh start accounting resulted in the following adjustments to the Predecessor's consolidated balance sheet at October 31, 2002. Reorganization adjustments were recorded in the predecessor period and fresh start adjustments were recorded as of November 1, 2002, in the successor period.

Reorganized Condensed Consolidated Balance Sheet

November 1, 2002

(in thousands)

	Predecessor Company October 31, 2002	Reorganization Adjustments	Fresh Start Adjustments	Successor Company November 1, 2002
Assets				
Cash and cash equivalents	$ 21,819	$ (14,438)(a)	$ —	$ 7,381
Accounts receivable, net	7,398	—	—	7,398
Prepaid expenses/other	7,748	409 (b)	—	8,157
Total current assets	36,965	(14,029)	—	22,936
Fixed assets, net	849,349	—	(471,842)(h)	377,507
Intangible assets	—	—	129,943 (i)	129,943
Other assets	22,784	6,850 (c)	(15,317)(j)	14,317
	872,133	6,850	(357,216)	521,767
Total assets	$909,098	$ (7,179)	$ (357,216)	$544,703
Liabilities and Stockholders' Equity				
Accounts payable	$ 3,131	$ —	$ —	$ 3,131
Accrued expenses	34,680	(8,172)(d)	(2,199)(k)	24,309
Other current liabilities	17,489	—	—	17,489
Current portion of long-term debt	376,473	(354,161)(e)	—	22,312
Liabilities subject to compromise	115,000	(115,000)(f)	—	—
Total current liabilities	546,773	(477,333)	(2,199)	67,241
Long term debt, less current portion	—	265,154 (g)	—	265,154
Other long term liabilities	6,610	—	(104)(l)	6,506
Minority interest	798	—	4	802
Stockholder's equity	354,917	205,000	(354,917)	205,000
Total liabilities and stockholders' equity	$909,098	$ (7,179)	$ (357,216)	$544,703

Adjustments reflected in the reorganized condensed consolidated balance sheet above are as follows:

(a) In total, cash decreased $14.4 million as a result of the following sources and uses: The sources of cash consisted of (1) a $112.6 million equity investment and (2) a $4.0 million revolver draw. The uses of cash consisted of (1) $93.0 million to repay bank debt, (2) $22.6 million to satisfy cash obligations of the holders of Senior Notes electing cash, (3) $6.8 million to pay finance fees associated with the new credit facility, (4) $6.3 million to pay for accrued professional fees related to restructuring, (5) $1.9 million to pay for accrued interest on bank debt and (6) $0.4 million to pre-pay various fees related to the new financing and restructuring.

(b) Prepaid expenses/other increased by $0.4 million due to payments made in advance for various fees related to the new financing and restructuring.

(c) Other assets increased by $6.8 million due to fees associated with the amended credit facility. We recorded these fees as deferred debt costs and will amortize them over the life of the credit facility using the effective interest method.

(d) Accrued expenses decreased by $8.2 million. We paid $6.3 million of accrued professional fees related to the restructuring as well as $1.9 million of accrued interest on bank debt.

(e) Current portion of long-term debt decreased $354.2 million. We made a $93.0 million payment on our bank debt and reclassified $261.2 million to long-term debt.

F-29

(f) Liabilities subject to compromise of $115.0 million were totally satisfied by a $22.6 million cash payment to the holders of the Senior Notes and Convertible Notes and the conversion of $92.4 million of Senior Notes to common stock.

(g) Long-term debt increased $265.2 million. We reclassed $261.2 million to long-term debt from current portion of long-term debt and recorded a $4.0 million draw on our revolving credit facility.

(h) Fixed assets have been revalued to reflect the reorganization value of the assets at fair market value determined by reliance on independent valuations and discounted cash flow methods.

(i) Intangible assets of $130.0 million have been recorded consisting of lease absorption value of $127.3 million and lease origination value of $2.7 million in accordance with SFAS No. 141.

(j) Other assets were reduced by $15.3 million as we eliminated $4.4 million in deferred tax assets and reduced the straight-line deferred lease receivable balance by $10.9 million.

(k) Accrued expenses decreased by $2.2 million. We eliminated our $2.2 million unfavorable lease liability related to prior acquisitions.

(l) Other long-term liabilities decreased by $0.1 million. We reduced our deferred tax liability by $4.9 million and eliminated our $0.5 million straight-line deferred lease liability balance. We also recorded a $5.3 million asset retirement obligation.

F-30

4. Discontinued Operations

During 2002 and 2003, we entered into definitive agreements to divest ourselves of certain non-core assets and under-performing tower sites. Included in this group were two wholly-owned subsidiaries, an office building, a portfolio of microwave tower sites and various non-strategic under-performing sites. During 2004, we made decisions to divest ourselves of additional under-performing tower sites. The operations related to each of these assets were sold or liquidated by December 31, 2004 except for 45 under-performing sites that were held for disposal by sale at December 31, 2004. During 2004 and 2003, we recognized impairment charges on our underperforming sites of $0.5 million and $0.4 million, respectively.

In accordance with SFAS No. 144, we classified the operating results of these assets as discontinued operations in the accompanying consolidated financial statements and all prior periods have been classified to conform to the current year presentation with respect to these assets. Long-lived assets classified as held for disposal as a result of disposal activities that were initiated prior to SFAS No. 144's initial application continue to be accounted for in accordance with the prior pronouncements applicable for each disposal and hence are excluded from discontinued operations.

Results of operations for these discontinued assets for the year ended December 31, 2004 and 2003, the two months ended December 31, 2002 and the ten months ended October 31, 2002 are as follows (in thousands):

	Predecessor Company	Successor Company		
	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004
Revenues	$ 10,229	$ 1,141	$ 4,567	$ 1,929
Cost of revenues (excluding impairment losses, depreciation, amortization and accretion expense)	6,797	1,083	4,204	1,779
Gross Margin	3,432	58	363	150
Other expenses:				
Selling, general and administrative	576	95	40	1
Depreciation, amortization and accretion	3,448	47	36	82
Impairment loss on assets held for sale	—	—	418	463
Impairment loss on assets held for use	31,386	—	—	—
	35,410	142	494	546
Operating loss from discontinued operations	(31,978)	(84)	(131)	(396)
Other income (expense), net	—	—	—	—
Loss before income tax benefit (expense)	(31,978)	(84)	(131)	(396)
Income tax benefit (expense)	—	—	—	—
Loss from discontinued operations, net of income taxes before gain (loss) on sale of properties	(31,978)	(84)	(131)	(396)
Gain (loss) on disposal of assets	(98)	—	—	507
Gain (loss) from discontinued operations, net of income taxes	$ (32,076)	$ (84)	$ (131)	$ 111

Basic and diluted net income (loss) attributable to common stockholders per share:				
Basic income (loss) from discontinued operations attributable to common stockholders	$ (0.66)	$ (0.00)	$ (0.00)	$ 0.00
Diluted income (loss) from discontinued operations attributable to common stockholders	$ (0.66)	$ (0.00)	$ (0.00)	$ 0.00
Weighted average number of common shares outstanding				
Basic	48,573	41,000	41,000	46,831
Diluted	48,573	41,000	41,112	49,683

The following is a summarized balance sheet presenting the carrying amounts of the major classes of assets and liabilities related to discontinued operations as of December 31, 2003 and 2004 (in thousands):

	December 31, 2003	December 31, 2004
Property and equipment, net	$ —	$ 225
Other assets	—	—
Assets held for sale	$ —	$ 225
Other liabilities	$ —	$ —

5. Acquisitions

On September 23, 2003, a majority of our stockholders formed a new company, Pinnacle Towers Acquisition Holdings LLC (‘‘Pinnacle Acquisition’’) then known as Pinnacle Towers Acquisition Inc. with an initial capitalization of $20,000 in cash. This entity had no operations until December 4, 2003, when its subsidiary, Pinnacle Towers Acquisition LLC, acquired a portfolio of 67 tower sites primarily located in the southeastern United States. Pinnacle Acquisition paid the seller $26.3 million in cash, and incurred approximately $1.0 million in deal costs. Pinnacle Acquisition financed this purchase using borrowings under a $100.0 million credit facility. On February 6, 2004, we acquired the common stock of Pinnacle Acquisition for approximately $21,000 cash and the assumption of Pinnacle Acquisition's outstanding debt of $28.0 million under the credit facility. Because over 99% of the stockholders of Global Signal are also stockholders in Pinnacle Acquisition, in the same proportions, this acquisition is a business combination among ‘‘entities under common control" and we have accounted for it in a manner similar to a pooling of interests. As a result, we have included the results of operations and balance sheet of Pinnacle Acquisition in our financial statements beginning September 23, 2003.

During 2004 we acquired 862 wireless communication sites from 48 unrelated sellers. Of the acquired communication sites, 648 were acquired as acquisitions of assets for a total purchase price of $294.0 million, including fees and expenses, and 214 communication sites were acquired as part of a business combination described below for $64.5 million, including fees and expenses. 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.

Business Combination

On November 11, 2004, we completed the acquisition of all of the membership interests of GoldenState Towers LLC ("GoldenState") for an aggregate cash purchase price of $64.5 million, including fees and expenses. This acquisition has been accounted for as a business combination, using the purchase method of accounting and the results of GoldenState's operations have been included in the consolidated financial statemetns as of the date of acquisition. GoldenState owns or operates 214 wireless communication towers that derive substantially all of their revenues from wireless telephony tenants and are located primarily in California, Oregon, Idaho, Washington, Nevada and Arizona. The acquisition was partially funded from cash previously deposited in escrow and the balance with borrowings under our credit facility. The business combination represents a significant expansion of our assets, operations and employee base into the western portion of the United States.

The following table summarizes the fair value of the assets acquired and liabilities assumed at the date of acquisition based on a preliminary third party appraisal (in thousands):

Tower assets	$39,153
Intangible assets	15,678
Goodwill	9,770
Asset retirement obligation	(143)
Net assets	$64,458

Intangible assets consist of $15.3 million of lease absorption value and $0.4 million of lease origination value, each of which will be amortized over their estimated life of 23 years. Amortization for each of the next five years will total approximately $0.7 million per year.

Unaudited pro forma financial information is not presented because the annual revenues of GoldenState are less than 5% of our consolidated 2004 revenues and hence the impact of the acquisition is not expected to be material.

Other

In June 2004, we acquired the remaining 9% minority interest in Pinnacle Towers Limited, our UK subsidiary, for approximately $1.2 million including fees and expenses. We funded the acquisition of the minority interest with a portion of the net proceeds from our initial public offering.

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. As of December 31, 2004 and 2003, we had no accruals for future contingent acquisitions payments, and had maximum additional contingent payments of $1.5 million.

6. Fixed Assets

Fixed assets consist of the following (in thousands):

	Estimated useful lives in years	December 31, 2003	December 31, 2004
Communications assets:			
Communications tower assets	13-16	$ 344,798	$ 640,700
Communications site equipment	12	2,736	5,222
Buildings	15-40	115	797
Land	n/a	35,155	43,861
Construction in progress	n/a	2,006	4,845
Total telecommunications assets		384,810	695,425
Other:			
Vehicles	3	1,073	1,126
Furniture, fixtures and other office equipment	5-8	3,692	3,776
Data processing equipment	3-5	3,260	6,974
Total fixed assets		392,835	707,301
Accumulated depreciation		(35,677)	(71,101)
Fixed assets, net		$ 357,158	$ 636,200

7. Intangible Assets

Intangible assets consist of goodwill, lease absorption value, leasehold interests, lease origination value, and an indefinite life trademark. The intangible assets, other than the trademark and goodwill, are being amortized over estimated useful lives ranging from 4 to 28 years, with estimated future amortization as follows as of December 31, 2004 (in thousands):

Year ending December 31,	
2005	$ 17,425
2006	16,465
2007	7,960
2008	7,260
2009	6,687
2010 and thereafter	106,056
	$ 161,853

8. Impairment on Assets Held for Sale

The following assets met the held for sale" criteria during periods prior to January 1, 2002, when we followed SFAS No. 121 and thus are not reflected as discontinued operations.

Wire Line Telephony Collocation Facilities

On June 7, 2001, the Predecessor Company adopted a plan to dispose of certain operating assets pursuant to management's decision to dedicate resources to improving the financial results of communications site operations. Of the original five wire line telephony co-location properties held for sale, three were sold in 2001 and two were sold in the ten months ended October 31, 2002.

The historical carrying value of the five wire line telephony co-location facility properties, which were acquired during 2000, prior to any impairment was approximately $65.0 million. During the year ended December 31, 2001, we recognized an impairment loss of approximately $37.5 million, which is included in operating expenses as impairment on assets held for sale. This amount represents the difference between the carrying values and the estimated fair market value less costs to sell for these five properties at the end of the year. We estimated the fair market value less costs to sell based upon actual purchase and sale agreements and for those which were prior to such time of our entering into purchase and sale agreements, we estimated sales price based on an anticipated multiple of cash flow for the wire line telephony co-location facilities. Depreciation expense was not recognized after the date the co-location assets were classified as held for sale.

For the ten months ended October 31, 2002, the two remaining wire line telephony co-location facilities had net operating losses of $0.3 million. The combined properties produced revenues of $1.1 million, had operating expenses of $0.4 million, and tax and depreciation charges of $1.0 million.

Land

On September 27, 2001, we adopted a plan to dispose of additional operating assets. As a result of the adoption of this plan, our interest in 88 parcels of owned land principally located under towers currently owned by other tower companies and communications service providers were classified as assets held for sale and an impairment loss of $5.1 million was recognized.

As a condition of our new investors' equity contributions on November 1, 2002, these land parcels could no longer be sold. They have therefore been reclassified into assets held for use, as of October 31, 2002, in accordance with SFAS No. 121. For reclassification purposes, the asset was measured at the lower of the carrying amount of the asset before it was classified as held for sale, or the fair value of the asset at the date of the subsequent decision not to sell. We reclassified $7.9 million, the current estimated fair market value, into assets held for use as of October 31, 2002.

9. Impairment on Assets Held for Use

In connection with our bankruptcy filing in May 2002, we evaluated our sites to determine whether to either renegotiate or reject the underlying land lease or management agreement as part of the

---

bankruptcy process. In addition as part of this process, we identified 174 sites which were impaired, and in September and October 2002 recorded impairment losses of $4.5 million.

10. Accrued Expenses

Accrued expenses consist of the following (in thousands):

	December 31, 2003	December 31, 2004
Payroll and other	$ 6,843	$ 5,010
Taxes other than income taxes	6,010	5,660
Construction and acquisition costs	152	33
Interest	109	2,885
Professional fees	746	849
Taxes, income related	310	—
	$ 14,170	$ 14,437

11. Debt

Our outstanding debt as of December 31, 2003 and 2004 consists of the following (in thousands):

	December 31, 2003	December 31, 2004
February 2004 Mortgage Loan, weighted average interest rate of approximately 5.0% secured by first priority mortgage liens on substantially all tangible assets of Pinnacle Towers LLC and its subsidiaries, monthly principal and interest installments beginning March 2004, contractual maturity of January 2029, expected maturity of January 2009.	$ —	$ 411,909
December 2004 Mortgage Loan, weighted average interest rate of approximately 4.7% secured by first priority mortgage liens on substantially all tangible assets of Pinnacle Towers Acquisition LLC and its subsidiaries, monthly interest-only installments beginning January 2005, contractual maturity of December 2009.	—	293,825
Capital lease obligations, interest rate fixed at 10.3%, secured by the underlying capital assets, with monthly principal installments beginning April 2004 through December 2007.	—	1,186
Revolving Credit Facility, interest at a variable rate of LIBOR plus 3% or the lender's base rate plus 2%, secured by a pledge of Global Signal OP's assets, maturity date of December 2005.	—	—
Previous Credit Facility, interest at variable rates (4.87% to 4.92% at December 31, 2003), monthly installments of interest beginning January 2, 2004, repaid and terminated in December 2004.	28,026	—
Old Credit Facility, interest at variable rates (5.6% to 6.13% at December 31, 2003) secured, quarterly principal installments beginning March 31, 2003, repaid and terminated in February 2004.	234,980	—
Note payable to former tower owner, interest at 10.0% per annum, monthly installments of principal and interest through June 18, 2008, repaid and terminated in February 2004.	168	—

F-35

		December 31, 2003		December 31, 2004
Pinnacle Towers Ltd. Term Loan, interest rate at 2% above base rate(5.75% at December 31, 2003), quarterly principal installments begin March 31, 2004, repaid and terminated in June 2004.		1,077		—
		264,251		706,920
Less: current portion of long-term debt		(6,535)		(8,268)
	$	257,716	$	698,652

The following table shows the maturities of long-term debt at December 31, 2004 (in thousands):

2005	$	8,268
2006		8,797
2007		9,066
2008		9,361
2009		671,428
	$	706,920

The February 2004 Mortgage Loan

On February 5, 2004, our principal operating subsidiary, Pinnacle Towers LLC and thirteen of its direct and indirect subsidiaries issued a $418.0 million mortgage loan to a newly formed trust, Global Signal Trust I ("February 2004 mortgage loan"). 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 from the February 2004 mortgage loan were used to repay the then outstanding borrowings under our old credit facility of $234.4 million, to fund a $142.2 million special distribution to our stockholders, to fund $4.6 million of restricted cash into an imposition reserve which was required to be escrowed in connection with our securitization transaction and February 2004 mortgage loan and relates to taxes, insurance and rents and the remaining $15.9 million was available to fund operations.

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 February 2004 mortgage loan is secured by mortgages, deeds of trust, deeds to secure debt and first priority mortgage liens in more than 1,100 of our communications sites of Pinnacle Towers LLC and its thirteen direct and indirect subsidiaries. The February 2004 mortgage loan requires monthly payments of principal and interest calculated based on a 25-year amortization schedule through January 2009 (the ‘‘Anticipated Repayment Date"). 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 increases by the greater of 5.0% or a U.S. Treasury-based index, and substantially all of the borrower's excess cash flow from operation is utilized to repay outstanding amounts due under the February 2004 mortgage loan.

On a monthly basis, the excess cash flows from the securitized entities, after the payment of principal, interest, reserves and expenses, are distributed to us. The February 2004 mortgage loan requires us to maintain a minimum debt service coverage ratio (‘‘DSCR") defined as the preceding 12 months of net cash flow, as defined in the February 2004 mortgage loan, divided by the amount of principal and interest payments required under the February 2004 mortgage loan in the next 12 months, of 1.45 times. Net cash flow, as defined in the February 2004 mortgage loan, with respect to Pinnacle Towers LLC and its 13 direct and indirect subsidiaries, is approximately equal to gross margin minus capital expenditures made for the purpose of maintaining our sites, minus 10% of revenue. If the DSCR falls below 1.45 times, the excess cash flows from the securitized entities are escrowed until the DSCR exceeds 1.45 times for two consecutive quarters, at which time the previously escrowed excess cash flow is released to us. If the DSCR falls below 1.2 times, all excess cash flow, including amounts previously escrowed, is used to repay

outstanding principal due under the February 2004 mortgage loan. The February 2004 mortgage loan also restricts our ability to incur unsecured indebtedness without confirmation from the rating agencies that such indebtedness will not impact the February 2004 mortgage loan rating. Because the February 2004 mortgage loan has covenants which require our subsidiaries to maintain certain financial ratios, these covenants could indirectly limit our subsidiaries' ability to pay dividends to us.

We 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 to a newly formed trust, Global Signal Trust II (December 2004 mortgage loan"). 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 December 31, 2004, $58.5 million remained in the acquisition reserve account, which is included in restricted cash in the accompanying consolidated balance sheet, pending its investment in qualifying wireless communication 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 December 2004 mortgage loan requires monthly payments of interest 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 capital stock of Pinnacle Towers Acquisition Holdings LLC from its direct parent, Global Signal Holdings III LLC).

On a monthly basis, the excess cash flows from the securitized entities, after the payment of principal, interest, reserves and expenses, are distributed to us. If the debt service coverage ratio (''DSCR''), defined in the December 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 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 DSCR exceeds 1.30 times for two consecutive calendar quarters. If the DSCR 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.

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 Operating Partnership, L.P., or 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., 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. Interest on the revolving credit facility is payable at our option at either the LIBOR plus 3.0% or the bank's base rate plus 2.0%. The credit facility contains covenants and restrictions standard for a facility of this type including a limitation on our consolidated indebtedness at $780.0 million. 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 Global Signal of 65% of its interest in its Canadian subsidiary. As of December 31, 2004, no borrowings were outstanding under this facility.

On February 9, 2005, Global Signal OP amended and restated the 364-day $20.0 million revolving credit agreement to provide an additional $50.0 million term loan facility in connection with the Sprint Transaction (see Note 19 – Other Subsequent Events).

Previous Credit Facility

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 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.

F-38

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.

Old Credit Facility

Prior to the issuance of the February 2004 mortgage loan, our largest operating subsidiary based on revenues for 2004, 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 approximately $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.

Senior Notes-Predecessor Company

On March 17, 1998, the Predecessor Company issued $325.0 million of the Senior Notes with a scheduled maturity in 2008 through a private placement offering to institutional investors. We had the right to redeem the Senior Notes on or after March 15, 2003, at a price of 105.0%, 103.3%, 102.6% and 100.0% during the years ended March 15, 2003, 2004, 2005, and 2006 and thereafter, respectively. In addition, at any time prior to March 15, 2001, we could have redeemed up to 35.0% of the Senior Notes upon a public equity offering at a redemption price equal to 110.0% of the accreted value of the notes plus unpaid liquidated damages, if any, as of the redemption date. The Senior Notes became subject to compromise upon the May 21, 2002 filing of our bankruptcy petition and were canceled upon our emergence. In exchange therefore, holders of Senior Notes received their pro-rata share of $114.0 million (or $350.77 per $1,000 par value bond) in cash or, at the holder's prior election, a combination of cash and/or the Successor Company's outstanding common stock at $10.00 per share, which adjusted pursuant to the terms of the warrants to $8.53 per share due to the declaration and payment of the special distribution on February 5, 2004. Approximately $21.9 million in cash, inclusive of $0.3 million of accrued interest, was paid to holders of our Senior Notes in November 2002, with the remainder owed to such holders satisfied in 17,101,894 shares of the Successor Company's common stock.

Amortization of original issue discount for the ten months ended October 31, 2002 was $11.3 million, excluding accelerated amortization recorded while a debtor-in-possession which is reflected as reorganization expense in 2002.

F-39

Convertible Subordinated Notes-Predecessor Company

On March 22, 2000, the Predecessor Company completed a private placement of $200.0 million of the Convertible Notes to certain institutional purchasers pursuant to the exemption from registration provided by Section 4(2) of the Securities Act. We repaid outstanding revolving debt under our senior credit facility with the net proceeds of $193.5 million from this private placement. Interest was payable on the notes on March 15 and September 15 of each year. The notes would have matured on September 15, 2007, however they became subject to compromise upon the May 21, 2002 filing of our bankruptcy petition and were canceled upon emergence. The notes were convertible into the Predecessor Company's common stock at the option of the Convertible Note holders at an initial price of $78.375 per share, which conversion price was subject to adjustment under the terms of the Convertible Notes. The event of default related to our senior credit facility caused a cross-default in the Convertible Notes.

On January 22, 2002, $12.5 million of Convertible Notes were redeemed for 158,851 shares of the Predecessor Company's common stock at the stated conversion price per share of $78.375, reducing the outstanding obligation under the Convertible Notes to $187.5 million.

The remaining outstanding Convertible Notes were cancelled in 2002 as part of the reorganization and in exchange therefore, holders of Convertible Notes received their pro-rata share of $500,000 in cash and warrants to purchase up to 410,000 shares of the Successor Company's common stock (representing approximately 1% of the equity capitalization at November 1, 2002) at $10.00 per share, exercisable for five years. Those Convertible Note holders who agreed to give certain releases also received their pro-rata share of an additional $0.5 million in cash and warrants to purchase an additional 410,000 shares at $10.00 per share exercisable for the next five years. The exercise price was adjusted pursuant to the terms of the warrants from $10.00 to $8.53 per share due to the declaration and payment of the special distribution on February 5, 2004.

12. Interest Rate Swap Agreements

May 2000 Swap

In May 2000 we entered into an interest rate swap agreement (‘‘May 2000 swap") with our old credit facility agent bank as the counter party to manage the interest rate risk associated with certain of our variable rate debt. This swap agreement effectively converted our old credit agreement's floating rate debt from LIBOR plus a margin, as defined in the agreement, to a fixed rate debt of 6.37% plus the applicable margin under the credit agreement on an amount equal to the notional value of the interest rate swap.

We adopted the provisions of SFAS No. 133, as amended, on January 1, 2001, which resulted in a cumulative effect of an accounting change of approximately $4.0 million being recognized in other comprehensive income. The May 2000 swap did not qualify for hedge accounting treatment. Accordingly, changes in the fair value of the May 2000 swap that occurred subsequent to January 1, 2001, have been recognized in current operations.

As a condition of our old credit facility, we were required to enter into and maintain interest rate hedge contracts covering a minimum of 50% of the debt outstanding under the senior credit facility. On October 31, 2002, we entered into the sixth amendment and restatement to our old facility which did not require a swap contract, however we maintained the May 2000 swap. The May 2000 swap was for a notional amount of $260.0 million through December 31, 2002 and the bank exercised its option to extend the contract for $130.0 million through December 31, 2003 at which time the swap agreement expired and was not replaced.

The following table summarizes the impact of changes in fair value of the May 2000 swap on our results of operations in the indicated periods (in thousands):

	Predecessor Company	Successor Company

	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004
Decrease in fair value	$ 5,136	$ 257	$ 212	$ —
Amortization of transition adjustment	2,668	—	—	—
Total earnings impact of swap	$ 7,804	$ 257	$ 212	$ —

December 2003 Swap

On December 11 2003, in anticipation of the issuance of the February 2004 mortgage loan, we entered into a forward-starting interest rate swap agreement ("December 2003 swap") with Morgan Stanley as the counterparty to hedge the variability of future interest payments under the anticipated February 2004 mortgage loan. Under the December 2003 swap, we 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 receiving floating payments based on three month LIBOR on the notional amount for the same five-year period. The December 2003 swap required us to begin making monthly payments to the counter party equal to the difference between 3.816% and the then current three month LIBOR rate, which was 1.15% on December 31, 2003, on the notional amount of $400.0 million. The December 2003 swap was terminated in connection with the issuance of the February 2004 mortgage loan on February 5, 2004 at a cost of $6.2 million which was recorded as part of other comprehensive income and is being amortized as interest expense using the effective interest method over five years, the expected life of the February 2004 mortgage loan. The effective interest rate on the mortgage loan, including the cost of terminating the interest rate swap and the amortization of deferred debt issuance costs, is approximately 6.0%. For the years ended December 31, 2003 and 2004, amortization of $0 and $1.2 million, respectively, was recorded as interest expense. The following table summarizes the impact of the December 2003 swap on our results of operations in the indicated periods (in thousands):

	Year Ended December 31, 2003	Year Ended December 31, 2004
Amortization to interest expense	$ —	$ 1,191
Total earnings impact of swaps	$ —	$ 1,191

March 2004 Swaps and August 2004 Swaps

On March 26, 2004, in anticipation of our December 2004 mortgage loan, we entered into four forward-starting interest rate swaps with Morgan Stanley as counterparty to hedge the variability of future interest rates on the anticipated December mortgage loan. 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 beginning in October 2004 through April 2009 in exchange for receiving floating payments based on three month LIBOR on the same notional amount for the same five-year period. The swaps were to terminate on the earlier of the closing of any new mortgage loan or January 1, 2005, at which time the swaps were to be settled for cash based on the then fair market value.

On August 27, 2004, in anticipation of our December 2004 mortgage loan, we entered into two additional forward-starting interest rate swaps with Morgan Stanley as counterparty to hedge the variability of future interest rates on the anticipated December mortgage loan. Under the interest rate swaps, we agreed to pay the counterparty a fixed interest rate of 3.84% on a total notional amount of $100.0 million beginning in October 2004 through April 2009 in exchange for receiving floating payments based on three month LIBOR on the same notional amount for the same five-year period. The swaps were to terminate on the earlier of the closing of any new mortgage loan or January 31, 2005, at which time the swaps were to be settled for cash based on the then fair market value.

F-41

Concurrent with the pricing of the December 2004 mortgage loan, we terminated our six interest rate swaps and received a net payment of $2.0 million which was recorded as part of other comprehensive income and which is being amortized as a reduction of interest expense using the effective interest method over five years, the expected life of the December 2004 mortgage loan. 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, one of the swaps was no longer effective and we expensed approximately $40,000 as additional interest expense, related to the fair market value of one of our August 2004 swaps, during the fourth quarter of 2004. The following table summarizes the impact of the March and August 2004 swap on our results of operations in the indicated periods (in thousands):

		Year Ended December 31, 2004
Ineffective portion of interest rate swap charged to interest expense	$	40
Amortization of deferred settlement costs as interest expense		(38)
Total earnings impact of swaps	$	2

13. Commitments and Contingencies

Tenant Leases

As lessors, we are due to receive cash rental payments from customers of wireless communication sites under noncancelable lease agreements in effect as of December 31, 2004, as follows (in thousands):

Year ending December 31,		
2005	$	181,512
2006		130,199
2007		105,041
2008		75,468
2009		42,019
2010 and thereafter		168,598
	$	702,837

Generally, our tenant leases provide for annual escalations and multiple renewal periods, at the tenant's option. Leases with fixed-rate escalation clauses, or those that have no escalation, have been included above based on the contractual tenant lease amounts. Leases that escalate based upon non-fixed rates, such as the Consumer Price Index, are included above at the current contractual rate over the remaining term of the lease. The tenant rental payments included in the table above do not assume exercise of tenant renewal options.

Operating Leases

As lessees, we are obligated under non-cancelable operating leases for office space, equipment, ground space under communications towers and at other sites, as well as space on communication towers that expire at various times through 2099. The majority of the ground, tower and other site leases have multiple renewal options, which range up to 10 years each. The ground, tower and other lease agreements for managed sites generally require either a minimum fixed lease payment or a contingent payment based on revenue or the gross margin at a site with some of the sites requiring both a fixed payment and a contingent payment based on revenue or gross margin. Certain of the ground and managed site leases have purchase options at the end of the original lease term. The future minimum cash lease payment commitments under these leases at December 31, 2004, are as follows (in thousands):

Year ending December 31,		
2005	$	36,335
2006		30,758
2007		26,784
2008		20,809
2009		15,263
2010 and thereafter		68,113
Total minimum lease payments	$	198,062

Many of our lease agreements contain escalation clauses which are typically based on either a fixed percentage rate or the change in the Consumer Price Index. For leases with escalation clauses based on a fixed percentage rate, rental expenses are recognized in our statements of operations on a straight-line basis over the initial term of the lease plus the future optional renewal periods where there is a 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. Total rent expense related to continuing operations under non-cancelable operating leases was approximately $36.1 million, $34.4 million, $5.9 million, and $28.1 million for the years ended December 31, 2004 and 2003, two months ended December 31, 2002, and ten months ended October 31, 2002, respectively.

The components of minimum and contingent rental expense from continuing operations for the ten months ended October 31, 2002, two months ended December 31, 2002, and the years ended December 31, 2003 and 2004 is as follows (in thousands):

Period		Minimum Rental Expense		Contingent Rental Expense		Total
10 Months Ended October 30, 2002	$	9,525	$	18,577	$	28,102
2 Months Ended December 31, 2002		2,558		3,340		5,898
Year Ended December 31, 2003		17,529		16,869		34,398
Year Ended December 31, 2004		17,828		18,259		36,087

Employment Agreements

We have employment agreements with certain officers of the Company that grant these employees the right to receive their base salary and continuation of certain benefits, for a defined period of time, in the event of a termination, as defined by the agreement of such employees.

Litigation

In 2002, we settled the consolidated securities class action lawsuit that was pending against us, our former Chief Executive Officer, Steven R. Day, our former Chief Financial Officer, Jeffrey J. Card, our former Chief Executive Officer, Robert J. Wolsey, various current and former directors of Pinnacle, our former accountants, PricewaterhouseCoopers, LLP, and the underwriters of Pinnacle's January 18, 2000, secondary offering. The litigation related to alleged misrepresentations contained in a prospectus for our January 18, 2000, secondary stock offering and alleged misleading statements contained in press releases and other filings with the SEC relating to certain of our financial statements, the acquisition of approximately 1,858 communications sites from Motorola, Inc., our relationship with our former accountants and other matters. The settlement provides that the claims against Pinnacle and its current and former officers and directors be dismissed. In agreeing to the proposed settlement, Pinnacle and its current and former officers and directors specifically denied any wrongdoing.

The settlement provided for a cash payment of approximately $8.2 million, all of which has been paid directly by our insurer. Of the $8.2 million payment, $4.1 million was deemed to have been made on behalf of Pinnacle, and $4.1 million was deemed to have been made on behalf of the individual defendants. In addition, the settlement provided for additional cash payments of approximately $2.6 million by PricewaterhouseCoopers, LLP, and $0.2 million by the underwriter defendants.

We are also involved in other litigation incidental to the conduct of our business. We believe that none of such pending litigation or unasserted claims of which we have knowledge presently will have a material adverse effect on our business, financial condition, results of operations or liquidity.

Insurance Receivable

Included in other current assets at December 31, 2004 is approximately $1.5 million related to a pending insurance claim on sites destroyed by hurricanes during 2004. This amount represents the net book value of the sites at the time of loss. We have filed for a greater reimbursement based on replacement costs and expect to recover in excess of this $1.5 million amount from insurance proceeds during 2005; however, we have not recorded any resulting gain as of December 31, 2004, as the amount was not estimable or certain of collection.

14. Stockholders' Equity

Stock Split

On February 11, 2004 the board of directors approved a 2-for-1 stock split. All shares of common stock and per share of common stock amounts have been retroactively restated.

Changes in Authorized Shares

On February 11, 2004, the stockholders approved an increase in the number of authorized shares to 20,000,000 shares of preferred stock and 100,000,000 shares of common stock, and on May 11, 2004 approved an increase in the number of authorized shares to 150,000,000 shares of common stock.

Initial Public Offering

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 common share. We received net cash proceeds of $131.2 million after expenses, underwriters' discounts and commissions. Additional non-cash offering costs included $1.9 million representing the fair value of stock options issued to Fortress and Greenhill in connection with the initial public offering. See "Other Stock Options" below.

Dividends

We paid cash dividends related to the years ended December 31, 2003 and 2004 as set out in the table below:

Dividend Period	Declaration Date	Pay Date	Dividend per Share ($)	Total Dividend ($ million)	Amount of Dividend Recorded as Return of Stockholders' Capital(1) ($ million)	Amount of Dividend Recorded Against Retained Earnings ($ million)
October 1 – December 31, 2004	December 13, 2004	January 20, 2005	$0.4000	$20.9	$16.4	$4.5
July 1 – September 30, 2004	September 27, 2004	October 20, 2004	0.3750	19.1	16.3	2.8
June 1 – June 30, 2004	June 21, 2004	July 20, 2004	0.1030	5.2	5.2	—
April 1 – May 31, 2004	May 11, 2004	June 14, 2004	0.2095	8.8	8.8	—
January 1 – March 31, 2004	March 22, 2004	April 22, 2004	0.3125	13.1	13.1	—
October 1 – December 31, 2003	February 5, 2004	February 5, 2004	0.3125	12.8	0.6	12.2
One-time special distribution	February 5, 2004	February 5, 2004	3.4680	142.2	142.2	—

(1) Amounts recorded as a reduction of Additional Paid in Capital

On February 5, 2004, our board of directors declared and paid a non-recurring special distribution of $142.2 million to our stockholders which represented a return of capital. The board of directors determined that it was in the best interests of our stockholders to utilize the excess cash available from the net proceeds of the February 2004 mortgage loan to make a distribution representing a return of capital to stockholders.

Stock Incentive Plan – The Successor Company

The Successor Company's Stock Option Plan (the ‘‘New Plan") became effective November 1, 2002. The New Plan provides for awards consisting of stock option and restricted stock grants (‘‘Awards") to employees, non-employee directors, and other persons who perform services for us. The New Plan is administered by the board of directors or, at the board of director's sole discretion, by a committee consisting solely of persons who are non-employee directors and outside directors (the ‘‘Committee").

On February 11, 2004, the stockholders approved an increase of 2,000,000 shares in the shares available under the New Plan and as of January 1, 2005 subsequent annual increases of the lesser of 1,000,000 shares or 2% of the then outstanding number of shares of common stock on the last day of the immediately preceding fiscal year. The maximum number of shares of common stock that may be made subject to Awards granted under the New Plan is 6,715,000 at December 31, 2004. As of December 31, 2004, 2,119,032 shares remained available for grant under the New Plan. On January 1, 2005 the number of shares available increased by 1,000,000 pursuant to the annual increases provision discussed above. In the event of any change in our capitalization an equitable substitution or proportionate adjustment shall be made in the aggregate number and/or kind of shares of common stock reserved for issuance under the New Plan and the kind, number and/or option price at the sole discretion of the Committee. In addition, if any Award expires or terminates without having been exercised, the shares of common stock subject to the Award again become available for grant under the New Plan.

The Committee is authorized to grant to eligible persons incentive stock options (‘‘ISO") or nonqualified stock options (‘‘NSO"). The term of an ISO cannot exceed 10 years, and the exercise price of any ISO must be equal to or greater than the fair market value of the shares of common stock on the date of the grant. Any ISO granted to a holder of 10% or more of the combined voting power of our capital stock must have an exercise price equal to or greater than 110% of the fair market value of the common stock on the date of grant and may not have a term exceeding five years from the grant date. The Committee shall determine the exercise price and the term of an NSO on the date that the NSO is granted.

Options shall become exercisable in whole or in part on the date or dates specified by the Committee. The Committee, in its sole discretion, may accelerate the date or dates on which an option becomes exercisable. Each option shall expire on such date or dates as the Committee shall determine at the time the option is granted. Upon termination of an optionee's employment for retirement, death or disability, options granted to the employee will expire one year from the date of termination. Upon termination of an optionee's employment for involuntary termination other than for cause, options granted to the employee will expire ninety days plus the number of days the employee is prohibited from trading in Global Singal's shares because of insider trading rules or other arrangements, after the date of termination. Upon termination of an optionee's employment for any other reasons, options granted to the employee will expire on the expiration date specified in the agreement. If an optionee's employment is terminated for cause (as defined in the Stock Option Plan), all of such person's options shall immediately terminate.

The Committee may also grant to an eligible person an award of common stock subject to future service and such other restrictions and conditions as the Committee may determine (‘‘Restricted Stock"). The Committee will determine the terms of such Restricted Stock, including the price, if any, to be paid by the recipient for the restricted stock, the restrictions placed on the shares and the time or times when the restrictions will lapse, at the time of the granting thereof.

A summary of our stock option plan activity under the New Plan for the two months ended December 31, 2002, and the years ended December 31, 2003 and 2004 is as follows:

	Number of Shares Subject to Option	Exercise Price Range	Weighted Average Exercise Price
Under option, November 1, 2002	—	—	—
Granted	4,054,444	$ 4.26-$8.53	$ 6.40
Forfeited	(660,560)	$ 4.26-$8.54	$ 6.40
Exercised	—	—	—
Under option, December 31, 2002	3,393,884	$ 4.26-$8.53	$ 6.40
Granted	2,161,616	$ 4.26-$8.53	$ 6.40
Forfeited	(1,378,048)	$ 4.26-$8.53	$ 6.40
Exercised	—	—	
Under option, December 31, 2003	4,177,452	$ 4.26-$8.53	$ 6.40
Granted	820,000	$ 8.53-$18.00	$ 15.63
Forfeited	(622,913)	$ 4.26-$8.53	$ 6.40
Exercised	(1,366,955)	$ 4.26-$8.53	$ 6.29
Under option, December 31, 2004	3,007,584	$ 4.26-$18.00	$ 8.96

A summary of outstanding and exercisable options under the New Plan at December 31, 2004, is as follows:

	Options Outstanding			Options Exercisable	
Exercise prices	Number of Shares	Weighted average remaining contractual life in years	Weighted average exercise price	Number of shares	Weighted average exercise price
$4.26	1,059,567	8.19	$ 4.26	409,712	$ 4.26
$8.53	1,333,017	8.18	$ 8.53	539,662	$ 8.53
$18.00	615,000	8.23	$ 18.00	184,500	$ 18.00
	3,007,584			1,133,874	

On February 5, 2004, pursuant to the stated terms of the New Plan, the exercise price of the options was adjusted as follows, as a result of the special distribution of $142.2 million declared and paid; the $5.00 price was reduced to $4.26 per share and the $10.00 price was reduced to $8.53 per share. After the repricing, the aggregate intrinsic value did not increase, and the ratio of the exercise price to the fair value per share was not reduced; therefore, there was no accounting impact.

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 was a member of our board of directors and provided financial advisory services to us. These options were scheduled to vest at various times over a three-year period, the period during which this individual was expected to perform services. 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.

Other Stock Options

In connection with the initial public offering, discussed above, and to compensate Fortress and Greenhill for their successful efforts in raising capital in the offering, in March 2004 we granted options to Fortress and Greenhill, or their respective affiliates, to purchase the number of shares of our common stock equal to an aggregate of 10% of the number of shares issued in the initial public offering in the following amounts (1) for Fortress (or its affiliates), the right to acquire the number of shares equal to 8%

of the number of shares issued in the initial public offering, including the over-allotment and (2) for Greenhill (or its affiliate), the right to acquire the number of shares equal to 2% of the number of shares issued in the initial public offering, including the over-allotment, all at an exercise price per share equal to the initial offering price per share. Upon consummation of the offering, the number of shares and exercise price were thereby fixed at 805,000 shares at $18.00 per share, respectively. All of the options were immediately vested upon the initial public offering and are exercisable for ten years from June 8, 2004. We recognized the fair value of these options using the Black-Scholes method on the offering date as a cost of the offering of $1.9 million, by netting it against the net proceeds of the offering. These options were granted outside of the New Plan, and therefore are excluded from the New Plan activity shown above. At December 31, 2004, 772,800 of these options remain outstanding.

Common Stock Grants

On June 3, 2004, as part of our director compensation plan, we issued a total of 20,000 fully-vested, unrestricted shares of common stock issued to four of our independent directors upon consummation of our initial public offering. As a result, we recorded compensation expense of $0.4 million on the June 3, 2004 issue date.

On December 20, 2004, the Board of Directors approved the grant of 77,642 shares of restricted stock to certain employees. The grants vest 33.3%, 33.3% and 33.4% on December 20, 2007, 2008 and 2009 respectively. We valued the restricted stock awards at $2.0 million on the date of grant using the current market price. This amount has been recorded as unearned compensation, a contra account included in stockholders' equity, and will be amortized as non-cash stock-based compensation expense over the vesting period.

Warrants

In connection with our bankruptcy plan, 1,229,850 common stock warrants were issued to Predecessor Convertible Note holders and Predecessor Common Stockholders. The warrants have a current exercise price of $8.53 and expire on October 31, 2007. As of December 31, 2004 and 2003, there were 471,878 and 1,229,850 warrants outstanding to acquire common stock, respectively.

Pursuant to the stated terms of the warrants, the exercise price of the warrants was reduced as a result of the special distribution of $142.2 million declared and paid on February 5, 2004 from $10.00 to $8.53 per share.

15. Income (Loss) Per Share

The following table sets forth the computation of basic and diluted loss per share of common stock (in thousands except share and per share data):

	Predecessor Company Ten Months Ended October 31, 2002	Successor Company Two Months Ended December 31, 2002	Successor Company Year Ended December 31, 2003	Successor Company Year Ended December 31, 2004
Numerator:				
Net income	$ 256,172	$ (996)	$ 13,161	$ 6,872
Denominator:				
Denominator for basic income per share —				
Weighted average shares	48,573	41,000	41,000	46,833
Less: Non-vested shares	—	—	—	(2)
Denominator for basic income per share —	48,573	41,000	41,000	46,831
Effect of dilutive securities	—	—	112	2,852
Denominator for diluted income per share —				
adjusted weighted average	48,573	41,000	41,112	49,683
Basic income (loss) per common share				
Income (loss) from continuing operations	$ 5.94	$ (0.02)	$ 0.34	$ 0.14
Income (loss) from discontinued operations	(0.66)	(0.00)	(0.00)	0.00
Gain (loss) on sale of properties	(0.01)	(0.00)	(0.02)	0.01
Net income (loss)	$ 5.27	$ (0.02)	$ 0.32	$ 0.15
Diluted income (loss) per common share				
Income (loss) from continuing operations	$ 5.94	$ (0.02)	$ 0.34	$ 0.13
Income (loss) from discontinued operations	(0.66)	(0.00)	(0.00)	0.00
Gain (loss) on sale of properties	(0.01)	(0.00)	(0.02)	0.01
Net income (loss)	$ 5.27	$ (0.02)	$ 0.32	$ 0.14

16. Income Taxes

Global Signal Inc. has made an election to be taxed as a Real Estate Investment Trust (‘‘REIT") under the Internal Revenue Code of 1986, as amended, and related regulations. Global Signal Inc. and its qualified REIT subsidiaries will generally not be subject to Federal income tax at the corporate level if 90% of its taxable income is distributed to its stockholders. REITs are also subject to a number of other organizational and operational requirements. If we fail to qualify as a REIT in any taxable year, our taxable income will be subject to Federal income tax at regular corporate tax rates. Even during taxable years for which we qualify as a REIT, we may be subject to certain state and local taxes and to Federal income and excise taxes on undistributed income.

The capital contribution from the new investors upon our emergence from bankruptcy, established a change in ownership as defined in Section 382 of the Internal Revenue Code. As a result, utilization of our tax attributes (primarily NOL's and depreciation) will be limited each year in the future as a result of this ownership change.

Our REIT net operating losses (‘‘NOL's") of approximately $456.6 million incurred prior to November 1, 2002 have been reduced to approximately $142.6 million at December 31, 2003, yielding a net decrease in NOL's of $314.0 million. The decrease resulted from the following:

- a decrease of $384.5 million due to discharge of indebtedness commensurate with the emergence from bankruptcy;
- an increase of $71.2 due to built-in-losses incurred post October 31, 2002;
- an increase of $10.4 million due to additional NOL's incurred from November 1, 2002 to December 31, 2002; and

- a decrease of $11.1 due to utilization of NOL carryforwards for the year ended December 31, 2003.

Our NOL's increased to $231.8 million at December 31, 2004 as a result of the following incurred during 2004:

- an increase of $12.4 million due to additional NOL's;
- an increase of $76.8 million due to built-in losses.

Future NOL's may be used to offset all or a portion of our REIT income, and as a result, reduce the amount that we must distribute to stockholders to maintain our status as a REIT.

We also own non-REIT subsidiaries that are subject to Federal and state income taxes (taxable REIT subsidiaries). These entities are consolidated with Global Signal Inc. for financial reporting purposes but file separately from Global Signal Inc. for income tax reporting purposes. As of December 31, 2004, these subsidiaries have net operating loss carryforwards of approximately $0.8 million. These subsidiaries had net deferred tax liabilities in the amount of approximately $0.6 million. Our use of the NOL carryforwards is also limited on an annual basis as a result of the Section 382 rules applicable to ownership changes.

Reconciliation of Net Income to Estimated Taxable Income

	Year Ended December 31, 2003	Year Ended December 31, 2004
	(in thousands)	
Net income	$ 13,162	$ 6,872
Add back Federal inome tax expense	(665)	341
Add net loss of taxable REIT subsidiaries	1,344	922
Adjusted net income	13,841	8,135
Book/tax depreciation difference	4,007	(5,125)
Exercise of non-qualified stock options	—	(20,970)
Other book/tax differences, net	(4,239)	5,598
Current year ordinary income (loss)	13,609	(12,362)
NOL carryforward utilized	(11,078)	—
Estimated taxable ordinary income (loss)	$ 2,531	$ (12,362)

Income Tax Characterization of Dividends

For income tax purposes, dividends to common stockholders are characterized as ordinary income, capital gains or as a return of a stockholder's invested capital. During 2004, we declared and paid to all of our stockholders cumulative quarterly dividends of $1.3125 per share of common stock, or an aggregate of $58.9 million, of which $56.4 million represented a return of capital to our stockholders and $2.5 million represented ordinary income pursuant to an IRC Sec. 858 dividend of 2003 taxable income. In addition, on February 5, 2004, we also paid a special distribution aggregating $142.2 million to all of our stockholders which represented a return of capital.

The income tax characterization of dividends to common stockholders is based on the calculation of Taxable Earnings and Profits, as defined in the Internal Revenue Code. Taxable Earnings and Profits differ from regular taxable income due primarily to differences in the estimated useful lives and methods used to compute depreciation and in the recognition of gains and losses on the sale of real estate assets.

Components of Tax Benefit (Expense)

Our income tax benefit (expense) is comprised of the following for each of the periods presented below:

	Predecessor Company	Successor Company		
	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004
	(in thousands)			
Current tax expense	$ (573)	$ (89)	$ (4)	$ —
Deferred tax benefit (expense)	5,768	70	669	(341)
Net tax benefit (expense)	$ 5,195	$ (19)	$ 665	$ (341)

Statutory Rate Reconciliation

	Predecessor Company	Successor Company		
	Ten Months Ended October 31, 2002	Two Months Ended December 31, 2002	Year Ended December 31, 2003	Year Ended December 31, 2004
	(in thousands)			
Tax at statutory rate	$ (87,842)	$ 342	$ (4,374)	$ (2,524)
Exemption for REIT	92,939	(348)	499	(5,125)
REIT NOL utilized	—	—	3,875	7,649
Deferred tax benefit	5,768	70	(2,210)	(244)
Change in valuation allowance	(5,670)	(83)	2,875	(97)

Net tax benefit (expense)	$ 5,195	$ (19)	$ 665	$ (341)

Components of Deferred Assets and Liabilities

	December 31, 2003	December 31, 2004
	(in thousands)	
Net operating losses from non-REIT subsidiaries	$ 1,002	$ 783
Valuation allowance	(597)	(694)
Deferred tax assets	405	89
Fixed assets — related	(705)	(730)
Deferred tax liabilities	(705)	(730)
Net deferred tax liability	$ (300)	$ (641)

17. Related Party Transactions

In connection with our emergence from Chapter 11, an arrangement was entered into with two of our investors, Fortress and Greenhill, which provided for the payment of an annual fee (‘‘Monitoring Fee") of $2.0 million in exchange for management services. The Monitoring Fee was for an initial period of one year and was renewed in December 2003 extending the period until October 31, 2004. During the two months ended December 31, 2002 and the year ended December 31, 2003, $0.3 million and $2.5 million was paid to Fortress, including a $0.5 million prepayment for the fee relating to the first quarter of 2004. The monitoring arrangement was terminated effective March 31, 2004 and no additional payments were made. Prior to our emergence from bankruptcy, we had no obligations for management services or related reimbursable costs.

In addition, our chairman and chief executive officer, Wesley Edens, is also the Chairman of the Management Committee of Fortress Investment Group LLC, an affiliate of our majority stockholder. We do not pay Mr. Edens a salary or any other form of compensation.

Pinnacle Towers Ltd, our UK subsidiary, outsources the management of its communication sites to Mapley Limited, an affiliate of Fortress. During the years ended December 31, 2004 and 2003 we incurred expenses to Mapley in connection with its services of $171,000 and $48,000, respectively.

F-50

As described in Note 14 – Stockholders' Equity above, in connection with the initial public offering, and to compensate Fortress and Greenhill for their successful efforts in raising capital in the offering, in March 2004 we granted options to Fortress and Greenhill, or their respective affiliates, to purchase the number of shares of our common stock equal to an aggregate of 10% of the number of shares issued in the initial public offering in the following amounts (1) for Fortress (or its affiliates), the right to acquire 644,000 shares which is equal to 8% of the number of shares issued in the initial public offering, including the over-allotment and (2) for Greenhill (or its affiliate), the right to acquire 161,000 shares which is equal to 2% of the number of shares issued in the initial public offering, including the over-llotment, all at an exercise price per share equal to the initial offering price of $18.00 per share. All of the options were immediately vested and are exercisable for ten years from June 8, 2004. We recognized the fair value of these options using the Black-Scholes method on the offering date as a cost of the offering of $1.9 million, by netting it against the net proceeds of the offering.

As described in Note 14 – Stockholders' Equity above, 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 was a member of our board of directors and provided financial advisory services to us. These options were scheduled to vest at various times over a three-year period, the period during which this individual was expected to perform services. 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.

As of December 31, 2003, certain of our stockholders also held a total of $14.5 million of the outstanding borrowings under our old credit facility. Our old credit facility was repaid and terminated in February 2004.

18. Employee Benefit Plan

Effective January 1, 1997, we established a 401(k) plan that covers substantially all employees. Benefits vest based on number of years of service. To participate in the plan, employees must be at least 21 years old. During the year ended December 31, 2004, we contributed $0.1 million to the plan. We did not make any contributions to the plan prior to 2004.

19. Other Subsequent Events

Sprint Transaction

On February 14, 2005, we, Sprint Corporation ("Sprint") and certain Sprint subsidiaries (the "Sprint Contributors"), entered into an agreement to contribute, lease and sublease (the "Agreement to Lease"). Under the Agreement to Lease, we have agreed to lease or, if certain required 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 (the "Upfront Rental Payment"), subject to certain conditions, adjustments and pro-rations (the "Sprint Transaction"). The closing of the Sprint Transaction is expected to occur toward the end of the second quarter of 2005. Certain Sprint entities will collocate on approximately 6,400 of the Sprint Towers (as discussed below), and the Sprint Towers have over 5,600 collocation leases with other wireless tenants and substantially all of the revenue is derived from wireless telephony tenants. We will account for this transaction as a capital lease reflecting the substance similar to an acquisition.

Upon the signing of the Agreement to Lease, we placed a $50.0 million deposit in escrow. This deposit was funded by borrowings under the Amended and Restated Credit Agreement described below. If the closing of the Sprint Transaction occurs, the deposit and earnings thereon will be credited against the Upfront Rental Payment. If, however, the closing of the Sprint Transaction does not occur as a result of our material breach, or in the event that we are unable to obtain the funds necessary to close the Sprint Transaction, then Sprint will be entitled to retain the deposit.

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

Sprint has agreed to indemnify us (including our officers, directors and affiliates) for any losses related to (i) a breach of a Sprint representation, (ii) a breach of a Sprint covenant, (iii) any taxes of Sprint or Sprint TowerCo created in connection with the Agreement to Lease (other than those which we expressly assume), and (iv) the assets and liabilities of Sprint specifically excluded in the Agreement to Lease. We have agreed to indemnify Sprint (including its officers, directors and affiliates) for any losses related to (i) a breach of any of our representations, (ii) a breach of any of our covenants, and (iii) any failure by us to discharge the liabilities we assume in connection with the Sprint Transaction. We and Sprint have agreed that, subject to certain exceptions, neither party shall make any indemnity claim for any individual loss related to a breach of a representation that is less than $15,000 unless and until all indemnifiable losses, irrespective of amount, related to breaches of representations exceed $10.0 million, in the aggregate.

The Agreement to Lease contains certain other customary covenants and agreements, including termination rights for each of Sprint and us, including the right of either party to terminate if the closing does not occur within 180 days of signing. In the event that we do not meet certain milestones in obtaining certain consents, Sprint may have additional termination rights; however, we may be able to extend such milestones and/or waive the consent requirements and proceed to closing.

Sprint Master Lease

At the closing of the Sprint Transaction, the Sprint TowerCo will enter into a Master Lease and Sublease with one or more special purpose entities (collectively, "Lessee") created by us (the "Master Lease"). The term of the Master Lease will expire in 2037 and there are no contractual renewal options. Except for the Upfront Rental Payment, the Lessee will not be required to make any further payments to the Sprint TowerCo for the right to lease or operate the Sprint Towers during the term of the Master Lease. The Sprint Contributors currently lease the ground under substantially all of the Sprint Towers from third parties and the Lessee will assume all of the Sprint Contributors' obligations that arise under the Sprint Towers ground leases post closing. Additionally, the Lessee will be required to pay all costs of operating the Sprint Towers as well as an agreed upon amount for real and personal property taxes attributable to the Sprint Towers. 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, based on a final appraisal of the Sprint Towers to be completed prior to closing of the Sprint Transaction.

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

the Sprint Collocation Agreement as to any or all Sprint Towers upon the 15th, 20th, 25th, or 30th anniversary of the commencement of the Master Lease.

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

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

Sprint Investment Agreement

On February 14, 2005, in connection with the execution of the Sprint Transaction, we entered into an Investment Agreement (the "Investment Agreement") with (a) Fortress Investment Fund II LLC, a Delaware limited liability company ("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. Greenhill, with FIF II and Abrams, are referred to as the "Investors", and each individually as an "Investor".

Under the Investment Agreement, the Investors committed to purchase, at the closing of the Sprint Transaction, up to an aggregate of $500.0 million of our Common Stock, par value $0.01 per share ("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, 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. Pursuant to the terms of the Investment Agreement, each of Fortress, Abrams and Greenhill 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 Transactions, 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. This issuance of these securities will be made pursuant to an exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended.

Sprint Option Agreement

If we do not complete an offering of our equity securities prior to the closing of the Sprint Transaction, 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 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 Transactions and $250.0 million. This option would be issued by the Investors pursuant to an Option Agreement among the Investors and us. Pursuant to the Option Agreement, we would purchase the shares at a price per share of $26.50. The option would be immediately vested upon issuance at the closing and would expire six months and one day after the closing of the Sprint Transactions. 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 that we complete an offering of our equity securities prior to the closing of the Sprint Transaction, we would not be entitled to this option and no option would be issued by the Investors. The option will be non-transferable.

Sprint 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 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 which increased the amount of bridge financing up to $850.0 million and provides for the following terms. The borrower is expected to be one or more newly created entities, under our direct or indirect control, 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 0.75% upon the second, if such extension options are exercised. The loan is expected to require an origination fee of 0.375% of the $775.0 million loan amount and an extension fee in connection with each extension option of 0.25% of the loan amount. In addition, we expect to be required under the facility to pay an exit fee under certain circumstances. The loan is expected to contain customary events of default including, bankruptcy of the borrower or the Company, change of control or cross default to other indebtedness of the Company.

In addition, the executed term sheet provided for a loan advance of $75.0 million prior to the closing of the bridge financing. Of this advance, $50.0 million is to be used to repay a $50.0 million term loan currently outstanding under our revolving credit facility discussed below, and the remaining $25.0 million is expected to be used to finance closing costs associated with the Sprint Transaction. The loan advance would have to be repaid by the earlier of (i) August 14, 2005, (ii) the date on which we receive a refund of the $50.0 million deposit under the Agreement to Lease or (iii) the consummation of the acquisition of the Sprint towers. The loan advance will bear interest at 30-day LIBOR plus 1.75%.

Amended And Restated Credit Agreement

On February 9, 2005, Global Signal OP amended and restated its 364-day $20.0 million revolving credit agreement (originally dated December 3, 2004) 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.

2005 Interest Rate Swaps

On January 11, 2005, in anticipation of the issuance of a third mortgage loan to finance the acquisition of additional wireless communication towers we expect to acquire during 2005, we entered into six additional forward starting interest rate swaps 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 and continuing through September 2010 with a mandatory termination date of January 31, 2006 in exchange for receiving floating payments based on three- month LIBOR on the same notional amounts for the same period.

On February 2, 2005, in connection with the Sprint Transaction, we entered into eight additional interest rate swap agreements for a total notional value of $750.0 million with Bank of America, N.A. as counterparty, in anticipation of securing $750.0 million or more of bridge financing, which is expected to be replaced by a mortgage loan. Under the interest rate swaps, we agreed to pay the counter party 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 two additional forward-starting 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 described above, 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 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 Purchase Commitments

As of December 31, 2004, we had executed definitive purchase agreements with several unrelated sellers to acquire 27 communication sites and 17 land parcels under existing communication towers for an aggregate purchase price of approximately $11.9 million, including estimated fees and expenses. As of December 31, 2004, we also had non-binding letters of intent to purchase 261 communication sites for approximately $80.8 million, including estimated fees and expenses. As of March 22, 2005, we have closed on the acquisition of 13 of the communication sites and on 12 fee-interests or long-term leases for an aggregate purchase price of $4.3 million, including estimated fees and expenses.

Since December 31, 2004, we have entered into asset purchase agreements to acquire 223 communications sites from nine unrelated sellers for a total estimated purchase price of $72.7 million, including estimated fees and expenses, including the Triton PCS Holdings, Inc. acquisition described below. As of March 22, 2005, we completed the acquisition of 46 of these communication sites for an aggregate purchase price of $13.4 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. As of December 31, 2004 and 2003, we had no accruals for future contingent acquisitions payments as they were not yet earned, however the maximum additional contingent payments at December 31, 2004 were $1.5 million.

On March 21, 2005, we entered into an agreement to purchase 169 wireless communications towers for approximately $55.1 million from Triton PCS Holdings, Inc. The transaction is expected to close in the second half 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 North and South Carolina and Puerto Rico. 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 at an initial monthly rate of $1,850 for each of the 169 towers, with three 5-year lease renewal options. 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.

Dividends

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, payable 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.

F-55

20. Selected Quarterly Financial Information — Unaudited

We have set forth selected quarterly financial data for the years ended December 31, 2003 and 2004.

The following tables set forth selected quarterly financial information for the year ended December 31, 2004 (in thousands, except per share data):

	Successor Company		Successor Company	
	Three Months Ended March 31, 2004	Three Months Ended June 30, 2004	Three Months Ended September 30, 2004	Three Months Ended December 31, 2004
Condensed Statements of Operations				
Revenues	$ 43,105	$ 43,860	$ 46,348	$ 49,551
Direct site operating expenses, excluding impairment losses, depreciation, amortization and accretion	13,676	13,564	14,883	15,339
Selling, general and administrative expenses, excluding non-cash stock based compensation expense	6,559	5,856	5,621	5,375
State franchise, excise and minimum taxes	172	165	163	(431)
Depreciation, amortization and accretion	12,347	12,413	13,816	15,712

Non-cash stock-based compensation expense	2,604	608	228	796
Operating income	7,747	11,254	11,637	12,760
Interest expense, net	6,090	6,810	6,393	8,235
Loss on early extinguishment of debt	8,449		—	569
Other income	(118)	(11)	(75)	(47)
Income tax expense	11	102	212	16
Income (loss) from continuing operations	(6,685)	4,353	5,107	3,987
Income (loss) from discontinued operations	51	(284)	193	150
Net income (loss)	$ (6,634)	$ 4,069	$ 5,300	$ 4,137
Basic earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.16)	$ 0.10	$ 0.10	$ 0.08
Income (loss) from discontinued operations	0.00	(0.01)	0.00	0.00
Net income (loss)	$ (0.16)	$ 0.09	$ 0.10	$ 0.08
Diluted earnings (loss) per share:				
Income (loss) from continuing operations	$ (0.15)	$ 0.09	$ 0.10	$ 0.08
Income (loss) from discontinued operations	0.00	0.00	0.00	0.00
Net income (loss)	$ (0.15)	$ 0.09	$ 0.10	$ 0.08
Basic shares	41,058	44,461	50,608	51,107
Diluted shares	44,475	47,282	53,232	53,661

The following tables set forth selected quarterly financial information for the year ended December 31, 2003 (in thousands, except per share data):

	Successor Company			
	Three Months Ended March 31, 2003	Three Months Ended June 30, 2003	Three Months Ended September 30, 2003	Three Months Ended December 31, 2003
Condensed Statements of Operations				
Revenues	$ 40,926	$ 41,570	$ 41,677	$ 42,498
Direct site operating expenses, excluding impairment losses, depreciation, amortization and accretion	13,670	13,986	14,586	14,330
	6,512	6,696	6,519	7,188

Selling, general and administrative expenses, excluding non-cash stock based compensation expense				
State franchise, excise and minimum taxes	209	208	208	223
Depreciation, amortization and accretion	11,986	11,879	11,648	11,625
Non-cash stock-based compensation expense	—	—	592	887
Operating income	8,549	8,801	8,124	8,245
Interest expense, net	5,751	5,092	4,988	4,646
Loss on early extinguishment of debt	—	—	—	—
Other expense	29	24	67	495
Income tax expense (benefit)	(76)	(343)	93	(339)
Income from continuing operations	2,845	4,028	2,976	3,443
Income (loss) from discontinued operations	114	134	(14)	(365)
Net income	$ 2,959	$ 4,162	$ 2,962	$ 3,078
Basic and diluted earnings per share:				
Income from continuing operations	$ 0.07	$ 0.10	0.07	0.08
Income (loss) from discontinued operations	0.00	0.00	(0.00)	(0.01)
Net income	$ 0.07	$ 0.10	$ 0.07	$ 0.07
Basic shares	41,000	41,000	41,000	41,000
Diluted shares	—	—	41,000	41,448

Note 21. Other Events (unaudited) Subsequent to Date of Report of Independent Registered Certified Public Accountants

On April 15, 2005, we amended and restated the Revolving Credit Agreement described in note 11 to provide an additional $25 million multi-draw term loan to be used for fees and expenses incurred in connection with the Sprint transaction. 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%. 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 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.

Acquisition Credit Facility

As of April 25, 2005, our wholly owned subsidiary, Global Signal Acquisitions LLC, or Global Signal Acquisitions, entered into a 364-day $200.0 million credit facility, which we refer to as the 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. The acquisition credit facility is guaranteed by Global Signal OP and future subsidiaries of Global Signal Acquisitions. Moreover, it is secured by substantially all of Global Signal Acquisitions' tangible and intangible assets and by a pledge of Global Signal OP's equity interest in Global Signal Acquisitions. In addition, we have agreed to enter into a guarantee agreement with respect to the acquisition credit facility, and to secure that guarantee by a pledge of our equity interest in Global Signal OP, no later than May 17, 2005. We intend to fund future acquisitions with this credit facility along with a portion of the net 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 acquisition credit facility. The level of borrowings under the acquisition credit facility is limited based on a borrowing base, as defined therein. Borrowings under the acquisition credit facility will bear interest at our option at either the Eurodollar rate plus 1.5% or the bank's base rate plus approximately 1.25% provided the loan balance is equal to or lower than 68% of the aggregate acquisition price (as defined therein) of towers owned, leased or managed by Global Signal Acquisitions, from time to time. If the loan balance is higher than 68% of the aggregate acquisition price of towers owned, leased or managed by Global Signal Acquisitions, from time to time, then borrowings under the acquisition credit facility will bear interest at our option at either the Eurodollar rate plus 2.0% or the bank's base rate plus approximately 1.75%. In connection with closing the acquisition credit facility, we paid an origination fee of 0.375% of the $200.0 million commitment and agreed to pay to Morgan Stanley Asset Funding Inc. and Bank of America, N.A. an exit fee of 0.375% of the principal amount of loans under the acquisition credit facility in connection with any refinancing of such borrowings. In addition, to the extent the principal amount of borrowings related to an acquisition of towers to be owned, leased or managed exceeds 68% of the acquisition price thereof, we will be required to pay an additional origination fee to Morgan Stanley Asset Funding Inc. and Bank of America, N.A. in an amount equal to 0.125% of the amount borrowed for such acquisition and an additional exit fee in the amount of 0.125% of the amount borrowed for such acquisition in connection with the refinancing of such borrowing. Any exit fees 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 the acquisition credit facility. The acquisition credit facility contains typical representations and covenants for facilities of this type.

F-58

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTANTS

Stockholders and Board of Directors of Global Signal Inc.

We have audited the statement of revenue and certain expenses of Tower Ventures as described in Note 1 for the year ended December 31, 2003. This statement of revenue and certain expenses is the responsibility of Tower Ventures' management. Our responsibility is to express an opinion on this statement of revenue and certain expenses based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenue and certain expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenue and certain expenses. We believe that our audit of the statement of revenue and certain expenses provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of Global Signal Inc. as described in Note 1 and is not intended to be a complete presentation of Tower Ventures' revenues and expenses.

In our opinion, the statement of revenue and certain expenses referred to above presents fairly, in all material respects, the revenue and certain expenses of Tower Ventures for the year ended December 31, 2003, in conformity with U.S. generally accepted accounting principles.

As more fully described in Note 3 – Restatement of Previously Issued Statement of Revenue and Certain Expenses, the accompanying statement of revenue and certain expenses for the year ended December 31, 2003 has been restated to correct the accounting for ground leases.

/s/ Ernst & Young LLP

Tampa, Florida
April 18, 2005

F-59

TOWER VENTURES
STATEMENTS OF REVENUE AND CERTAIN EXPENSES

(dollars in thousands)

	Year Ended December 31, 2003 (Restated)	Six Months Ended June 30, 2004 (unaudited)
Revenue	$ 4,460	$ 2,467
Certain expenses:		
Ground rent	1,014	537
Property taxes	177	76
Other tower operating expenses	262	125
Selling, general & administrative expenses	12	4
Total certain expenses	1,465	742
Revenue in excess of certain expenses	$ 2,995	$ 1,725

See accompanying notes to the Statements of Revenue and Certain Expenses.

F-60

TOWER VENTURES
NOTES TO STATEMENTS OF REVENUE AND CERTAIN EXPENSES
Year Ended December 31, 2003 and Six Months Ended June 30, 2004 (unaudited)
(dollars in thousands)

1. Summary of Significant Accounting Policies

Business

The accompanying statement of revenue and certain expenses relate to the operations of Tower Ventures. Tower Ventures represents a portfolio of 97 tower sites located in Tennessee, Missouri, Mississippi, Arkansas and South Carolina. On April 22, 2004, a definitive purchase agreement was signed by Pinnacle Towers Acquisition LLC, a wholly-owned subsidiary of Global Signal Inc. (the "Company") to acquire all of the members' interests of Tower Ventures; the acquisition closed on June 30, 2004. The portfolio of 97 sites acquired does not include three tower sites previously owned by Tower Ventures III LLC that will be distributed to the prior members before the closing. The revenue and certain expenses related to these tower sites are not included in the accompanying statements.

Basis of Presentation

The accompanying statements of revenue and certain expenses were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of the Company. The statements are not representative of the actual operations of Tower Ventures for the periods presented nor indicative of future operations as certain expenses, primarily consisting of interest expense, depreciation, amortization, management fees and corporate expenses have been excluded.

The accompanying statements of revenue and certain expenses for the period from January 1, 2004 to June 30, 2004 which includes operating results for each tower until its acquisition by the Company, are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Revenues and certain expenses for the period from January 1, 2004 to June 30, 2004, are not necessarily indicative of that which may be expected for the year ending December 31, 2004.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and use assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results may vary from estimates used and such variances could be material.

Revenue Recognition

Tower Ventures generates revenue by leasing space on communications sites it owns. Revenue is recorded in the month in which it is earned. Revenue from lease arrangements with tenants on communications sites that have fixed-rate escalation clauses are recognized on a straight-line basis over the contractual life of the related lease agreements.

Tower Ventures further evaluates its revenue recognition and defers any revenue if the following criteria are not met: persuasive evidence of an arrangement exists, payment is not contingent upon other performance or other obligations, the price is fixed or determinable and collectibility is reasonably assured.

Concentration of Credit Risk

Substantially all of Tower Ventures' revenues are with national and local wireless communications providers, a vast majority of which are concentrated in wireless telephony.

The significant tenants of Tower Ventures and the revenues earned from these tenants, as a percentage of total revenues, are as follows:

Tenant	Year Ended December 31, 2003	Six Months Ended June 30, 2004 (unaudited)
AT&T Wireless	23.8%	23.6%
Cellular South	18.7%	18.6%
T-Mobile	14.4%	14.3%
Cingular	11.3%	11.2%
Sprint	9.1%	9.1%
Verizon	9.0%	9.4%

2. Leases

Lease Obligations

As lessee, Tower Ventures is obligated under non-cancelable operating leases for ground space under communications towers and at other sites, as well as space on communications towers that expire at various times through 2040. The majority of the ground, tower and other site leases have multiple renewal options, which range up to 5 years each. Certain of the ground and managed site leases have purchase options at the end of the original lease term.

The future minimum lease payment commitments under these ground leases in effect at December 31, 2003, without giving effect to the impact of straight line rent adjustments, are as follows:

Year ending December 31,	
2004	$ 748
2005	481
2006	145
2007	21
2008	21
2009 and thereafter	49
Total minimum lease payments	$1,465

Many of Tower Ventures Acquisition's lease agreements contain escalation clauses which are typically based on either a fixed percentage rate or the change in the Consumer Price Index. For leases with escalation clauses based on a fixed percentage rate, rental expense is recognized in our statements of revenue and certain expenses on a straight line basis over the initial term of the lease plus the future optional renewal periods where there is a 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.

Total ground rental expense of $1,014 for the year ended December 31, 2003 includes $953.6 of minimum and $60.4 of contingent rental expense. Total ground rental expense of $537 for the six months ended June 30, 2004 includes $506.4 of minimum and $30.6 of contingent rental expense.

Tenant Leases

Tower Ventures leases antenna space on communications towers to various wireless service providers and other wireless communications users under non-cancelable operating leases. These leases are generally for terms of 5 to 10 years. Generally, Tower Ventures Acquisition's tenant leases provide for annual escalations and multiple renewal periods, at the tenant's option. Leases with fixed-rate escalation clauses, or those that have no escalation, have been included below based on the contractual tenant lease amounts. Leases that escalate based upon non-fixed rates, such as the Consumer Price Index, are included below at the current contractual rate over the remaining term of the lease. The tenant rental payments included in the table below do not assume exercise of tenant renewal options.

As lessor, Tower Ventures is due to receive rental payments from customers of tower space under non-cancelable lease agreements in effect as of December 31, 2003, without giving effect to the impact of straight line rent adjustments, as follows:

Year ending December 31,	
2004	$ 4,698
2005	3,119
2006	1,296
2007	489
2008	491
2009 and thereafter	278
	$10,371

3. Restatement of Previously Issued Statement of Revenue and Certain Expenses

Tower Ventures restated the accompanying statement of revenue and certain expenses as of December 31, 2003. The restatement adjustment reflected in the following tables corrects an error in the recognition of additional ground lease rent expense on a straight-line basis over the initial term of the lease plus the future optional renewal periods where there is reasonable assurance that the lease will be renewed, based on Tower Ventures' evaluation at the inception of the lease.

The following table presents the impact of the restatement adjustments on Tower Ventures' previously reported results for the year ended December 31, 2003:

	December 31, 2003		
	As Previously Reported	Adjustments	As Restated
Revenue	$ 4,460	$ —	$ 4,460
Certain expenses:			
Rent	739	275	1,014
Property taxes	177	—	177
Other tower operating expense	262	—	262
Selling, general & administrative expenses	12	—	12
Total certain expenses	1,190	275	1,465
Revenue in excess of certain expenses	$ 3,270	$ (275)	$ 2,995

F-63

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

Stockholders and Board of Directors of Global Signal, Inc.

We have audited the accompanying statement of revenue and certain expenses of Lattice Acquisition as described in Note 1 for the year ended December 31, 2003. This statement of revenue and certain expenses is the responsibility of Lattice Acquisition's management. Our responsibility is to express an opinion on this statement of revenue and certain expenses based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenue and certain expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenue and certain expenses. We believe that our audit of the statement of revenue and certain expenses provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of Global Signal Inc. as described in Note 1 and is not intended to be a complete presentation of Lattice Acquisition's revenues and expenses.

In our opinion, the statement of revenue and certain expenses referred to above presents fairly, in all material respects, the revenue and certain expenses of Lattice Acquisition as described in Note 1 for the year ended December 31, 2003 in conformity with U.S. generally accepted accounting principles.

As more fully described in Note 3 – Restatement of Previously Issued Statement of Revenue and Certain Expenses, the accompanying statement of revenue and certain expenses for the year ended December 31, 2003 has been restated to correct the accounting for ground leases.

/s/ Ernst & Young LLP

Cincinnati, Ohio
April 21, 2005

F-64

LATTICE ACQUISITION
STATEMENTS OF REVENUE AND CERTAIN EXPENSES
(dollars in thousands)

	Year Ended December 31, 2003	Period from January 1, 2004 to December 31, 2004 (Unaudited)
Revenue	$ 10,255	$ 10,464
Certain Expenses:		
Rent	2,054	1,826
Property taxes	378	279
Other tower operating expenses	565	690
Selling, general & administrative expenses	189	246
Total certain expenses	3,186	3,041
Revenue in excess of certain expenses	$ 7,069	$ 7,423

See accompanying notes to Statements of Revenue and Certain Expenses.

F-65

LATTICE ACQUISITION
NOTES TO STATEMENTS OF REVENUE AND CERTAIN EXPENSES
Year Ended December 31, 2003 and December 31, 2004 (Unaudited)

(dollars in thousands)

1. Business and Summary of Significant Accounting Policies

Business

Lattice Communications, LLC and the company of which it is the sole member, LB Tower Company LLC ("LB Tower"; collectively, "Lattice"), are principally engaged in providing services to the wireless communications industry by leasing antenna sites on multi-tenant towers. Lattice leases tower space to a diverse range of wireless communications industries, including microwave, personal communications services, cellular, paging, mobile telephone, radio and television broadcasting, specialized mobile radio and enhanced specialized mobile radio. Lattice's communications sites are located throughout the United States.

Lattice is jointly owned by Cinergy Telecommunications Holding Company, Inc. ("CT") – 43.5%; an investor partnership, Lattice Investors, L.P. – 43.5%; and, Lattice Partners, Ltd. ("LP") – 13%. LP is a limited liability company whose members include various officers and employees of Lattice. The majority of Lattice's related party transactions are conducted with The Cincinnati Gas & Electric Company and PSI Energy, Inc., under lease agreements assigned by their sister company, CT, to Lattice.

On July 30, 2004, a definitive purchase agreement was signed by Pinnacle Towers Acquisition LLC, a wholly-owned subsidiary of Global Signal Inc. (the "Company"), to acquire from Lattice 220 owned towers and agreements relating to 17 other towers under management or lease. The purchase agreement and these Statements of Revenues and Certain Expenses exclude towers owned by LB Tower as well as certain assets of Lattice related to tower development. "Lattice Acquisition" represents the assets to be acquired by the Company.

Pinnacle Towers Acquisition LLC consummated the acquisition of the towers in stages as follows:

Date	Number of Towers
October 29, 2004	167
November 30, 2004	22
December 30, 2004	36

As of December 31, 2004, twelve towers remained under contract but the acquisitions had not been consummated. Eleven of these towers were acquired in March 2005, leaving only one tower remaining to be acquired.

Basis of Presentation

The accompanying statements of revenue and certain expenses were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of the Company. The statements, which encompass the towers and agreements to be sold to the Company, are not representative of the actual operations of Lattice Acquisition for the periods presented or indicative of future operations, as they exclude the following: certain selling, general and administrative expenses; interest expense; and depreciation and amortization.

The accompanying statements of revenue and certain expenses for the period from January 1, 2004 to December 31, 2004, which includes operating results for each tower until its acquisition by the Company, are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Revenues and certain expenses for the period from January 1, 2004 to December 31, 2004, are not necessarily indicative of that which may be expected for the year ending December 31, 2004.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such variances could be material.

Revenue Recognition

Revenues are recognized when earned. Escalation clauses present in lease agreements with Lattice's customers are recognized on a straight-line basis over the term of the lease.

Concentration of Credit Risk

Lattice Acquisition derives the largest portion of its revenues from customers who require wireless communications services. Excluding related parties, no single customer exceeded 10% of unrelated revenues in the year ended December 31, 2003 or the period from January 1, 2004 to December 31, 2004.

2. Leases

Lease Obligations

As lessee, Lattice Acquisition is obligated under non-cancelable operating leases for ground space under communications towers and at other sites, as well as space on communications towers that expire at various times through 2099. The majority of the ground, tower and other site leases have multiple renewal options, which range up to 10 years each. Certain of the ground and managed site leases have purchase options at the end of the original lease term.

Future minimum rental payments due by Lattice Acquisition under operating leases in effect at December 31, 2003, without giving effect to the impact of straight-line rent adjustments, are as follows:

	Related Party	Other	Total
2004	$ 594	$ 806	$ 1,400
2005	608	640	1,248
2006	625	401	1,026
2007	657	296	953
2008	689	209	898
Thereafter	578	5,703	6,281
Total	$ 3,751	$ 8,055	$ 11,806

Many of Lattice Acquisition's lease agreements contain escalation clauses which are typically based on either a fixed percentage rate or the change in the Consumer Price Index. For leases with escalation clauses based on a fixed percentage rate, rental expense is recognized in our statements of revenue and certain expenses on a straight line basis over the initial term of the lease plus the future optional renewal periods where there is a 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.

Rent expense for operating leases was $2,054 ($936 related party) for the year ended December 31, 2003 and $1,826 ($818 related party) (unaudited) for the year ended December 31, 2004.

Customer Leases

Lattice Acquisition leases antenna space on communications towers to various wireless service providers and other wireless communications users under non-cancelable operating leases. These leases are generally for terms of 5 to 10 years. Generally, Lattice Acquisition's tenant leases provide for annual escalations and multiple renewal periods, at the tenant's option. Leases with fixed-rate escalation clauses,

or those that have no escalation, have been included below based on the contractual tenant lease amounts. Leases that escalate based upon non-fixed rates, such as the Consumer Price Index, are included below at the current contractual rate over the remaining term of the lease. The tenant rental payments included in the table below do not assume exercise of tenant renewal options.

Future minimum rental revenues due to Lattice Acquisition under operating leases in effect at December 31, 2003, without giving effect to the impact of straight-line rent adjustments, are as follows:

	Related Party	Other	Total
2004	$ 4,325	$ 6,560	$ 10,885
2005	4,541	5,790	10,331
2006	4,768	3,660	8,428
2007	5,006	2,327	7,333
2008	5,236	1,430	6,666
Thereafter	3,628	2,905	6,533
Total	$ 27,504	$ 22,672	$ 50,176

3. Restatement of Previously Issued Statement of Revenue and Certain Expenses

Lattice Acquisition restated the accompanying statement of revenue and certain expenses as of December 31, 2003. The restatement adjustment reflected in the following tables corrects an error in the recognition of additional ground lease rent expense on a straight-line basis over the initial term of the lease plus the future optional renewal periods where there is reasonable assurance that the lease will be renewed, based on Lattice Acquisition evaluation at the inception of the lease.

The following table presents the impact of the restatement adjustments on the Lattice Acquisition's previously reported results for the year ended December 31, 2003:

	December 31, 2003		
	As Previously Reported	Adjustments	As Restated
Revenue	$ 10,255	$ —	$ 10,255
Certain expenses:			

Rent	1,270	784	2,054
Property taxes	378	—	378
Other tower operating expense	565	—	565
Selling, general and administrative	189	—	189
Total certain expenses	2,402	784	3,186
Revenue in excess of certain expenses	$ 7,853	$ (784)	$ 7,069

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of Global Signal, Inc.

We have audited the accompanying statement of revenue and certain expenses of Didier Communications Acquisition as described in Note 1 for the year ended December 31, 2003. This statement of revenue and certain expenses is the responsibility of Didier Communication Acquisition's management. Our responsibility is to express an opinion on this statement of revenue and certain expenses based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenue and certain expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenue and certain expenses. We believe that our audit of the statement of revenue and certain expenses provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of Global Signal Inc. as described in Note 1 and is not intended to be a complete presentation of Didier Communications Acquisition's revenues and expenses.

In our opinion, the statement of revenue and certain expenses referred to above presents fairly, in all material respects, the revenue and certain expenses of Didier Communications Acquisition as described in Note 1 for the year ended December 31, 2003 in conformity with U.S. generally accepted accounting principles.

As more fully described in Note 3 – Restatement of Previously Issued Statement of Revenue and Certain Expenses the accompanying statement of revenue and certain expenses for the year ended December 31, 2003 has been restated to correct the accounting for ground leases.

/s/ Ernst & Young LLP

Tampa, Florida
April 18, 2005

DIDIER COMMUNICATIONS ACQUISITION
STATEMENTS OF REVENUE AND CERTAIN EXPENSES
(dollars in thousands)

	Year Ended December 31, 2003 (restated)	Period from January 1, 2004 to December 17, 2004 (unaudited)
Revenue	$ 2,177	$ 3,152
Certain expenses:		
Rent	654	744
Property taxes	43	94
Other tower operating expense	70	100
Total certain expenses	767	938
Revenue in excess of certain expenses	$ 1,410	$ 2,214

See accompanying notes to Statements of Revenue and Certain Expenses

DIDIER COMMUNICATIONS ACQUISITION
NOTES TO STATEMENTS OF REVENUE AND CERTAIN EXPENSES
Year Ended December 31, 2003 and Period from January 1, 2004 to December 17, 2004 (Unaudited)
(dollars in thousands)

1. Business and Summary of Significant Accounting Policies

Business

Didicom, Inc. ("Didicom"), Ozark Towers, Inc. ("Ozark"), Ridgeline Communications, Inc. ("Ridgeline"), Law Towers I, LLC ("Law"), and Centerville Towers, LLC ("Centerville"), collectively, "Didier Communications," are principally engaged in providing services to the wireless communications industry by leasing antenna sites on multi-tenant towers. Didier Communications leases tower space primarily to personal communications services and cellular service providers. Didier Communications sites are located in Arkansas, Louisiana, Mississippi, Missouri, Oklahoma, and Texas.

A single shareholder owns Didicom, Ozark, Ridgeline, and Centerville. Five partners, including the single shareholder in the other entities, own equal shares in Law. All of Didier Communications' related party transactions are conducted with the single shareholder under ground lease agreements.

On December 3, 2004 and December 17, 2004, Pinnacle Towers Acquisition LLC, a wholly-owned subsidiary of Global Signal Inc. (the "Company"), acquired 74 and 21 owned towers, respectively, from Didier Communications.

The purchase agreement and these Statements of Revenues and Certain Expenses exclude towers as well as certain assets of Didier Communications related to tower development. "Didier Communications Acquisition" represents the assets to be acquired by the Company.

Basis of Presentation

The accompanying statements of revenue and certain expenses were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of the Company. The statements, which encompass the towers sold to the Company, are not representative of the actual operations of Didier Communications Acquisition for the periods presented or indicative of future operations, as they exclude the following: certain selling, general and administrative expenses; interest expense; and depreciation and amortization.

The accompanying statements of revenue and certain expenses for the period from January 1, 2004 to December 17, 2004, which includes operating results for each tower until its acquisition by the Company, are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Revenues and certain expenses for the period from January 1, 2004 to December 17, 2004, are not necessarily indicative of that which may be expected for the year ending December 31, 2004.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such variances could be material.

Revenue Recognition

Revenues are recognized when earned. Escalation clauses present in lease agreements with Didier Communications Acquisition's customers are recognized on a straight-line basis over the term of the lease.

Concentration of Credit Risk

Didier Communications Acquisition derives the largest portion of its revenues from customers who require wireless communications services. Alltel, Cingular, Nextel, and AT&T represented 36.8%, 22.8%,

---

15.5%, and 12.3%, respectively, of revenues for the year ended December 31, 2003 and 40.7%, 25.8%, 12.7%, and 8.1%, respectively, for the period from January 1, 2004 to December 17, 2004 (unaudited).

2. Leases

Lease Obligations

As lessee, Didier Communications Acquisition is obligated under non-cancelable operating leases for ground space under communications towers and at other sites, as well as space on communications towers that expire at various times through 2057. The majority of the ground, tower and other site leases have multiple renewal options, which range up to 25 years each. Certain of the ground and managed site leases have purchase options at the end of the original lease term.

Didier Communications Acquisition holds nine land leases with a shareholder. Future minimum rental payments due by Didier Communications Acquisition under operating leases in effect at December 31, 2003, without giving effect to the impact of straight-line rent adjustments, are as follows:

Year	Related Party	Other	Total
2004	$ 51	$ 414	$ 465
2005	52	429	481
2006	54	430	484
2007	54	383	437
2008	52	254	306
Thereafter	776	1,739	2,515
	$ 1,039	$ 3,649	$ 4,688

Many of Didier Communications Acquisition's lease agreements contain escalation clauses which are typically based on either a fixed percentage rate or the change in the Consumer Price Index. For leases with escalation clauses based on a fixed percentage rate, rental expense is recognized in our statements of revenue and certain expenses on a straight line basis over the initial term of the lease plus the future optional renewal periods where there is a 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.

Rent expense for operating leases was $654 (including $50 from related party) for the year ended December 31, 2003 and $744 (including $51 from related party) (unaudited) for the period from January 1, 2004 to December 17, 2004.

Customer Leases

Didier Communications Acquisition leases antenna space on communications towers to various wireless service providers and other wireless communications users under non-cancelable operating leases. These leases are generally for terms of 1 to 30 years. Generally, Didier Communications Acquisition's tenant leases provide for annual escalations and multiple renewal periods, at the tenant's option. Leases with fixed-rate escalation clauses, or those that have no escalation, have been included below based on the contractual tenant lease amounts. Leases that escalate based upon non-fixed rates, such as the Consumer Price Index, are included below at the current contractual rate over the remaining term of the lease. The tenant rental payments included in the table below do not assume exercise of tenant renewal options.

Future minimum rental revenues due to Didier Communications Acquisition under operating leases in effect at December 31, 2003, without giving effect to the impact of straight-line rent adjustments, are as follows:

Year	Total
2004	$ 2,396
2005	2,578
2006	2,626

2007		2,702
2008		2,752
Thereafter		69,187
	$	82,241

3. Restatement of Previously Issued Statement of Revenue and Certain Expenses

Didier Communications Acquisition restated the accompanying statement of revenue and certain expenses as of December 31, 2003. The restatement adjustment reflected in the following tables corrects an error in the recognition of additional ground lease rent expense on a straight-line basis over the initial term of the lease plus the future optional renewal periods where there is reasonable assurance that the lease will be renewed, based on Didier Communications Acquisition's evaluation at the inception of the lease.

The following table presents the impact of the restatement adjustments on the Didier Communications Acquisition's previously reported results for the year ended December 31, 2003:

	December 31, 2003		
	As Previously Reported	Adjustments	As Restated
Revenue	$ 2,177	$ —	$ 2,177
Certain expenses:			
Rent	412	242	654
Property taxes	43	—	43
Other tower operating expense	70	—	70
Total certain expenses	525	242	767
Revenue in excess of certain expenses	$ 1,652	$ (242)	$ 1,410

REPORT OF INDEPENDENT REGISTERED CERTIFIED PUBLIC ACCOUNTANTS

To the Stockholders and Board of Directors of Global Signal, Inc.

We have audited the accompanying statement of revenue and certain expenses of Towers of Texas Acquisition as described in Note 1 for the year ended December 31, 2003. This statement of revenue and certain expenses is the responsibility of Towers of Texas Acquisition's management. Our responsibility is to express an opinion on this statement of revenue and certain expenses based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenue and certain expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenue and certain expenses. We believe that our audit of the statement of revenue and certain expenses provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of Global Signal Inc. as described in Note 1 and is not intended to be a complete presentation of Towers of Texas Acquisition's revenues and expenses.

In our opinion, the statement of revenue and certain expenses referred to above presents fairly, in all material respects, the revenue and certain expenses of Towers of Texas Acquisition as described in Note 1 for the year ended December 31, 2003 in conformity with U.S. generally accepted accounting principles.

As more fully described in Note 3 – Restatement of Previously Issued Statement of Revenue and Certain Expenses the accompanying statement of revenue and certain expenses for the year ended December 31, 2003 has been restated to correct the accounting for ground leases.

/s/ Ernst & Young LLP

Tampa, Florida
April 18, 2005

TOWERS OF TEXAS ACQUISITION
STATEMENTS OF REVENUE AND CERTAIN EXPENSES
(dollars in thousands)

	Year Ended December 31, 2003 (restated)	Period from January 1, 2004 to December 30, 2004 (unaudited)
Revenue	$ 1,794	$ 2,041
Certain expenses:		
Rent	204	199
Property taxes	62	66
Other tower operating expense	190	220
Total certain expenses	456	485
Revenue in excess of certain expenses	$ 1,338	$ 1,556

See accompanying notes to Statements of Revenue and Certain Expenses

TOWERS OF TEXAS ACQUISITION
NOTES TO STATEMENTS OF REVENUE AND CERTAIN EXPENSES
Year Ended December 31, 2003 and Period from January 1, 2004 to December 30, 2004 (Unaudited)
(dollars in thousands)

1. Business and Summary of Significant Accounting Policies

Business

Towers of Texas, Inc. ("Towers of Texas") is principally engaged in providing services to the wireless communications industry by leasing antenna sites on multi-tenant towers. Towers of Texas leases tower space primarily to personal communications services and cellular service providers. Towers of Texas communications sites are located in Texas, Kansas and Oklahoma.

Towers of Texas is majority owned by a single shareholder. with its primary lender being the only other shareholder and holding an approximate 5% ownership. Towers of Texas pays fees to Site Development, Inc. for the performance of tower maintenance services and general and administrative services. Site Development, Inc. is 100% owned by the majority shareholder of Towers of Texas.

On December 17, 2004 and December 30, 2004, Pinnacle Towers Acquisition LLC, a wholly-owned subsidiary of Global Signal Inc. (the "Company"), acquired 43 and 4 owned towers, respectively, from Towers of Texas. The purchase agreement and these Statements of Revenues and Certain Expenses exclude certain towers which are not being acquired as well as certain assets of Towers of Texas related to tower development. "Towers of Texas Acquisition" represents the assets to be acquired by the Company.

Basis of Presentation

The accompanying statements of revenue and certain expenses were prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of the Company. The statements, which encompass the towers to be sold to the Company, are not representative of the actual operations of Towers of Texas Acquisition for the periods presented or indicative of future operations, as they exclude the following: certain selling, general and administrative expenses; interest expense; and depreciation and amortization.

The accompanying statements of revenue and certain expenses for the period from January 1, 2004 to December 30, 2004, which includes operating results for each tower until its acquisition by the Company, are unaudited and have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Revenues and certain expenses for the period from January 1, 2004 to December 30, 2004, are not necessarily indicative of that which may be expected for the year ending December 31, 2004.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such variances could be material.

Revenue Recognition

Revenues are recognized when earned. Escalation clauses present in lease agreements with Towers of Texas Acquisition's customers are recognized on a straight-line basis over the term of the lease.

Concentration of Credit Risk

Towers of Texas Acquisition derives the largest portion of its revenues from customers who require wireless communications services. Sprint PCS, Verizon Wireless, Dobson Cellular Systems and Cingular Wireless represented 25.9%, 16.9%, 15.5% and 14.6% respectively, of revenues in the year ended December 31, 2003 and 23.6%, 14.6%, 13.2% and 21.9%, respectively, for the period from January 1, 2004 to December 30, 2004 (unaudited).

2. Leases

Lease Obligations

As lessee, Towers of Texas is obligated under non-cancelable operating leases for ground space under communications towers and at other sites, as well as space on communications towers that expire at various times through 2051. The majority of the ground, tower and other site leases have multiple renewal options, which range up to 10 years each. Certain of the ground and managed site leases have purchase options at the end of the original lease term.

Towers of Texas holds one land lease with a company that is wholly owned by the majority shareholder. Future minimum rental payments due by Towers of Texas Acquisition under operating leases in effect at December 31, 2003, without giving effect to the impact of straight-line rent adjustments, are as follows:

Year	Related Party	Other	Total
2004	$ 7	$ 154	$ 161
2005	7	162	169
2006	7	128	135
2007	7	53	60
2008	2	29	31
Thereafter	—	37	37
	$ 30	$ 563	$ 593

Many of Towers of Texas Acquisition's lease agreements contain escalation clauses which are typically based on either a fixed percentage rate or the change in the Consumer Price Index. For leases with escalation clauses based on a fixed percentage rate, rental expense is recognized in our statements of revenue and certain expenses on a straight line basis over the initial term of the lease plus the future optional renewal periods where there is a 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.

Rent expense for operating leases was $204.0 (including $6.7 from related party) for the year ended December 31, 2003 and $199.0 (including $5.2 from related party) (unaudited) for the period from January 1, 2004 to December 30, 2004.

Customer Leases

Towers of Texas Acquisition leases antenna space on communications towers to various wireless service providers and other wireless communications users under non-cancelable operating leases. These leases are generally for terms of 5 to 20 years. Generally, Towers of Texas Acquisition's tenant leases provide for annual escalations and multiple renewal periods, at the tenant's option. Leases with fixed-rate escalation clauses, or those that have no escalation, have been included below based on the contractual tenant lease amounts. Leases that escalate based upon non-fixed rates, such as the Consumer Price Index, are included below at the current contractual rate over the remaining term of the lease. The tenant rental payments included in the table below do not assume exercise of tenant renewal options.

Future minimum rental revenues due to Towers of Texas Acquisition under operating leases in effect at December 31, 2003, without giving effect to the impact of straight-line rent adjustments, are as follows:

Year	Total
2004	$ 1,841
2005	1,736
2006	1,418
2007	719
2008	246
Thereafter	—
	$ 5,960

3. Restatement of Previously Issued Statement of Revenue and Certain Expenses

Towers of Texas Acquisition restated the accompanying statement of revenue and certain expenses as of December 31, 2003. The restatement adjustment reflected in the following tables corrects an error in the recognition of additional ground lease rent expense on a straight-line basis over the initial term of the lease plus the future optional renewal periods where there is reasonable assurance that the lease will be renewed, based on Towers of Texas Acquisition's evaluation at the inception of the lease or its assumption of the lease due to its acquisition of the related tower asset.

The following table presents the impact of the restatement adjustments on the Company's previously reported results for the year ended December 31, 2003:

	December 31, 2003		
	As Previously Reported	Adjustments	As Restated
Revenue	$ 1,794	$ —	$ 1,794
Certain expenses:			
Rent	171	33	204
Property taxes	62	—	62
Other tower operating expense	190	—	190
Total certain expenses	423	33	456
Revenue in excess of certain expenses	$ 1,371	$ (33)	$ 1,338

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Stockholders and Board of Directors of Global Signal, Inc.

We have audited the accompanying statement of revenue and certain expenses of ForeSite 2005 Acquisition, as described in Note A, for the year ended December 31, 2004. This statement of revenue and certain expenses is the responsibility of ForeSite 2005 Acquisition's management. Our responsibility is to express an opinion on this statement of revenue and certain expenses based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue and certain expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenue and certain expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenue and certain expenses. We believe that our audit of the statement of revenue and certain expenses provides a reasonable basis for our opinion.

The accompanying statement of revenue and certain expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of Global Signal Inc., as described in Note A, and is not intended to be a complete presentation of ForeSite 2005 Acquisition's revenues and expenses.

In our opinion, the statement of revenue and certain expenses referred to above presents fairly, in all material respects, the revenue and certain expenses of ForeSite Acquisition, as described in Note A, for the year ended December 31, 2004, in conformity with United States generally accepting accounting principles.

/s/ Dixon Hughes PLLC

Birmingham, Alabama
April 20, 2005

F-79

FORESITE 2005 ACQUISITION
STATEMENT OF REVENUE AND CERTAIN EXPENSES
Year Ended December 31, 2004
(dollars in thousands)

		Year Ended December 31, 2004
Revenue	$	3,302

Certain Expenses:		
Rent		497
Property taxes		118
Other tower operating costs		251
Selling, general, and administrative		721
Total certain expenses		1,587
Revenue over certain expenses	$	1,715

See accompanying notes.

FORESITE 2005 ACQUISITION
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES
Year Ended December 31, 2004
(dollars in thousands)

Note A — Business and Summary of Significant Accounting Policies

Business

ForeSite Towers, LLC ("ForeSite") and its wholly-owned subsidiaries, ForeSite, LLC and ForeSite Services, Inc. ("Services") are principally engaged in providing services to the wireless communications industry by leasing antenna sites on multi-tenant towers throughout the Southeastern United States. ForeSite leases tower space primarily to personal communications services, cellular service providers, and utility companies. Services is principally engaged in tower construction and antenna installation.

ForeSite is a portfolio investee of Allied Capital REIT ("Allied"), which owns a controlling interest in ForeSite.

On April 14, 2005, Pinnacle Towers Acquisition LLC, a subsidiary of Global Signal Inc. (the Company), entered into a definitive purchase agreement to acquire 172 telecommunications towers from ForeSite. The purchase agreement and this Statement of Revenue and Certain Expenses excludes Services. "ForeSite 2005 Acquisition" represents the assets acquired by Global.

ForeSite pays a management fee of $774,993 per year to Services, a related party, for site management, marketing, and operating services for telecommunications sites. This fee is not dependent on the number of towers owned or revenues earned. For purposes of this Statement of Revenue and Certain Expenses, the management fee has been allocated to ForeSite Acquisition based on the relationship of ForeSite 2005 Acquisition's revenues to the aggregate revenue for ForeSite's entire tower portfolio. The allocated management fee of $720,743 for the year ended December 31, 2004 is reflected in the accompanying Statement of Revenue and Certain Expenses as selling, general, and administrative expenses.

Basis of Presentation

The accompanying Statement of Revenue and Certain Expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 for Global. The statement, which encompass the towers to be sold to the Company are not representative of the actual operations of

ForeSite 2005 Acquisition for the period presented or indicative of future operations, as they exclude the following: certain selling, general and administrative expenses; interest expense; and depreciation and amortization expense.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such variances could be material.

Revenue Recognition

Tower rental revenue is recognized on a straight-line basis over the life of the related lease agreements. Revenue is recorded in the month in which it is due. Any rental amounts received in advance of the month due are recorded as deferred revenue. Provision is made for any anticipated losses in the period that such losses are determined.

Concentration of Credit Risk

ForeSite 2005 Acquisition's customer base is concentrated in the telecommunications industry. For the year ended December 31, 2004, El Paso (formally, Southern Natural Gas Company), AT&T, and

---

Verizon accounted for approximately 20%, 33%, and 12%, respectively, of total tower rental revenues. No other tenant accounted for more than 10% of lease revenues in 2004.

Note B — Leases

Lease Obligations

ForeSite 2005 Acquisition leases property under ground leases, office space, and equipment under noncancellable operating leases. Ground leases are generally for terms of five years and are renewable at the option of ForeSite.

Future minimum lease payments due by ForeSite 2005 Acquisition under noncancellable operating leases at December 31, 2004, are as follows:

Years ending December 31:		
2005	$	374
2006		276
2007		216
2008		150
2009		27
Total	$	1,043

ForeSite Acquisition's total rental expense for operating leases was $497,232 for the year ended December 31, 2004.

Tenant Leases

ForeSite 2005 Acquisition leases antenna space on communications towers to various wireless service providers and other wireless communications users under operating leases, some of which are cancelable upon relatively short notice. Substantially all of the leases provide for renewal of varying lengths of time and escalators upon renewal.

The following is a schedule of future minimum rental revenue due to ForeSite 2005 Acquisition under non-cancelable leases in effect as of December 31, 2004:

Years ending December 31:		
2005	$	643
2006		643
2007		643
2008		643
2009		643
Thereafter		643
Total	$	3,858

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors
and Stockholders of Triton PCS Holdings, Inc.

We have audited the accompanying statement of revenue and direct operating expenses of SunCom Acquisition as described in Note 1 for the year ended December 31, 2004. This statement of revenue and direct operating expenses is the responsibility of Triton PCS Holdings, Inc.'s management. Our responsibility is to express an opinion on this statement of revenue and direct operating expenses based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statement of revenue and direct operating expenses is free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the statement of revenue and direct operating expenses. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the statement of revenue and direct operating expenses. We believe that our audit provides a reasonable basis for our opinion.

The accompanying statement of revenue and direct operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission (for inclusion in the registration statement on Form S-11 of Global Signal, Inc.) as described in Note 1 and is not intended to be a complete presentation of SunCom Acquisition's revenues and expenses.

In our opinion, the statement of revenue and direct operating expenses referred to above presents fairly, in all material respects, the revenue and direct operating expenses described in Note 1 of SunCom Acquisition for the year ended

December 31, 2004, in conformity with accounting principles generally accepted in the United States of America.

/s/ PRICEWATERHOUSECOOPERS LLP

Philadelphia, Pennsylvania
April 15, 2005

F-83

SUNCOM ACQUISITION
STATEMENT OF REVENUE AND DIRECT OPERATING EXPENSES

(dollars in thousands)

		Year Ended December 31, 2004
Revenue	$	2,640
Direct Operating Expenses:		
Rent		2,485
Property taxes		366
Other tower operating expenses		102
Total direct operating expenses		2,953
Revenue less than direct operating expenses	$	(313)

See accompanying notes to Statement of Revenue and Direct Operating Expenses.

F-84

SUNCOM ACQUISITION
NOTES TO STATEMENT OF REVENUE AND DIRECT OPERATING EXPENSES
Year Ended December 31, 2004

(dollars in thousands)

1. Business and Summary of Significant Accounting Policies

Business

SunCom Wireless, Inc. and its wholly-owned subsidiaries including SunCom Wireless Operating Company LLC, Triton PCS Property Company LLC and AWS Network Newco LLC (collectively, "SunCom"), are principally engaged in providing wireless services in the Southeastern United States, Puerto Rico and the Virgin Islands. SunCom Wireless, Inc. is a direct, wholly-owned subsidiary of SunCom Wireless Investment Co., LLC. SunCom Wireless

Investment Co., LLC is a direct, wholly-owned subsidiary of Triton PCS Holdings, Inc.

On March 18, 2005, a definitive purchase agreement was signed by Global Signal Acquisitions LLC, a wholly-owned subsidiary of Global Signal Inc. ("Global Signal"), to acquire from SunCom 169 owned towers and related land leases and co-location income leases ("related agreements"). The definitive purchase agreement and this Statement of Revenue and Direct Operating Expenses exclude towers owned by SunCom that are not subject to the definitive purchase agreement. "SunCom Acquisition" represents the assets to be acquired by Global Signal subject to the definitive purchase agreement.

Basis of Presentation

The accompanying statement of revenue and direct operating expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission for inclusion in a Form S-11 of Global Signal. The statement, which encompasses the towers and related agreements to be sold to Global Signal, are not representative of the actual operations of SunCom Acquisition for the period presented or indicative of future operations, as they exclude the following: corporate expenses, interest expense, income taxes, accretion of the asset retirement obligations, and depreciation and amortization. In addition, the statement reflects revenue and expenses directly attributable to the towers and related agreements to be sold to Global Signal, as well as allocations for property taxes, maintenance and monitoring, insurance and utilities deemed reasonable by SunCom management to present the statement of revenue and direct operating expenses on a stand alone basis.

Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires SunCom management to make estimates and assumptions that affect the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates and such variances could be material.

Revenue Recognition

Rental revenues are recognized when earned. Escalation clauses present in lease agreements with SunCom's customers are recognized on a straight-line basis over the term of the lease.

Rent Expense

Rent expense is recognized as incurred. Escalation clauses present in lease agreements with SunCom's vendors are recognized on a straight-line basis over the term of the lease.

Concentration of Credit Risk

SunCom Acquisition derives its revenues from various wireless service providers and other wireless communications users for the lease of antenna space on communication towers under non-cancelable operating leases. Five wireless service providers individually exceeded 10% of revenues in the year ended December 31, 2004.

---

2. Leases
Lease Obligations

SunCom Acquisition leases land under non-cancelable operating leases. Ground leases are generally for terms of 5 or 10 years and are renewable at the option of SunCom. Future minimum rental payments due by SunCom Acquisition under the current term of operating leases in effect at December 31, 2004, without giving effect to the impact of straight-line rent adjustments, are as follows:

		Total
2005	$	2,380
2006		1,980
2007		1,487
2008		806
2009		435
Thereafter		1,295
Total	$	8,383

Rent expense for operating leases was $2,485 for the year ended December 31, 2004.

Customer Leases

SunCom Acquisition leases antenna space on communications towers to various wireless service providers and other wireless communications users under non-cancelable operating leases. These leases are generally for terms of 5 years, with multiple renewals at the option of the tenant. Most leases have escalator provisions, whereby rent is increased at a fixed percentage or in relation to increases in the consumer price index.

Future minimum rental revenues due to SunCom Acquisition under the current term of operating leases in effect at December 31, 2004, without giving effect to the impact of straight-line rent adjustments, are as follows:

		Total
2005	$	2,523
2006		1,731
2007		1,306
2008		804
2009		341
Thereafter		—
Total	$	6,705

Report of Independent Registered Public Accounting Firm

The Board of Directors
Sprint Corporation:

We have audited the accompanying Statement of Revenue and Certain Expenses of Sprint Sites USA (the Company), comprising the operations of certain wireless communications towers owned by subsidiaries of Sprint Corporation to be leased to Global Signal, Inc., for the year ended December 31, 2004. This financial statement is the responsibility of the Company's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

The accompanying Statement of Revenue and Certain Expenses was prepared for the purpose of complying with the rules and regulations of the Securities and Exchange Commission and for inclusion in the registration statement on Form S-11 of Global Signal, Inc., as described in Note 1 to the Statement of Revenue and Certain Expenses. It is not intended to be a complete presentation of the properties' revenues and expenses.

In our opinion, the financial statement referred to above presents fairly, in all material respects, the revenue and certain expenses (as described in Note 1) for the year ended December 31, 2004 in conformity with U.S. generally accepted accounting principles.

/s/ KPMG LLP

Kansas City, Missouri
March 30, 2005

F-87

SPRINT SITES USA,
A COMPONENT OF SPRINT CORPORATION AND ITS SUBSIDIARIES
STATEMENT OF REVENUE AND CERTAIN EXPENSES
(dollars in thousands)

	Year Ended December 31, 2004
Revenues	
Lease revenues	$ 95,624
Other service revenues	8,142
Total revenues	103,766
Certain Expenses	
Lease expense	111,763
Property taxes	16,887
Maintenance and repairs	9,783
Selling, general and administrative	7,290

Total certain expenses		145,723
Certain expenses in excess of revenue	$	(41,957)

See accompanying Notes to Statement of Revenue and Certain Expenses.

SPRINT SITES USA,
A COMPONENT OF SPRINT CORPORATION AND ITS SUBSIDIARIES
NOTES TO STATEMENT OF REVENUE AND CERTAIN EXPENSES

1. Summary of Significant Accounting Policies

Operations and Basis of Presentation

The financial statements include the operations of certain wireless communications towers owned by certain subsidiaries of Sprint Corporation (together with its subsidiaries, "Sprint") in connection with its PCS wireless telephony products and services business ("Sprint PCS"). These towers represent those to be leased by Global Signal Inc. as described in the next paragraph. These communications towers are located on real property primarily leased from a variety of third party individual and commercial landlords. For the purposes of these financial statements, Sprint's investment in these towers, and the associated operations, including leasing activities with landlords, maintenance of the communications towers, and the marketing and leasing of available tower capacity on the communications towers to other wireless service providers, are collectively referred to as Sprint Sites USA ("SSUSA"). SSUSA is not a legal entity.

On February 14, 2005, a definitive agreement was reached by Sprint and Global Signal Inc. under which Global Signal Inc. will have exclusive rights to lease and operate approximately 6,600 sites which are included in this Statement of Revenue and Certain Expenses. Under the terms of the transaction, which is expected to close in the second quarter of 2005, Global Signal Inc. will also take over the existing collocation arrangements with tenants who lease space on the towers. Sprint has committed to sublease space on the towers from Global Signal Inc. for a minimum of 10 years. The agreement and this Statement of Revenue and Certain Expenses exclude certain other Sprint-owned wireless sites and related assets that are not subject to the agreement.

The accompanying statement of revenue and certain expenses was prepared for the purpose of complying with Rule 3-14 of the Securities and Exchange Commission. The statement, which encompasses the towers and agreements to be leased to Global Signal Inc., is not representative of the actual operations of SSUSA for the period presented or indicative of future operations of SSUSA as no revenue for Sprint PCS' occupation of tower space has been included, as discussed below in Revenue Recognition. Additionally, certain expenses, primarily consisting of certain selling, general and administrative expenses, interest expense, depreciation and amortization have been excluded.

The financial statements of SSUSA are prepared using accounting principles generally accepted in the United States. These principles require management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses. Actual results could differ from those estimates.

Revenue Recognition

SSUSA recognizes revenues, which consist primarily of collocation leasing revenues, as services are rendered to non-affiliate customers. No revenue has been recognized by SSUSA in conjunction with Sprint PCS' occupation of tower space. Escalation clauses, excluding those tied to the Consumer Price Index (CPI), and other incentives present in the lease agreements with SSUSA's customers are recognized on the straight-line basis over the current term of the lease excluding renewal periods exercisable at the option of the tenant. Amounts received prior to being earned are deferred until such time as the earnings process is complete.

SSUSA recognizes other revenue, including application fees which are deferred and amortized over five years, and fee-based service revenue, as services are rendered.

Lease Expense

SSUSA recognizes lease expense, primarily on ground leases, as incurred. Escalation clauses, excluding those tied to the CPI, present in the lease agreements between SSUSA and the lessors are

recognized using a straight-line basis including renewal option periods that are reasonably assured. Expense recognized in advance of required payments is accrued as a liability.

Certain ground leases contain provisions which require SSUSA to pay the landlord a certain percentage or fixed amount of revenues earned from tenants added subsequent to the anchor tenant. This amounted to approximately 11% of total lease expense for the year ended December 31, 2004, in the accompanying statement of revenue and certain expenses.

Major Customers

SSUSA has ten customers that generated an aggregate of approximately 90% of revenues in 2004, including five customers that each generated more than 10% of revenues. This information is summarized in the table below for the year ended December 31, 2004:

Percent of Revenues by Customers	
Customer A	20%
Customer B	19%
Customer C	18%
Customer D	13%
Customer E	11%

2. Related Party Transactions and Allocations

Sprint PCS is the anchor tenant occupying space on many of the towers operated by SSUSA during 2004. No revenue has been recognized in conjunction with Sprint PCS' occupation of tower space as no formal contract exists between SSUSA and Sprint PCS.

SSUSA is dependent upon Sprint to fund its operations and anticipates that this funding requirement will continue until the transaction with Global Signal Inc. is completed.

Sprint does not file separate property tax returns for the SSUSA property and equipment. For purposes of these financial statements, property taxes were determined by applying the property tax rates applicable to Sprint against the total SSUSA investment in property and equipment.

All other direct costs of the towers have been reflected in these financial statements and include no allocations other than property taxes.

3. Operating Lease Revenue

At December 31, 2004, minimum future rental revenue receipts for leased space on owned towers from non-affiliate tenants based on contracted rates for the contractually obligated periods, but excluding any renewal periods exercisable at the option of the tenant, are as follows (in thousands):

2005	$	94,704
2006		73,813
2007		55,143
2008		35,404
2009		13,446
Thereafter		910

4. Operating Lease Expense

Minimum rental expense payments at December 31, 2004 for all non-cancelable operating leases, consisting mainly of ground leases, are as follows (in thousands):

2005	$	93,732
2006		97,640
2007		100,381
2008		100,415
2009		102,900
Thereafter		1,632,405

The table includes renewal options that generally have five-year terms and are reasonably assured.

Prospective investors may rely only on the information contained in this Prospectus. Neither Global Signal nor any underwriter has authorized anyone to provide prospective investors with different or additional information. This Prospectus is not an offer to sell nor is it seeking an offer to buy these securities in any jurisdiction where the offer or sale is not permitted. The information contained in this Prospectus is correct only as of the date of this Prospectus, regardless of the time of the delivery of this Prospectus or any sale of these securities.

Until May 28, 2005 (25 days after the date of this prospectus) all dealers that buy, sell or trade our common stock, whether or not participating in this offering, may be required to deliver a prospectus. This requirement is in addition to the dealers' obligation to deliver a prospectus when acting as underwriters and with respect to their unsold allotments or subscriptions.

May 3, 2005