GLOBAL SIGNAL INC
Form 10-K
March 16, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2005

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission file number 001-32168

GLOBAL SIGNAL INC.

(exact name of registrant as specified in its charter)

Delaware	65-0652634
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

301 North Cattlemen Road, Suite 300, Sarasota, Florida 34232-6427
(Address of principal executive offices)
Telephone: (941) 364-8886
(Registrant's telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value $0.01	New York Stock Exchange

Securities registered pursuant to section 12(g) of the Act: None

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

YES NO

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. YES NO

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the past 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

YES NO

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer or a non-accelerated filer. See definition of ‘‘accelerated filer and large accelerated filer’’ in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act).

YES NO

The aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price of the common equity as of June 30, 2005 was $641.9 million.

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. YES NO

At March 1, 2006, there were 69,426,654 outstanding shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

The information required by Part III, Items 10, 11, 12, 13 and 14 are incorporated by reference from the Registrant's Definitive Proxy Statement to be filed not later than 120 days after the end of the fiscal year covered by this report.

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SAFE HARBOR STATEMENT UNDER THE PRIVATE SECURITIES LITIGATION REFORM ACT OF 1995

Certain items in this Annual Report on Form 10-K, and other information we provide from time to time, may constitute forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995 and are subject to various risks and uncertainties, including, but not necessarily limited to, statements relating to our ability to deploy capital, close accretive acquisitions, close dispositions of under-performing sites, close acquisitions under letters of intent and purchase agreements, anticipate, manage and address industry trends and their effect on our business, the rate and timing of the deployment of new wireless communications systems and equipment by our customers, whether we successfully address other future technological changes in the wireless industry, pay or grow dividends, generate growth organically or through acquisitions, secure financing, and increase revenues, Adjusted EBITDA and/or Adjusted Funds From Operations, and add telephony tenants and statements relating to the integration of and final costs of the Sprint Transaction, the incremental costs of operating the Sprint sites, and how the proceeds of future financings will be used. Forward-looking statements are generally identifiable by use of forward-looking terminology such as ''may'', ''will'', ''should'', ''potential'', ''intend'', ''expect'', ''endeavor'', ''seek'', ''a ''overestimate'', ''underestimate'', ''believe'', ''could'', ''would'', ''project'', ''predict'', ''continue'' or other similar words Forward-looking statements are based on certain assumptions or estimates, discuss future expectations, describe future plans and strategies, contain projections of results of operations or of financial condition or state other forward-looking information. Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Although we believe that the expectations reflected in such forward-looking statements are based on reasonable assumptions, actual results and performance could differ materially from those set forth in the forward-looking statements. Factors which could have a material adverse effect on our operations and future prospects or which could cause events or circumstances to differ from the forward-looking statements include, but are not limited to, failure to successfully and efficiently integrate the Sprint Transaction into our operations, difficulties in acquiring towers at attractive prices or integrating acquisitions with our operations, the reduced likelihood of closing a transaction which is at a letter of intent stage as opposed to one which is subject to a purchase agreement, a decrease in the demand for our communications sites and our ability to attract additional tenants, the economies, real estate markets and communications industries in the regions where our sites are located, consolidation in the wireless industry, changes to the regulations governing wireless services, the creditworthiness of our tenants, customer concentration and the loss of one or more of our major customers, the terms of our leases, integration of new software systems, our ability to compete, competing technologies, equipment and software developments, our ability to modify

our towers, our ability to obtain credit facilities or mortgage loans on favorable terms, our failure to comply with federal, state and local laws and regulations and changes in the law, our failure to comply with environmental laws, our ability to conduct our business effectively, secure financing and generate revenues, the termination of site management agreements, disasters and other unforeseen events, the demonstrated or perceived negative health effects from our towers or other tenants equipment on our towers, our ability to qualify as a REIT, REIT distribution requirements and the stock ownership limit imposed by the Internal Revenue Code for REITs. When considering forward-looking statements, you should keep in mind the risk factors and other cautionary statements detailed from time to time in this Annual Report on Form 10-K and in Global Signal's other filings with the Securities and Exchange Commission, including our most recent Registration Statement on Form S-3, filed on December 19, 2005. Readers are cautioned not to place undue reliance on any of these forward-looking statements, which reflect our management's views as of the date of this report. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements, and our actual results may differ significantly from those contained in any forward-looking statement. Such forward-looking statements speak only as of the date of this Annual Report on Form 10-K and Global Signal expressly disclaims any obligation to release publicly any updates or revisions to any forward-looking statements contained herein to reflect any change in the our expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

Part I

Item 1. Business

Business Overview

Global Signal, formerly known as Pinnacle Holdings Inc., is one of the largest communications tower operators in the United States. As of December 31, 2005, we owned, leased or managed a total of 10,961 wireless communications sites. On May 26, 2005, we, Sprint Corporation (a predecessor of Sprint Nextel Corporation) (''Sprint''), and certain Sprint subsidiaries consummated an agreement whereby we are leasing or otherwise operating under a 32-year prepaid capital lease 6,553 communications sites and the related towers and assets as more fully described below in ''Sprint Transaction''.

Our strategy is to grow our Adjusted EBITDA and Adjusted Funds From Operations (''AFFO'') (1) organically by adding additional tenants to our towers, (2) by acquiring wireless communication sites with existing telephony tenants in locations where we believe there are opportunities for organic growth and (3) by financing these newly acquired towers, on a long-term basis, using equity issuances combined with low-cost fixed-rate debt obtained through the issuance of mortgage-backed securities. Through this strategy, we will seek to increase our dividend per share over time. We are organized as a real estate investment trust, or REIT, and as such are required to distribute at least 90% of our taxable income to our stockholders. We paid a dividend of $0.50 per share of our common stock for the quarter ended December 31, 2005, which is a 25% increase over the dividend we paid for the quarter ended December 31, 2004.

For the years ended December 31, 2005 and 2004, substantially all of our revenues came from our ownership, leasing and management of communications towers and other communications sites. Although we have communications sites located in Canada and the United Kingdom, our communications sites are primarily located throughout the United States. As of December 31, 2005, we own, lease or are operating as a result of the Sprint Transaction 10,008 towers and 259 other communications sites. We own in fee or have permanent or long-term easements on the land under 1,119 of these towers and we lease the land under the other 8,889 towers. In addition, as of December 31, 2005, we

managed 694 towers, rooftops and other communications sites where we had the right to market space or where we had a sublease arrangement with the site owner.

Our customers include a wide variety of wireless service providers, government agencies, operators of private networks and broadcasters. These customers operate networks from our communications sites and provide wireless telephony, mobile radio, paging, broadcast and data services. As of December 31, 2005, we had an aggregate of more than 26,000 tenant leases on our communications sites and over 2,000 customers. The average number of tenants on our owned towers, and towers we hold subject to long-term leases, was 2.4, which included an average of 1.8 wireless telephony tenants. Our revenues from wireless telephony tenants have increased to 78.8% of our total revenues for the three months ended December 31, 2005, from 49.7% of our total revenues for the three months ended December 31, 2004.

For the years ended December 31, 2005 and 2004, we generated:

	2005	2004
($ in millions)		
Revenues from continuing operations	$ 368.1	$ 180.3
Net income (loss)	$ (39.7)	$ 6.9
Adjusted EBITDA(1)	$ 184.0	$ 102.3
Adjusted Funds from Operations(1)	$ 106.5	$ 72.4

(1) Adjusted EBITDA and Adjusted Funds from Operations, or AFFO, are non-GAAP financial measures we use in evaluating our performance. See ''Item 7—Management Discussion and Analysis of Financial Condition and Results of Operations—Non-GAAP Financial Measures'' for a reconciliation of these measures to net income and for a detailed description of why we believe such measures are useful.

Growth Strategy

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

- Grow our Revenues by Adding New Tenants to our Existing Communications Sites. We believe that we can take advantage of our site capacity and locations, strong customer relationships and operational expertise to attract new tenants to our existing communications sites.
- Expand our Communications Sites Network Through Acquisition and Development of Towers. We plan to purchase or selectively develop towers in locations where we believe there is, or will be, significant demand for wireless services that should drive network expansion and increase demand for space on our towers. We will focus our acquisition efforts primarily on towers that already have an existing telephony tenant, or in the case of new builds, a telephony customer committed to a new lease, and have the potential to add multiple additional telephony tenants. We believe that telephony tenants provide a stable revenue stream and that there is a high likelihood of multiple lease renewals. Since 1998, we have experienced average annualized churn as a result of non-renewal and other lease terminations from our telephony tenants of less than 1% of annualized telephony revenues. We outsource all aspects of new tower development,

including engineering, initial land acquisition, zoning and construction. We believe that by outsourcing, we avoid most of the high overhead and risks associated with providing these services.

- Ground Rights Purchase Program (''GRPP''). We plan to expand our program of purchasing permanent or long-term easements or fee interests in the real estate beneath our existing communications towers. We believe that investing in the real estate under our towers enables us to achieve attractive returns on our capital. In addition, following these purchases, we will generally have the exclusive right to occupy the communications tower site after the expiration of the existing ground lease, thereby eliminating the need to negotiate an extension. By making a one-time lump sum payment to the landlord, our GRPP program allows us to reduce rental expenses and eliminate the need to make recurring rental payments to landlords. As of December 31, 2005, we leased the land under 8,889 of our towers. Our GRPP program is focused on the land beneath towers with telephony tenants.
- Maintain an Efficient Capital Structure. We believe that our low-cost debt, combined with appropriate leverage, will allow us to maintain operating and financial flexibility. Our capital management strategy is to finance newly acquired assets on a long-term basis, using equity issuances combined with low-cost fixed-rate debt obtained through the periodic issuance of mortgage-backed securities. Prior to issuing mortgage-backed securities, our strategy is to finance communications sites we acquire on a short-term basis through credit facilities we expect to obtain on terms similar to our April 2005 acquisition credit facility. We repaid that credit facility with a portion of the net proceeds from our February 2006 mortgage loan.
- Build on Relationships with Wireless Telephony Carriers. We maintain a consistent and focused dialogue with our wireless telephony carriers in order to fully meet their network needs.

Our Strengths

- High Quality Communications Sites. As of December 31, 2005, we had 10,961 communications sites, including 10,267 communications sites which we own or which we lease from Sprint under a 32-year prepaid capital lease. Approximately 97% of our communications sites are located in the United States, of which 59% and 73% are located in the 50 and 100 largest metropolitan areas, respectively.
- Diversified Customer Base with Stable Cash Flows. We have a diversified customer base, which includes over 2,000 customers with over 26,000 tenant leases and has historically provided us with a stable cash flow stream. Our tenants include a wide variety of wireless service providers, government agencies, operators of private networks and broadcasters.
- Tax-Efficient REIT Status. We are organized as a REIT, which enables us to reduce our corporate-level income taxes by making dividend distributions to our stockholders and to pass our capital gains through to our stockholders in the form of capital gains dividends.

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Sprint Transaction

On May 26, 2005, we, Sprint and certain Sprint subsidiaries (the ''Sprint Contributors''), closed on an agreement to contribute, lease and sublease communications sites from Sprint (the ''Agreement to Lease''). Under the Agreement to Lease, we will lease or operate, for a period of 32 years, 6,553 communications sites and the related towers and assets (collectively, the ''Sprint Towers'') from newly formed special purpose entities of Sprint (collectively, ''Sprint TowerCo''), under master leases for which we paid approximately $1.2 billion as prepaid rent (the ''Upfront Rental Payment'')

subject to certain conditions, adjustments and pro-rations (the ‘‘Sprint Transaction’’). Certain Sprint entities lease space on 6,342 of the Sprint Towers (as described below in ‘‘Master Lease’’). We accounted for this transaction as a capital lease in reflection of the substantive similarity to an acquisition.

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 integration of the 6,553 Sprint Towers into our operations has been a significant undertaking. To manage the Sprint Towers, we added over 100 additional employees, which has added significant costs. We have also incurred a substantial amount of non-recurring integration costs related to the Sprint Transaction totaling $7.1 million during the year ended December 31, 2005.

Master Lease

At the closing of the Sprint Transaction, Sprint TowerCo entered into a Master Lease and Sublease with a wholly owned special purpose entity (the ‘‘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 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 land under substantially all of the Sprint Towers from third parties and the Lessee has assumed all of the Sprint Contributors' obligations that arise under the Sprint Towers ground leases. Additionally, the Lessee is 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.

The Lessee is entitled to all revenues from the Sprint Towers during the term of the Master Lease, including amounts payable under existing Sprint Tower collocation agreements with third parties. In addition, under the Master Lease, Sprint entities that are part of Sprint's wireless division (excluding entities acquired in connection with the Nextel merger and the various Sprint-branded wireless affiliates acquired by Sprint Nextel) have agreed to sublease or otherwise occupy collocation space (the ‘‘Sprint Collocation Agreement’’) at 6,342 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 increases each year, beginning January 2006, at a rate equal to the lesser of (i) 3% or (ii) the sum of 2% and the increase in the Consumer Price Index during the prior year. The Sprint collocation charge increased in January 2006 to $1,442. 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.

Global Signal guarantees the full and timely payment, performance and observance of all of the terms, provisions, covenants and obligations of the Lessee under the Master Lease up to a maximum aggregate amount of $200.0 million.

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 (‘‘Fortress’’), an affiliate of our largest stockholder, Fortress Investment Holdings LLC; (b) Abrams Capital Partners II, L.P., a Delaware limited partnership, Abrams Capital Partners I, L.P., a Delaware limited partnership, Whitecrest Partners, L.P., a Delaware limited partnership, Abrams Capital International, LTD, a Cayman Island limited liability company and Riva Capital Partners, L.P., a Delaware limited partnership (collectively, ‘‘Abrams’’), affiliates of our third largest stockholder Abrams Capital, LLC and (c) Greenhill Capital Partners, L.P., a Delaware limited partnership, Greenhill Capital Partners (Executive), L.P., a Delaware limited partnership, Greenhill Capital, L.P., a Delaware limited partnership, Greenhill Capital Partners (Cayman), L.P., a Cayman Islands limited partnership, Greenhill Capital Partners (Employees) II, L.P., a Delaware limited partnership (collectively, ‘‘Greenhill’’, and together with Fortress and Abrams, the ‘‘Investors’’, and each individually, an ‘‘Investor’’), our second largest stockholder and certain of its affiliates.

Under the Investment Agreement, the Investors committed to purchase, at the closing of the Sprint Transaction, up to $500.0 million of our common stock at a price of $25.50 per share. Under the provisions of the Investment Agreement, the commitment was automatically reduced by $250.0 million to $250.0 million by (1) the $183.4 million of net proceeds we received in a public equity offering we completed on May 9, 2005, as described below in ‘‘Common Stock Offerings’’, and (2) $100.0, million the amount by which our $850.0 million Bridge Loan Financing exceeded $750.0 million, provided that the Investors' aggregate commitment could not be reduced below $250.0 million. Pursuant to the terms of the Investment Agreement, each of Fortress, Abrams and Greenhill purchased such number of shares of common stock equal to 48%, 32% and 20%, respectively, of the 9,803,922 shares of common stock purchased under the Investment Agreement. The purchase of the shares by the Investors was conditioned upon the occurrence of the closing of the Sprint Transaction, and closed simultaneously with the Sprint Transaction. The issuance of these securities was made pursuant to an exemption from registration provided by Section 4(2) of the Securities Act of 1933, as amended (the ‘‘Securities Act’’).

Bridge Financing

On May 26, 2005, at the closing of the Sprint Transaction, we executed the $850.0 million bridge loan financing with Morgan Stanley Asset Funding Inc. and Bank of America, N.A. The borrower was a newly created entity, Global Signal Acquisitions II LLC, under our indirect control, which owns 100% of our interest in the Sprint Towers. The loan was secured by, among other things, the ownership interests in the borrower, the borrower's leasehold and subleasehold interests (including purchase options) in the Sprint Towers, and an assignment of leases and rents. The loan had an initial term of 12 months, and, subject to compliance with certain conditions, two six-month extensions at our option. The loan bore interest at 30-day LIBOR plus 1.50% and we paid an origination fee of 0.375% of the

$850.0 million loan amount. The loan contained customary events of default. On February 28, 2006, we repaid and terminated this loan with a portion of the net proceeds from the February 2006 mortgage loan, as described below in ‘‘Other Financings’’.

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Revolving Credit Agreement

On February 9, 2005 and on April 15, 2005, Global Signal Operating Partnership (‘‘Global Signal OP’’) amended and restated its Revolving Credit Agreement (as further described below in ‘‘Other Financings’’) to provide an additional $50.0 million term loan and a $25.0 million multi-draw term loan to be used in connection with the Sprint Transaction. On February 14, 2005, the amount of the $50.0 million term loan was posted as a deposit as required by the Agreement to Lease. A portion of the $25.0 multi-draw term loan was used for fees and expenses incurred in connection with the Sprint Transaction. Interest on these term loans was payable at our option of either the London InterBank Offered Rate, or LIBOR, plus 1.75%, or the bank's base rate plus 0.75%. On May 9, 2005, we prepaid and terminated both term loans with proceeds from our May 9, 2005 public equity issuance.

Other Acquisitions

In addition to the towers we acquired from Sprint, the table below is a summary of the acquisitions we have completed over the past three years.

Year of Acquisition	No. of Acquired Communication Sites	No. of Acquired Fee Interests or Long-Term Easements Under Owned Towers(1)	Aggregate Purchase Price, Including Fees & Expenses ($ millions)
2005(2)	556	168	$ 210.2
2004	862	75	365.9
2003	67	—	26.8
Total	1,485	243	$ 602.9

(1) Represents the number of fee interests and permanent or long-term easements we acquired where we previously had a leasehold interest under our owned towers.

(2) Excludes communications sites acquired from Sprint in May 2005. See ‘‘Sprint Transaction’’ for detail description.

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The table below is a summary of our acquisitions other than Sprint with a total purchase price over $50.0 million that occurred through December 31, 2005 as part of our acquisition program that started in December 2003:

Seller	Acquisition Closing Date(s)	Number of Acquired Communications Sites	Purchase Price, Including Fees & Expenses ($ millions)	% of Revenues from Investment Grade or Wireless Telephony Tenants(1)	Primary Site Locations
Triton PCS Holdings, Inc.	June 30, July 28, and October 20, 2005	167	$ 53.4	99.2%	North Carolina, South Carolina and Georgia
Lattice Communications, LLC	October 2004 thru June 2005	237	$ 116.2	91.9%	Indiana, Ohio, Alabama, Kansas and Georgia
GoldenState Towers LLC(2)	November 11, 2004	214	$ 64.8	98.2%	California, Oregon, Idaho, Washington, Nevada and Arizona
Tower Ventures III, LLC(2)	June 30, 2004	97	$ 53.0	99.6%	Tennessee, Mississippi, Missouri and Arkansas

(1)As of the time of acquisition.
(2)Acquisition of the membership interests of the named entity, which owns the towers.

As of December 31, 2005, we had executed definitive agreements to acquire an additional 12 communications sites and to acquire an additional 140 fee interest or permanent or long-term easements under our communication towers, for an aggregate purchase price of approximately $25.1 million, including estimated fees and expenses. These pending acquisitions are subject to customary closing conditions for real estate transactions of this type and may not be successfully completed. During the first quarter of 2006, we were in the process of performing due diligence on these towers and closing such transactions. We believe the towers we acquired, or have contracted to acquire, are in locations where there are opportunities for organic growth, and that these towers generally have additional capacity to accommodate new tenants. In addition, we believe investing in the real estate under our towers enables us to achieve attractive returns on our capital and eliminates the renewal risk associated with our ground leases at the end of the final contracted term.

Common Stock Offerings

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.

May 2005 Offering

On May 9, 2005, we sold an additional 6,325,000 shares of our common stock, in an underwritten public offering at an offering price of $30.70 per share, and generated proceeds of $183.4 million, net of underwriters' discounts and commissions, and expenses. We used a portion of the net proceeds to repay

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$55.0 million of outstanding borrowings on the term loans under our Revolving Credit Agreement. In addition, we used approximately $82.0 million to finance a portion of the Upfront Rental Payment paid in connection with the Sprint Transaction and the remaining $46.4 million was used for working capital and other general corporate purposes including acquisitions.

Investment Agreement

On May 26, 2005, in conjunction with the closing of the Sprint Transaction, we sold the Investors 9,803,922 shares of common stock at a price of $25.50 per share, or a total purchase price of $250.0 million. The proceeds were used to fund in part the Upfront Rental Payment paid in connection with the Sprint Transaction. The issuance of these securities was made pursuant to an exemption from registration provided by Section 4(2) of the Securities Act.

Other Financings

February 2006 Mortgage Loan

On February 28, 2006, three of our wholly owned subsidiaries, Global Signal Acquisitions II LLC, Global Signal Acquisitions LLC and Pinnacle Towers LLC (and its 13 subsidiaries), borrowed $1.55 billion under three mortgage loans made payable to a newly created trust that issued $1.55 billion in commercial mortgage pass-through certificates, which we refer to as the February 2006 mortgage loan, to provide fixed-rate financing for the Sprint Towers and for other communications sites we acquired since April 2005, and to refinance the February 2004 mortgage loan. The proceeds of the February 2006 mortgage loan were used to repay $850.0 million of then-outstanding borrowings on our bridge loan, to repay $402.7 million of the then-outstanding borrowings under the February 2004 mortgage loan, to repay $151.8 million of the then-outstanding borrowings under the Acquisition Credit Facility and to provide $145.5 million to (i) pay expenses relating to the February 2006 mortgage loan, (ii) to fund impositions and other reserves related to the February 2006 Mortgage Loan, (iii) to pay prepayment penalties associated with the February 2004 Mortgage Loan ($7.0 million) and (iv) to provide funds for working capital and general corporate purposes, including potential future acquisitions. The weighted average interest rate we pay the trust is approximately 5.7%. The February 2006 mortgage loan is secured by mortgages, deeds of trust, deeds to secure debt and a first priority lien on the assets of the three borrowers and their subsidiaries.

Revolving Credit Agreement

On December 1, 2005, Global Signal OP amended and restated its 364-day $15.0 million Revolving Credit Agreement (originally dated December 3, 2004) with Morgan Stanley Asset Funding Inc. and Bank of America, N.A., to extend the term an additional 364 days, expiring December 1, 2006. On February 28, 2006, Global Signal OP also amended certain related ancillary documentations to amend certain covenants. As of December 31, 2005, there was no balance

outstanding under the Revolving Credit Agreement. Interest on this credit facility is payable at Global Signal OP's option, of either LIBOR plus 3.0%, or the bank's base rate plus 2.0%. The Revolving Credit Agreement and the related ancillary documentation contain covenants and restrictions customary for a facility of this type, including a limitation on our consolidated indebtedness at $1.875 billion and a requirement to limit our ratio of consolidated indebtedness to consolidated EBITDA, as defined in the loan document, to a ratio of 7.65 to 1.0. The credit facility continues to be guaranteed by us, our subsidiary Global Signal GP, LLC and certain subsidiaries of Global Signal OP. It is secured by a pledge of Global Signal OP's assets, including a pledge of 65% of its interest in our United Kingdom subsidiary, 100% of its interest in certain other domestic subsidiaries, a pledge by us and Global Signal GP, LLC of our interests in Global Signal OP and a pledge by us of 65% of our interest in our Canadian subsidiary. As of December 31, 2005, the pledged interests in the United Kingdom and Canadian subsidiaries collectively constituted less than 1.0% of our total assets' book value. On May 9, 2005, as a result of completing our equity offering, amounts available under the Revolving credit facility of the Revolving Credit Agreement were reduced from $20.0 million to $15.0 million. The Revolving Credit Facility was also previously amended to provide for term loans, which have been repaid, as more fully described previously in ‘‘Sprint Transaction’’.

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December 2004 Mortgage Loan

On December 7, 2004, our wholly owned subsidiary, Pinnacle Towers Acquisition Holdings LLC, and five of its direct and indirect subsidiaries borrowed approximately $293.8 million under a mortgage loan made payable to a newly formed trust that issued approximately $293.8 million in fixed-rate commercial mortgage pass-through certificates (the ‘‘December 2004 mortgage loan’’), to provide fixed-rate financing for the communications sites we acquired from December 2003 through April 2005. 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 used to acquire additional qualifying communications sites from December 2004 through April 2005. The acquisition reserve account was fully invested as of April 2005. The December 2004 mortgage loan requires monthly payments of interest until its maturity in December 2009. The weighted average interest rate on the seven tranches of certificates comprising the December 2004 mortgage loan is approximately 4.7%. The December 2004 mortgage loan is secured by mortgages, deeds of trust, deeds to secure debt and first priority liens on substantially all of Pinnacle Towers Acquisition Holdings LLC's tangible assets and its interest in the five subsidiaries.

Acquisition Credit Facility

On April 25, 2005, our wholly owned subsidiary, Global Signal Acquisitions LLC (‘‘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. to provide funding for the acquisition of additional communications sites. The acquisition credit facility was guaranteed by Global Signal OP and certain subsidiaries of Global Signal Acquisitions. Moreover, it was 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, on May 16, 2005, we entered into a guarantee agreement with respect to the acquisition credit facility, secured by a pledge of our equity interest in Global Signal OP. On February 28, 2006, we repaid the outstanding balance of $151.8 million and terminated this loan with a portion of the net proceeds from the February 2006 mortgage loan.

February 2004 Mortgage Loan

On February 5, 2004, our then-largest operating subsidiary, Pinnacle Towers LLC (known as Pinnacle Towers Inc. at the time), and 13 of its direct and indirect subsidiaries borrowed $418.0 million under a mortgage loan made payable to a trust, which we refer to as the February 2004 mortgage loan. The trust simultaneously issued $418.0 million in commercial mortgage pass-through certificates with terms that correspond to the February 2004 mortgage loan. The net proceeds from the February 2004 mortgage loan were used primarily to repay the $234.4 million of then-outstanding borrowings under our old credit facility and to fund a $142.2 million one-time special distribution to our stockholders that represented a return of capital, including $113.8 million to Fortress and Greenhill. The February 2004 mortgage loan was secured by mortgages, deeds of trust and deeds to secure debt creating first priority mortgage liens on assets of Pinnacle Towers LLC and its interest in the 13 subsidiaries. On February 28, 2006, we repaid the outstanding balance of $402.7 million and, as required under the February 2004 mortgage loan, we paid a prepayment penalty of $7.0 million, with a portion of the proceeds from the February 2006 mortgage loan.

Communications Sites

As of December 31, 2005, we owned, leased or managed a total of 10,961 communications sites, including 10,679 located in the United States, 149 located in Canada and 133 located in the United Kingdom. Our towers and other communication sites are geographically diversified. The table below presents the concentration by location of our owned, leased and managed communications sites at December 31, 2005:

Geographic Concentrations

Location	Total Number of Communications Sites
Texas	1,154
California	986
Ohio	639
Florida	598
Georgia	544
Illinois	507
Tennessee	404
North Carolina	397
Alabama	378
Indiana	365
Other states	4,707
Total United States	10,679
Canada	149
United Kingdom	133
Total	10,961

Tenant Leases

As of December 31, 2005, we had over 26,000 tenant leases with over 2,000 different customers. The average length of our tenant leases, excluding renewal options, is approximately 6.4 years, and the average remaining life from December 31, 2005, until the next renewal is approximately 4.5 years. The following table sets forth information related to expirations of our tenant leases as of December 31, 2005:

Tenant Lease Expiration

Year of Expiration	Number of Tenant Leases as of December 31, 2005	Revenues for the Year Ended December 31, 2005 ($ thousands)
Month-to-month and year-to-year	1,544	$ 24,851
2006	4,547	56,239
2007	2,735	39,566
2008	3,388	49,175
2009	3,035	50,994
2010	4,173	54,365
2011	122	2,278
2012	51	1,134
2013	169	3,713
2014	133	3,500
Thereafter	6,700	76,038

Customers

Our customers include a wide variety of wireless service providers, government agencies, operators of private networks and broadcasters. These customers operate networks from our communications sites

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and provide wireless telephony, mobile radio, paging, broadcast and data services. As of December 31, 2005, we had an aggregate of more than 26,000 leases on our communications sites with over 2,000 customers. Some of our customers consist of large service providers that operate at multiple sites in multiple segments of the communications services industries while others consist of small service providers or users that deploy a single type of wireless technology at a single site.

For the year ended December 31, 2005, our largest customer, Sprint Nextel, after giving effect to Sprint's acquisition of Nextel, and three Sprint-branded affiliates acquired in 2005, represented 31.1% of our total revenues, and our second largest customer, Cingular, after giving effect to the merger with AT&T Wireless, represented 14.9% of our total revenues. No other customer contributed 10% or more of our total revenues for this period.

The following table presents information with respect to our tenant leases by the five customer technology categories we track:

Tenant Technology Type	For the Year Ended December 31, 2005		For the Year Ended December 31, 2004	
	Revenues ($ thousands)	% of Total Revenues	Revenues ($ thousands)	% of Total Revenues
Telephony	$ 266,380	72.4%	$ 82,967	46.0%
Mobile radio	45,876	12.5	40,736	22.6
Paging	33,289			