

ALAMOSA HOLDINGS INC
Form 424B3
November 14, 2001

Filed Pursuant to Rule 424(b)(3)
Registration File No.: 333-66358

PROSPECTUS SUPPLEMENT No. 3
(To the Prospectus dated September 28, 2001)

ALAMOSA HOLDINGS, INC.

30,649,990 SHARES OF COMMON STOCK

SUPPLEMENT NO. 3 TO
PROSPECTUS

This prospectus supplement relates to the resale by selling stockholders of up to 30,649,990 shares of our common stock that the selling stockholders acquired from us in connection with our acquisitions of companies formerly owned by them. We will not receive any of the proceeds from the sale of any of these shares by the selling stockholders.

You should read this prospectus supplement in conjunction with the prospectus dated September 28, 2001, filed by us with the Securities and Exchange Commission, prospectus supplement no. 1, filed by us with the Securities and Exchange Commission on October 18, 2001, and prospectus supplement no. 2, filed by us with the Securities and Exchange Commission on October 30, 2001. All terms used in this prospectus supplement have the meaning assigned to them in the prospectus. Our common stock is traded on The Nasdaq National Market under the symbol "APCS." On November 13, 2001, the last reported sale price of one share of our common stock was \$15.15.

THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS SUPPLEMENT. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

This supplement is part of the prospectus and must accompany the prospectus to satisfy prospectus delivery requirements under the Securities Act of 1933, as amended.

The date of this prospectus supplement is November 14, 2001.

SECONDARY OFFERING

On November 13, 2001, we completed an underwritten secondary offering of our

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

common stock pursuant to which certain of our stockholders sold an aggregate of 4,800,000 shares at a public offering price of \$14.75 per share. We did not receive any proceeds from the sale of the shares by the selling stockholders. In connection with this offering, we granted to the underwriters an option, exercisable within 30 days following the completion of the offering, to purchase up to 720,000 additional shares of common stock to cover over-allotments. The net proceeds to us from any exercise of this option by the underwriters will be used for general corporate purposes.

QUARTERLY REPORT FOR SEPTEMBER 30, 2001

On November 14, 2001, we filed with the Securities and Exchange Commission the attached Quarterly Report on Form 10-Q for the quarter ended September 30, 2001.

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

FORM 10-Q

(Mark One)

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTER ENDED SEPTEMBER 30, 2001.

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

COMMISSION FILE NUMBER: 005-58523

ALAMOSA HOLDINGS, INC.
(Exact name of registrant as specified in its charter)

DELAWARE

75-2890997

(State or other jurisdiction of (I.R.S. Employer Identification No.)
Incorporation or organization)

5225 SOUTH LOOP 289, SUITE 120
LUBBOCK, TEXAS 79424
(Address of principal executive offices, including zip code)

(806) 722-1100
(Registrant's telephone number, including area code)

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 preceding 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

As of November 13, 2001, approximately 92,066,502 shares of common stock, \$0.01 par value per share, were issued and outstanding.

ALAMOSA HOLDINGS, INC.

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

TABLE OF CONTENTS

		PAGE
PART I	FINANCIAL INFORMATION	
Item 1.	Financial Statements	
	Consolidated Balance Sheets at September 30, 2001 (unaudited) and December 31, 2000.....	3
	Consolidated Statements of Operations for the three and nine months ended September 30, 2001 and 2000, (unaudited).....	4
	Consolidated Statements of Cash Flows for the nine months ended September 30, 2001 and 2000, (unaudited).....	5
	Notes to the Consolidated Financial Statements.....	6
Item 2.	Management's Discussion and Analysis of Financial Condition and Results of Operations.....	11
Item 3.	Quantitative and Qualitative Disclosures About Market Risk...	17
PART II	OTHER INFORMATION	
Item 1.	Legal Proceedings.....	18
Item 2.	Changes in Securities and Use of Proceeds.....	19
Item 3.	Defaults Upon Senior Securities.....	19
Item 4.	Submission of Matters to a Vote of Security Holders.....	19
Item 5.	Other Information.....	19
Item 6.	Exhibits Index.....	19

ALAMOSA HOLDINGS, INC.
CONSOLIDATED BALANCE SHEETS
(dollars in thousands, except share information)

	September 30, 2001
	----- (unaudited)
ASSETS	
Current assets:	
Cash and cash equivalents	\$ 103,079
Short-term investments	--
Accounts receivable, net of allowance for doubtful accounts of \$5,841 and \$1,503, respectively	53,428
Inventory	6,918
Prepaid expenses and other assets	6,419
Restricted cash	51,688
Deferred tax asset	1,762
Interest receivable	435

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

Total current assets	223,729
Property and equipment, net	427,790
Notes receivable	--
Debt issuance costs, net	37,608
Restricted cash	44,648
Goodwill and intangible assets, net	849,088
Other noncurrent assets	5,738

Total assets	\$ 1,588,601
	=====
LIABILITIES AND STOCKHOLDERS' EQUITY	
Current liabilities:	
Accounts payable and accrued expenses	\$ 94,485
Accrued interest payable	9,275
Current installments of capital leases	433

Total current liabilities	104,193
12 7/8% senior discount notes	229,894
12 1/2% senior notes	250,000
13 5/8% senior notes	150,000
Senior secured credit facility	137,162
EDC credit facility	--
Deferred tax liability	129,950
Capital lease obligations, noncurrent	2,237
Other noncurrent liabilities	7,539

Total liabilities	1,010,975

Commitments and contingencies	--
Stockholders' equity:	
Preferred stock, \$.01 par value; 10,000,000 shares authorized; no shares issued	--
Common stock, \$.01 par value; 290,000,000 shares authorized, 92,064,752 and 61,359,856 issued and outstanding, respectively	921
Additional paid-in capital	792,290
Accumulated deficit	(213,427)
Accumulated other comprehensive loss, net of tax benefit	(1,228)
Unearned compensation	(930)

Total stockholders' equity	577,626

Total liabilities and stockholders' equity	\$ 1,588,601
	=====

The accompanying notes are an integral part of the consolidated financial statements.

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

CONSOLIDATED STATEMENTS OF OPERATIONS

(UNAUDITED)

(dollars in thousands, except per share amounts)

	For the three months ended September 30,	
	2001	2000
Revenues:		
Subscriber revenues	\$ 67,559	\$ 16,146
Roaming and travel revenues	31,594	4,828
	99,153	20,974
Total service revenues		
Product sales	8,721	2,229
	107,874	23,203
Total revenue		
Costs and expenses:		
Cost of service and operations		
(including non-cash compensation of \$0 and \$159 for the three months ended September 30, 2001 and 2000, respectively, and \$0 and \$774 for the nine months ended September 30, 2001 and 2000, respectively)	67,698	15,139
Cost of product sold	16,591	4,605
Selling and marketing	31,367	11,569
General and administrative expenses		
(including non-cash compensation of \$0 and \$352 for the three months ended September 30, 2001 and 2000, respectively, and \$183 and \$4,631 for the nine months ended September 30, 2001 and 2000, respectively)	3,535	3,495
Depreciation and amortization	27,305	3,015
	146,496	37,823
Total costs and expenses		
Loss from operations	(38,622)	(14,620)
Interest and other income	2,531	4,111
Interest expense	(23,626)	(6,961)
	(59,717)	(17,470)
Net loss before income tax benefit and extraordinary item		
Income tax benefit	22,005	--
	(37,712)	(17,470)
Net loss before extraordinary item		
Loss on debt extinguishment, net of tax benefit of \$1,969	--	--
	\$ (37,712)	\$ (17,470)
Net loss		
Basic and diluted net loss per common share before extraordinary item	\$ (0.41)	\$ (0.28)
Basic and diluted net loss per common share on debt extinguishment	\$ --	\$ --

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

Basic and diluted net loss per common share	\$ (0.41)	\$ (0.28)
	=====	=====
Basic and diluted weighted average common shares	92,030,496	61,354,715
	=====	=====

The accompanying notes are an integral part of the consolidated financial statements.

4

ALAMOSA HOLDINGS, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(UNAUDITED)
(dollars in thousands)

	Nine months ended Sep	

	2001	

Cash flows from operating activities:		
Net loss	\$	(99,479)
Adjustments to reconcile net loss to net cash used in operating activities:		
Income tax benefit		(55,280)
Non-cash compensation expense		183
Depreciation and amortization		30,745
Amortization of goodwill		33,731
Amortization of debt issuance costs		2,231
Deferred interest expense		20,679
Loss on debt extinguishment		5,472
Loss from disposition of interest rate cap agreements		--
Loss from disposition of assets		39
(Increase) decrease in asset accounts, net of effects from acquisitions		
Accounts receivable		(28,078)
Inventory		(842)
Prepaid expenses and other assets		(3,283)
Increase (decrease) in liability accounts, net of effects from acquisitions:		
Accounts payable and accrued expenses		(4,533)

Net cash used in operating activities		(98,415)

Cash flows from investing activities:		
Additions to property and equipment		(101,462)
Repayment (issuance) of notes receivable		11,860
Payments for acquisitions, net of cash acquired		(37,617)
Sale of short term investments		1,600
Acquisition related costs		--
Purchase of minority interest in subsidiary		--

Net cash used in investing activities		(125,619)

Cash flows from financing activities:		
Equity offering proceeds		--
Equity offering costs		--

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

Issuance of 12 7/8% senior discount notes	--	
Issuance of 12 1/2% senior notes	242,500	
Issuance of senior secured credit facility	203,000	
Issuance of 13 5/8% senior notes	141,546	
Repayment of debt assumed through acquisitions	(169,060)	
Debt issuance costs	(16,315)	
Stock options exercised	211	
Proceeds from issuance of long-term debt	--	
Repayments of long-term debt	(54,524)	
Repayment of senior secured credit facility	(65,838)	
Change in restricted cash	(96,336)	
Proceeds from employee stock purchase plan	366	
Payments on capital leases	(205)	
Interest rate cap premiums	--	

Net cash provided by financing activities	185,345	

Net increase (decrease) in cash and cash equivalents	(38,689)	
Cash and cash equivalents at beginning of period	141,768	

Cash and cash equivalents at end of period	\$ 103,079	\$
	=====	==

The accompanying notes are an integral part of the consolidated financial statements.

5

ALAMOSA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

1. BASIS OF PRESENTATION OF UNAUDITED INTERIM FINANCIAL INFORMATION

The unaudited consolidated balance sheet as of September 30, 2001, the unaudited consolidated statements of operations for the three and nine months ended September 30, 2001 and 2000, the unaudited consolidated statements of cash flows for the nine months ended September 30, 2001 and 2000, and related footnotes, have been prepared in accordance with generally accepted accounting principles for interim financial information and Article 10 of Regulation S-X. Accordingly, they do not include all the information and footnotes required by generally accepted accounting principles. The financial information presented should be read in conjunction with the audited consolidated financial statements for the year ended December 31, 2000. In the opinion of management, the interim data includes all adjustments (consisting of only normally recurring adjustments) necessary for a fair statement of the results for the interim periods. Operating results for the nine months ended September 30, 2001 are not necessarily indicative of results that may be expected for the year ending December 31, 2001.

Certain reclassifications have been made to prior period balances to conform to current period presentation.

2. ORGANIZATION AND BUSINESS OPERATIONS

Alamosa Holdings, Inc. ("Alamosa Holdings") was formed in July 2000. Alamosa Holdings is a holding company and through its subsidiaries provides wireless personal communications services, commonly referred to as PCS, in the Southwestern, Northwestern and Midwestern United States. Alamosa (Delaware), Inc. ("Alamosa (Delaware)"), a subsidiary of Alamosa Holdings, was formed in

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

October 1999 under the name "Alamosa PCS Holdings, Inc." to operate as a holding company in anticipation of its initial public offering. On February 3, 2000, Alamosa (Delaware), Inc. completed its initial public offering. Immediately prior to the initial public offering, shares of Alamosa (Delaware) were exchanged for Alamosa PCS LLC's ("Alamosa") membership interests, and Alamosa became wholly owned by Alamosa (Delaware). These financial statements are presented as if the reorganization had occurred as of the beginning of the periods presented. Alamosa Holdings and its subsidiaries are collectively referred to in these financial statements as the "Company."

On December 14, 2000, Alamosa (Delaware) formed a new holding company pursuant to Section 251(g) of the Delaware General Corporation Law. In that transaction, each share of Alamosa (Delaware) was converted into one share of the new holding company, and the former public company, which was renamed "Alamosa (Delaware), Inc." became a wholly owned subsidiary of the new holding company, which was renamed "Alamosa PCS Holdings, Inc."

On February 14, 2001, Alamosa Holdings became the new public holding company of Alamosa PCS Holdings, Inc. ("Alamosa PCS Holdings") and its subsidiaries pursuant to a reorganization transaction in which a wholly owned subsidiary of Alamosa Holdings was merged with and into Alamosa PCS Holdings. As a result of this reorganization, Alamosa PCS Holdings became a wholly owned subsidiary of Alamosa Holdings, and each share of Alamosa PCS Holdings common stock was converted into one share of Alamosa Holdings common stock. Alamosa Holdings' common stock is quoted on The Nasdaq National Market under the same symbol previously used by Alamosa PCS Holdings, "APCS." On that day the Company also completed its acquisitions of two Sprint PCS affiliates, Roberts Wireless Communications, L.L.C. ("Roberts") and Washington Oregon Wireless, LLC ("WOW"). On March 30, 2001, the Company acquired Southwest PCS Holdings, Inc. ("Southwest").

3. MERGERS WITH ROBERTS WIRELESS COMMUNICATIONS, L.L.C., WASHINGTON OREGON WIRELESS, LLC, AND SOUTHWEST PCS HOLDINGS, INC.

As of the end of the first quarter of 2001, Alamosa Holdings completed the acquisitions of three Sprint PCS network partners. On February 14, 2001, Alamosa Holdings completed its acquisition of Roberts and WOW. In connection with the Roberts and WOW acquisitions, Alamosa Holdings entered into a new senior secured credit facility for up to \$280 million. On March 30, 2001, Alamosa Holdings completed its acquisition of Southwest. In connection with the Southwest acquisition, Alamosa Holdings increased the senior secured credit facility from \$280 million to \$333 million. Each of these transactions was accounted for under the purchase method of accounting.

6

ALAMOSA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

The merger consideration in the Roberts acquisition consisted of 13.5 million common shares of Alamosa Holdings and approximately \$4.0 million in cash. Alamosa Holdings also assumed the net debt of Roberts in the transaction, which amounted to approximately \$57 million as of February 14, 2001.

The merger consideration in the WOW acquisition consisted of 6.05 million common shares of Alamosa Holdings and approximately \$12.5 million in cash. Alamosa Holdings also assumed the net debt of WOW in the transaction, which amounted to approximately \$31 million as of February 14, 2001.

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

The merger consideration in the Southwest acquisition consisted of 11.1 million common shares of Alamosa Holdings and approximately \$5.0 million in cash. Alamosa Holdings also assumed the net debt of Southwest in the transaction, which amounted to approximately \$81 million as of March 30, 2001.

The Company has obtained independent valuations of Roberts, WOW and Southwest to allocate the purchase price. The results of the valuations are as follows (in thousands):

Current assets	\$ 15,357
Property, plant and equipment	125,149
Goodwill	136,970
Sprint affiliation and other agreements	532,200
Subscriber base acquired	29,500

Net book value of assets acquired, including intangibles	\$ 839,176
	=====

As a result of the acquisitions, the Company recorded goodwill and intangibles of \$882.8 million. This amount includes a deferred tax liability of \$184.1 million which was recorded for the differences between the estimated fair value and tax bases of the assets acquired and liabilities assumed. Additionally, this amount includes \$29.5 million which is attributable to the subscribers acquired with the mergers. The subscriber base will be amortized over 3 years, which approximates the average life of the Company's customer and the remaining goodwill and other intangibles will be amortized over 18 years, which approximates the remaining life of the initial term of the assumed Sprint PCS contracts.

The unaudited pro forma condensed consolidated statements of operations for the nine months ended September 30, 2001 and 2000 set forth below, present the results of operations as if the acquisitions had occurred at the beginning of each period and are not necessarily indicative of future results or actual results that would have been achieved had these acquisitions occurred as of the beginning of the period.

	For the nine months ended September 30,	
	2001	2000
	-----	-----
	(in thousands)	
Total revenues	\$ 256,166	\$ 79,818
	=====	=====
Net loss before income tax benefit and extraordinary item	\$ (173,023)	\$ (129,766)
Income tax benefit	61,128	30,965
	-----	-----
Net loss before extraordinary item	(111,895)	(98,801)
Loss on debt extinguishment, net of tax benefit of \$1,969	(3,503)	--
	-----	-----
Net loss	\$ (115,398)	\$ (98,801)
	=====	=====
Basic and diluted net loss per share before extraordinary item	\$ (1.22)	\$ (1.09)
	=====	=====
Basic and diluted net loss per share	\$ (1.25)	\$ (1.09)
	=====	=====

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

4. ACCUMULATED DEPRECIATION AND AMORTIZATION

Property and equipment are stated net of accumulated depreciation of \$45.9 million and \$15.6 million at September 30, 2001 and December 31, 2000, respectively. Additionally, goodwill and other intangibles are stated net of accumulated amortization of \$33.7 million and \$0 at September 30, 2001 and December 31, 2000, respectively.

7

ALAMOSA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

5. LONG-TERM DEBT

Long-term debt consists of the following (in thousands):

	September 30, 2001	December 31, 2000
	-----	-----
12 7/8% senior discount notes	\$ 229,894	\$ 209,200
12 1/2% senior notes	250,000	
Senior secured credit facility	137,162	
13 5/8% senior notes	150,000	
EDC credit facility	--	54,500
	-----	-----
Total debt	767,056	263,800
Less current maturities	--	
	-----	-----
Long-term debt, excluding current maturities	\$ 767,056	\$ 263,800
	=====	=====

12 7/8% SENIOR DISCOUNT NOTES

On December 23, 1999, Alamosa (Delaware) filed a registration statement with the Securities and Exchange Commission for the issuance of \$350 million face amount of senior discount notes (the "12 7/8% Senior Discount Notes Offering"). The 12 7/8% Senior Discount Notes Offering was completed on February 8, 2000 and generated net proceeds of approximately \$181 million after underwriters' commissions and expenses of approximately \$6.1 million. The 12 7/8% Senior Discount Notes mature in ten years (February 15, 2010) and carry a coupon rate of 12 7/8%, and provides for interest deferral for the first five years. The 12 7/8% Senior Discount Notes will accrete to their \$350 million face amount by February 8, 2005, after which, interest will be paid in cash semiannually. The proceeds of the 12 7/8% Senior Discount Notes Offering were used to prepay \$75 million of the Nortel credit facility, to pay costs to build out the system, to fund operating working capital needs and for other general corporate purposes.

12 1/2% SENIOR NOTES

On January 31, 2001, Alamosa (Delaware) consummated the offering (the "12 1/2% Senior Notes Offering") of \$250 million aggregate principal amount of Senior Notes (the "12 1/2% Senior Notes"). The 12 1/2% Senior Notes mature in ten years (February 1, 2011), carry a coupon rate of 12 1/2%, payable

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

semiannually on February 1 and August 1, beginning on August 1, 2001. The net proceeds from the sale of the 12 1/2% Senior Notes were approximately \$241 million, after deducting the discounts and commissions to the initial purchasers and estimated offering expenses.

Approximately \$59 million of the proceeds of the 12 1/2% Notes Offering were used by Alamosa (Delaware) to establish a security account (with cash or U.S. government securities) to secure on a pro rata basis the payment obligations under the 12 1/2% Senior Notes and the 12 7/8% Senior Discount Notes, and the balance will be used for general corporate purposes of Alamosa (Delaware), including, accelerating coverage within the existing territories of the Company; the build-out of additional areas within its existing territories; expanding its existing territories; and pursuing additional telecommunications business opportunities or acquiring other telecommunications businesses or assets.

SENIOR SECURED CREDIT FACILITY

On February 14, 2001, Alamosa Holdings, Alamosa (Delaware) and Alamosa Holdings, LLC, as borrower; entered into a \$280 million senior secured credit facility (the "Senior Secured Credit Facility") with Citicorp USA, as administrative agent and collateral agent; Toronto Dominion (Texas), Inc., as syndication agent; EDC as co-documentation agent; First Union National Bank, as documentation agent; and a syndicate of banking and financial institutions. On March 30, 2001, this credit facility was amended to increase the facility to \$333 million in relation to the acquisition of Southwest. At that time, all covenants were amended to reflect this increase and the inclusion of Southwest.

8

ALAMOSA HOLDINGS, INC.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

As of September 30, 2001, Alamosa Holdings, LLC borrowed \$137 million under the new term loan facility while an additional \$88 million in term debt will be available for multiple drawings in amounts to be agreed for a period of 12 months thereafter.

The Senior Secured Credit Facility was amended on July 19, 2001 to extend the period prior to which Alamosa Holdings, LLC can borrow \$50.0 million of term loans from August 14, 2001 to December 31, 2001.

In conjunction with the closing of the 13 5/8% Senior Notes (as discussed below) the Senior Secured Credit Facility was amended to reduce the amount of the facility from \$333.0 million to \$225.0 million and modify the financial covenants.

13 5/8% SENIOR NOTES

On August 15, 2001, Alamosa (Delaware) issued \$150 million face amount of Senior Notes (the "13 5/8% Senior Notes"). The 13 5/8% Senior Notes mature in ten years (August 15, 2011), will carry a coupon rate of 13 5/8% payable semiannually on February 15 and August 15, beginning on February 15, 2002. The net proceeds from the sale of the 13 5/8% Senior Notes were approximately \$141.5 million, after deducting the discounts and commissions to the initial purchasers and estimated offering expenses.

Approximately \$39.1 million of the proceeds of the 13 5/8% Notes Offering were used by Alamosa (Delaware) to establish a security account (with cash or U.S. government securities) to secure on a pro rata basis the payment

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

obligations under the 13 5/8% Senior Notes, the 12 1/2% Senior Notes and the 12 7/8% Senior Discount Notes. Approximately \$66 million of the proceeds were used to pay down a portion of the Senior Secured Credit Facility. The balance will be used for general corporate purposes.

NORTEL/EDC CREDIT FACILITY

On February 14, 2001, the outstanding balance of \$54,524 was paid in full plus accrued interest in the amount of \$884 with proceeds from the Senior Secured Credit Facility. The Company was refunded \$1,377 of the original issuance cost as a result of the early extinguishment. The balance of unamortized cost totaling \$5,472 was written off and classified as an extraordinary item.

6. INCOME TAXES

The income tax benefit represents the anticipated recognition of the Company's deductible net operating loss carry forwards. This benefit is being recognized based on an assessment of the combined expected future taxable income of the Company and expected reversals of the temporary differences from the Roberts, WOW and Southwest mergers.

7. HEDGING ACTIVITIES AND COMPREHENSIVE INCOME

The Company adopted Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivatives and Hedging Activities" on January 1, 2001. The statement requires the Company to record all derivatives on the balance sheet at fair value. Derivatives that are not hedges must be adjusted to fair value through earnings. If the derivative is a hedge, depending on the nature of the hedge, changes in the fair value of the derivatives are either recognized in earnings or are recognized in other comprehensive income until the hedged item is recognized in earnings. During the quarter ended September 30, 2001, the Company recorded approximately \$2,636 in "other noncurrent liabilities" representing the change in the fair market value of the interest rate hedge instruments that expire in 2004. In addition, the Company recognized a loss of \$1,228 net of tax effect, in other comprehensive income, which appears as a separate component of Stockholders' Equity as "Accumulated other comprehensive loss," as illustrated below:

9

ALAMOSA HOLDINGS, INC.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS - CONTINUED

	Nine months ended September 30,	
	2001	2000
	-----	-----
Net loss	\$ (99,479)	\$ (45,958)
Change in fair value of derivatives (net of tax benefit of \$680)	(1,228)	--
Comprehensive loss	\$ (100,707)	\$ (45,958)
	=====	=====

8. SUPPLEMENTAL DISCLOSURE TO STATEMENTS OF CASH FLOW

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

Accounts payable at September 30, 2001 and 2000 include \$29.8 million and \$23.5 million, respectively, of property and equipment additions. Additions to property and equipment of \$101.5 million in the consolidated statements of cash flows for the nine months ended September 30, 2001 include payments of accounts payable outstanding at December 31, 2000.

During the quarter ended September 30, 2001, the Company entered into capital leases totaling \$1.8 million.

9. LONG-TERM INCENTIVE PLAN

A vote of shareholders on February 14, 2001 increased the number of shares of the Company's common stock reserved for issuance under the long-term incentive plan by 6,000,000 shares, from 7,000,000 shares to 13,000,000 shares.

10. EFFECTS OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In July 2001, the FASB issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." The provisions of SFAS No. 141 will apply to all business combinations initiated after June 30, 2001, and will also apply to all business combinations accounted for by the purchase method that are completed after June 30, 2001. SFAS No. 142 should be applied in fiscal years beginning after December 15, 2001 to all goodwill and other intangible assets recognized in an entity's statement of financial position at that date, regardless of when those assets were initially recognized. Certain provisions of SFAS No. 142 will be effective for business combinations completed after June 30, 2001. The Company is in the process of evaluating the effect of the adoption of these pronouncements.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The provisions of SFAS No. 143 are effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company is in the process of evaluating the effect of the adoption of this pronouncement.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The provisions of SFAS No. 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. The Company is in the process of evaluating the effect of the adoption of this pronouncement.

11. SUBSEQUENT EVENTS

On September 28, 2001, the Securities and Exchange Commission declared effective our registration statement in connection with the resale of 30,649,990 shares of our common stock by certain stockholders. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

On November 7, 2001, certain stockholders of Alamosa Holdings offered to sell 4,800,000 shares of Alamosa Holding's common stock. The Company did not receive any proceeds from the sale of shares by the selling stockholders.

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

FORWARD-LOOKING STATEMENTS

This quarterly report on Form 10-Q includes "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended (the "Securities Act"), and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), which can be identified by the use of forward-looking terminology such as, "may," "might," "could," "would," "believe," "expect," "intend," "plan," "seek," "anticipate," "estimate," "project" or "continue" or the negative thereof or other variations thereon or comparable terminology. These forward-looking statements are subject to various risks and uncertainties and are made pursuant to the "safe-harbor" provisions of the private Securities Litigation Reform Act of 1995. These statements are made based on management's current expectations or beliefs as well as assumptions made by, and information currently available to, management.

A variety of factors could cause actual results to differ materially from those anticipated in our forward-looking statements, including the following factors: our dependence on our affiliation with Sprint PCS; shifts in populations or network focus; changes or advances in technology; changes in Sprint's national service plans or fee structure with us; change in population; difficulties in network construction; increased competition in our markets; failure to consummate anticipated acquisitions or financings; and adverse changes in financial position, condition or results of operations. For a detailed discussion of these and other cautionary statements and factors that could cause actual results to differ from our forward-looking statements, please refer to our filings with the Securities and Exchange Commission, "Item 1. Business" and "Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation" of our Form 10-K for the year ended December 31, 2000 and the "risk factors" sections of our subsequent filings with the Securities and Exchange Commission.

Readers are cautioned not to place undue reliance on these forward-looking statements, which reflect management's analysis only as of the date hereof. We do not undertake any obligation to publicly revise these forward-looking statements to reflect events or circumstances that arise after the date hereof. Readers should carefully review the risk factors described in other documents we file from time to time with the Securities and Exchange Commission.

OVERVIEW

Since our inception, we have incurred substantial costs to negotiate our contracts with Sprint PCS and our debt financing, to raise funds in the public market, to engineer our wireless system, to develop our business infrastructure and distribution channels and to build-out our portion of the Sprint PCS network. As of September 30, 2001, our accumulated deficit was \$213.4 million. Through September 30, 2001, we incurred \$473.8 million of capital expenditures and construction in progress including capital expenditures related to the build-out of our portion of the Sprint PCS network, including costs connected to the acquisition of Roberts, WOW and Southwest. While we anticipate operating losses to continue, we expect revenue to continue to increase substantially as the base of Sprint PCS subscribers located in our territories increases.

On July 17, 1998, we entered into our affiliation agreements with Sprint PCS. We subsequently amended our affiliation agreements with Sprint PCS to expand our territories so that as of September 30, 2001 it included approximately 10.8 million covered residents, including the acquisitions of Roberts, WOW and Southwest.

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

As a Sprint PCS affiliate, we have the exclusive right to provide wireless mobility communications network services under the Sprint and Sprint PCS brand names in our territories. We are responsible for building, owning and managing the portion of the Sprint PCS network located in our territories. We market wireless products and services in our territories under the Sprint and Sprint PCS brand names. We offer national plans designed by Sprint PCS and specialized local plans tailored to our market demographics. Our portion of the Sprint PCS network is designed to offer a seamless connection with Sprint PCS's 100% digital wireless network. We market wireless products and services through a number of distribution outlets located in our

11

territories, including our own Sprint PCS stores, major national distributors and third party local representatives.

We recognize 100% of revenues from Sprint PCS subscribers based in our territories, proceeds from the sales of handsets and accessories and fees from Sprint PCS and other wireless service providers when their customers roam onto our portion of the Sprint PCS network. Sprint PCS handles our billing and collections and retains 8% of all collected revenue from Sprint PCS subscribers based in our territories and fees from wireless service providers other than Sprint PCS when their subscribers roam onto our portion of the Sprint PCS network. We report the amount retained by Sprint PCS as an operating expense.

As part of our affiliation agreements with Sprint PCS, we have the option of contracting with Sprint PCS to provide back office services such as customer activation, handset logistics, billing, customer service and network monitoring services. We have elected to delegate the performance of these services to Sprint PCS to take advantage of Sprint PCS's economies of scale, to accelerate our build-out and market launches and to lower our initial capital requirements. The cost for these services is primarily calculated on a per subscriber and per transaction basis and is recorded as an operating expense.

As of the end of the first quarter of 2001, we completed the acquisitions of three Sprint PCS network partners. On February 14, 2001, we completed our acquisition of Roberts and WOW. In connection with the Roberts and WOW acquisitions, we entered into a new Senior Secured Credit Facility for up to \$280 million. On March 30, 2001, we completed our acquisition of Southwest. Each of these transactions was accounted for under the purchase method of accounting. In connection with the Southwest acquisition, we increased the Senior Secured Credit Facility from \$280 million to \$333 million. On August 15, 2001, Alamosa (Delaware) issued \$150 million in 13 5/8% Senior Notes. In conjunction with this notes issuance, the Senior Secured Credit Facility was reduced to \$225 million.

On February 14, 2001, as part of the reorganization transaction in which we acquired Roberts and WOW, Alamosa Sub I, Inc., our wholly owned subsidiary, merged with Alamosa PCS Holdings, with Alamosa PCS Holdings surviving the merger and Alamosa PCS Holdings became our wholly owned subsidiary. Each share of Alamosa PCS Holdings common stock issued and outstanding immediately prior to the merger was converted into the right to receive one share of our common stock.

We launched Sprint PCS service in our first market, Laredo, Texas, in June 1999, and have since commenced service in 87 additional markets including acquisitions, through September 30, 2001. At September 30, 2001 our systems, including acquisitions, covered approximately 10.8 million residents out of approximately 15.6 million total residents in those markets. The number of

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

residents covered by our systems does not represent the number of Sprint PCS subscribers that we expect to be based in our territories. As of September 30, 2001, approximately 404,000 Sprint PCS subscribers were based in our territories.

SEASONALITY

Our business is subject to seasonality because the wireless industry is heavily dependent on fourth quarter results. Among other things, the industry relies on significantly higher customer additions and handset sales in the fourth quarter as compared to the other three fiscal quarters. A number of factors contribute to this trend, including:

- o the increasing use of retail distribution, which is dependent upon the year-end holiday shopping season;
- o the timing of new product and service announcements and introductions;
- o competitive pricing pressures; and
- o aggressive marketing and promotions.

12

RESULTS OF OPERATIONS

FOR THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2001 COMPARED TO THE QUARTER AND NINE MONTHS ENDED SEPTEMBER 30, 2000

NET LOSS. Our net loss for the quarter ended September 30, 2001 was \$37.7 million as compared to a net loss of \$17.5 million for the quarter ended September 30, 2000. Net loss for the nine months ended September 30, 2001 was \$99.5 million compared to a net loss of \$46.0 million for the nine months ended September 30, 2000. These losses were the result of the continued incurrence of start-up expenses relative to the preparation of markets for commercial launch, significant subscriber growth and the operation of markets in service.

SERVICE REVENUES. Service revenues are comprised of subscriber revenue, Sprint PCS roaming revenue, non-Sprint PCS roaming revenue and long distance revenue, all of which initially began accruing to us at or near our first initial commercial launch in June 1999. Subscriber revenue consists of payments received from Sprint PCS subscribers based in our territories for monthly Sprint PCS service under a variety of service plans. These plans generally reflect the terms of national plans offered by Sprint PCS. We receive Sprint PCS travel revenue at a per minute rate from Sprint PCS or another Sprint PCS affiliate when Sprint PCS subscribers based outside of our territories use our portion of the Sprint PCS network. This reciprocal rate was 20 cents per minute for travel from inception through May 31, 2001. Pursuant to our affiliation agreements with Sprint PCS, Sprint PCS can change this per minute rate. Sprint and the Company agreed to change the reciprocal travel rate to 15 cents effective June 1, 2001 and to 12 cents effective October 1, 2001. Beginning January 1, 2002 and continuing throughout the remaining term of the affiliate agreements with Sprint PCS, the rate will be adjusted to provide a fair and reasonable return on the cost of the underlying network, which we expect to be approximately 10 cents per minute. The long distance rate of 6 cents per minute remains unchanged. Service revenues were \$99.2 million for the quarter ended September 30, 2001 compared to \$21 million for the quarter ended September 30, 2000. Service revenues were \$218.6 million for the nine months ended September 30, 2001, and \$46.6 million for the nine months ended September 30, 2000. These increases are due to the continued growth in our subscribers and the approximately 90,000 subscribers acquired in the first quarter of 2001, resulting from the closing of the mergers

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

with WOW, Roberts and Southwest.

Non-Sprint PCS roaming revenue primarily consists of fees collected from Sprint PCS customers based in our territories when they roam on non-Sprint PCS networks. These fees are based on rates specified in the customers' contracts. However, it is possible that in some cases these fees may be less than the amount we must pay to other wireless service providers that provide service to Sprint PCS customers based in our territories. Non-Sprint PCS roaming revenue also includes payments from wireless service providers, other than Sprint PCS, when those providers' customers roam on our portion of the Sprint PCS network. For the quarter ended September 30, 2001 our average monthly revenue per user ("ARPU") including roaming revenue was approximately \$92 compared to approximately \$88 for the same quarter of 2000. For the nine months ended September 30, 2001, ARPU for Sprint PCS customers in our territories, including roaming revenue, was approximately \$90 and was approximately \$85 for the nine months ended September 30, 2000. For the quarter ended September 30, 2001, ARPU without roaming was approximately \$63 compared to approximately \$68 for the quarter ended September 30, 2000. Without roaming, our ARPU was approximately \$62 and \$65 for the nine months ended September 30, 2001 and 2000, respectively.

PRODUCT SALES. 100% of the revenue from the sale of handsets and accessories through our retail stores and to our local indirect distributors are recorded, net of an allowance for returns, as product sales. Product sales for the quarter ended September 30, 2001 totaled \$ 8.7 million compared to \$2.2 million for the same quarter of 2000. The amount recorded for the nine months ended September 30, 2001 totaled \$18.7 million as compared to \$6.0 million for the nine months ended September 30, 2000. The increase in product sales, for both the quarter and the nine months can be attributed to the opening of retail stores and the addition of local indirect distributors in markets launched in the last half of 2000 and the acquisitions of WOW, Roberts and Southwest in the first quarter of 2001. Our handset return policy allows customers to return their handsets for a full refund within 14 days of purchase. When handsets are returned to us, we may be able to reissue the handsets to customers at little additional cost to us. However, when handsets are returned to Sprint PCS for refurbishing, we receive a credit from Sprint PCS, which is less than the amount we originally paid for the handset.

COST OF SERVICE AND OPERATIONS. These expenses include the cost of operations for our network (such as fees related to data transfer via T-1 and other transport lines and inter-connection fees), Sprint PCS and non-Sprint PCS

13

roaming fees, long distance, the affiliation fee paid to Sprint PCS of 8% of collected service revenues, and customer care, billing and service fees paid to Sprint PCS. Cost of service and operations totaled \$67.7 million and \$15.1 million for the quarters ended September 30, 2001 and 2000, respectively. Cost of service and operations totaled \$154.6 million for the nine months ended September 30, 2001 and \$34.1 million for the nine months ended September 30, 2000. The increase is primarily attributable to the increase in subscribers in 2001 as compared to 2000. We pay Sprint PCS travel fees when Sprint PCS subscribers based in our territories use the Sprint PCS network outside of our territories. Pursuant to our affiliation agreements with Sprint PCS, Sprint PCS can change this per minute rate. Sprint and the Company agreed to change the reciprocal travel rate to 15 cents effective June 1, 2001 and to 12 cents effective October 1, 2001. Beginning January 1, 2002 and continuing throughout the remaining term of the affiliate agreements with Sprint PCS, the rate will be adjusted to provide a fair and reasonable return on the cost of the underlying network, which we expect to be approximately 10 cents per minute. We pay non-Sprint PCS roaming fees to other wireless service providers when Sprint PCS

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

customers based in our territories use their network.

COST OF PRODUCTS SOLD. The cost of products sold through our retail stores and to our local indirect retailers totaled \$16.6 million for the quarter ended September 30, 2001 as compared to \$4.6 million for the quarter ended September 30, 2000. Cost of products sold was \$35.2 million and \$11.6 million for the nine months ended September 30, 2001 and 2000, respectively. The increase was due to growth in our subscribers activated through our retail and local indirect channels between September 30, 2000 and September 30, 2001. These amounts include the cost of accessories and the cost of handsets sold through our retail stores including sales to local indirects. We expect the cost of handsets to exceed the retail sales price because we subsidize the price of handsets for competitive reasons. The handset subsidy included in cost of products sold through our retail stores totaled \$8.1 million for the quarter ended September 30, 2001 and \$2.4 million for the quarter ended September 30, 2000. For the nine months ended September 30, 2001, handset subsidy through our retail stores was \$17.3 million compared to \$5.7 million for the same period of 2000.

SELLING AND MARKETING. Selling and marketing expenses totaled \$31.4 million for the quarter ended September 30, 2001 and \$11.6 million for the quarter ended September 30, 2000. Selling and marketing expenses were \$73.9 million and \$25.8 million for the nine months ended September 30, 2001 and 2000, respectively. Selling and marketing expenses include advertising expenses, promotion costs, sales commissions and expenses related to our distribution channels and handset subsidy paid to Sprint PCS for customers based in our territories that purchase handsets through Sprint PCS or its national retailers. The amount of handset subsidy from channels other than our retail stores, such as E-commerce, telemarketing, and Sprint PCS national retailers, and sales to local indirects included in selling and marketing totaled \$5.3 million and \$1.1 million for the quarters ended September 30, 2001 and 2000, respectively. For the nine months ended September 30, 2001 the amount of handset subsidy from channels other than our retail stores and sales to local indirects included in selling and marketing totaled \$9.7 million as compared to \$3.4 million for the nine months ended September 30, 2000.

GENERAL AND ADMINISTRATIVE EXPENSES. For the quarters ended September 30, 2001 and 2000, general and administrative expenses totaled \$3.5 million and \$3.5 million, respectively. For the nine months ended September 30, 2001, these expenses totaled \$10.8 million compared to \$11.8 million for the nine months ended September 30, 2000. General and administrative expenses include corporate costs and expenses such as administration, human resources and accounting and finance. Also included in general and administrative expenses is non-cash compensation expense related to the Company's stock option plans of \$0.4 million for the quarter ended September 30, 2000. No non-cash compensation expense was recorded for the quarter ended September 30, 2001. For the nine months ended September 30, 2001, \$0.2 million of non-cash compensation expense was recorded as compared to \$4.6 million for the nine months ended September 30, 2000.

DEPRECIATION AND AMORTIZATION. Depreciation and amortization for the quarter ended September 30, 2001 totaled \$27.3 million as compared to \$3.0 million for the quarter ended September 30, 2000. For the nine months ended September 30, 2001 and September 30, 2000, depreciation and amortization totaled \$64.5 million and \$7.8 million, respectively. Included in depreciation and amortization for the quarter ended September 30, 2001 and the nine months September 30, 2001, was \$14.5 million and \$33.7 million, respectively, of amortization of goodwill and identified intangibles that resulted from the mergers with Roberts, WOW and Southwest. Depreciation is calculated using the straight-line method over the useful life of the asset. We begin to depreciate the assets for each market only after we launch that market. The increase in depreciation expense is due to the significant increase in network infrastructure we built and launched since September 2000.

INTEREST AND OTHER INCOME. Interest and other income totaled \$2.5 million for the quarter ended September 30, 2001 and \$4.1 million for the quarter ended September 30, 2000. Interest and other income totaled \$10.7 million and \$10.8 million for the nine months ended September 30, 2001 and 2000, respectively. This income generally has been generated from the investment of equity and loan proceeds held in liquid accounts waiting to be deployed.

INTEREST EXPENSE. Interest expense totaled \$23.6 million for the quarter ended September 30, 2001 and \$7.0 million for the quarter ended September 30, 2000. For the nine months ended September 30, 2001, interest expense was \$58.3 million compared to \$18.3 million for the nine months ended September 30, 2000. During the first quarter of 2001, we issued new senior notes and a new credit facility for a combined total of approximately \$453 million. The increase from 2000 to 2001 is due to higher average outstanding debt balances due to business acquisitions and network construction.

INCOME TAX BENEFIT. For the quarter and nine months ended September 30, 2001, income tax benefit totaled \$22.0 million and \$55.3 million, respectively. The income tax benefit represents the anticipated recognition of the Company's deductible net operating loss carry forward. This benefit is being recognized based on an assessment of the combined expected future taxable income of the Company and expected reversals of the temporary differences from the Roberts, WOW and Southwest mergers.

LOSS ON DEBT EXTINGUISHMENT. For the nine months ended September 30, 2001, a loss on extinguishment of debt of \$5.5 million, net of tax benefit of \$2.0 million was recorded to write off debt issuance costs associated with the Nortel/EDC Credit Facility. This credit facility was replaced with the Senior Secured Credit Facility, which was entered into on February 14, 2001. No such loss was incurred for the period ended September 30, 2000.

LIQUIDITY AND CAPITAL RESOURCES

Since inception, we have financed our operations through capital contributions from our owners, through debt financing and through proceeds generated from our initial public offering. We entered into a credit agreement with Nortel effective June 10, 1999, which was amended and restated on February 8, 2000. On June 23, 2000, Nortel assigned the entirety of its loans and commitments to EDC, and Alamosa (Delaware) and EDC entered into the credit facility with EDC (the "EDC Credit Facility").

The EDC Credit Facility was reduced by \$75.0 million from the issuance of the 12 7/8% Senior Discount Notes. Following the completion of that offering, the EDC Credit Facility provided for advancing term loan facilities in the aggregate principal amount of \$175.0 million. The terms and conditions of the EDC Credit Facility were substantially the same as the terms and conditions of the Nortel credit agreement before the assignment and the amendments. On February 14, 2001, we repaid the total amount outstanding on the facility in the amount of \$54.5 million plus accrued interest of \$884 with the proceeds from our Senior Secured Credit Facility.

On February 8, 2000, Alamosa (Delaware), our wholly owned subsidiary, issued \$350 million face amount of Senior Discount Notes (the "12 7/8% Senior Discount Notes"). The 12 7/8% Senior Discount Notes mature in ten years (February 15, 2010), carry a coupon rate of 12 7/8%, and provide for interest deferral for the first five years. The 12 7/8% Senior Discount Notes will accrete to their \$350 million face amount by February 8, 2005, after which interest will be paid in cash semiannually.

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

On January 31, 2001, Alamosa (Delaware) issued \$250 million face amount of Senior Notes (the "12 1/2% Senior Notes"). The 12 1/2% Senior Notes mature in ten years (February 1, 2011), carry a coupon rate of 12 1/2%, payable semiannually on February 1 and August 1, beginning on August 1, 2001.

On February 14, 2001, Alamosa Holdings, Alamosa (Delaware) and Alamosa Holdings, LLC, as borrower; entered into a \$280.0 million Senior Secured Credit Facility (the "Senior Secured Credit Facility") with Citicorp USA, as administrative agent and collateral agent Toronto Dominion (Texas), Inc., as syndication agent; EDC as co-documentation agent; First Union National Bank, as documentation agent; and a syndicate of banking and financial institutions. On March 30, 2001, this credit facility was amended to increase the facility to \$333.0 million in relation to the acquisition of Southwest. At that time, all covenants were amended to reflect this increase and the inclusion of Southwest. The Senior Secured Credit Facility was amended on July 19, 2001 to extend the period prior to which Alamosa Holdings, LLC must borrow \$50.0 million of term loans from August 14, 2001 to December 31, 2001.

15

On August 15, 2001, our wholly owned subsidiary, Alamosa (Delaware) issued \$150 million of face amount of senior notes (the "13 5/8% Senior Notes"). The 13 5/8% Senior Notes mature in ten years (August 15, 2011) and carry a coupon rate of 13 5/8% payable semiannually on February 15 and August 15, beginning on February 15, 2002. The net proceeds from the sale of the 13 5/8% Senior Notes were approximately \$141.5 million, after deducting the discounts and commissions to the initial purchasers and offering expenses.

Approximately \$39 million of the proceeds of the offering of the 13 5/8% Senior Notes was used by Alamosa (Delaware) to establish a security account (with cash or U.S. Government Securities) to secure on a pro rata basis the payment obligations under the 13 5/8% Senior Notes, the 12 1/2% Senior Notes and the 12 7/8% Senior Discount Notes. Approximately \$66 million of the proceeds were used to pay down a portion of the Senior Secured Credit Facility. The balance will be used for general corporate purposes.

The Senior Secured Credit Facility was amended simultaneously with the closing of the offering of the 13 5/8% Senior Notes to, among other things, reduce the amount of the Senior Secured Credit Facility from \$333.0 million to \$225.0 million and modify the financial covenants. As of September 30, 2001, our total outstanding debt, excluding unused commitments made by lenders, was approximately \$769.3 million.

Net cash used in operating activities was \$98.4 million for the nine months ended September 30, 2001. Net cash used in operating activities was \$14.7 million for the nine months ended September 30, 2000. Cash used in operating activities was attributable to operating losses and working capital needs.

Net cash used in investing activities was \$125.6 million for the nine months ended September 30, 2001, and \$122.3 million for the nine months ended September 30, 2000. In 2001, we invested \$101.5 million in our network infrastructure and \$37.6 million in the acquisitions of Roberts, WOW and Southwest. The expenditures in 2000 were related primarily to the purchase of network infrastructure needed to construct our portion of the Sprint PCS network.

Net cash provided by financing activities was \$185.3 million for the nine months ended September 30, 2001 and consisted primarily of the net proceeds from our issuance of the 12 1/2% Senior Notes, borrowings under the Senior Secured Credit Facility, less repayment of long-term debt of \$223.6 million,

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

\$169.1 million of which was assumed through acquisitions. Additionally, we had net proceeds of \$141.5 million from our issuance of the 13 5/8% Senior Notes, less repayment of long term debt of \$66.0 million. As of September 30, 2001, we have set aside restricted cash of \$84.5 million to secure on a pro rata basis the payment obligations under the 12 7/8% Senior Discount Notes, the 12 1/2% Senior Notes and the 13 5/8% Senior Notes and \$11.8 million as interest collateral for the Senior Secured Credit Facility. Net cash provided by financing activities was \$303.9 million for the nine months ended September 30, 2000 consisting primarily of net proceeds from our initial public offering of approximately \$194.3 million and net proceeds from our issuance of 12 7/8% Senior Discount Notes of approximately \$187.1 million less repayments of long-term debt of \$76.2 million.

As of September 30, 2001, our primary sources of liquidity were approximately \$103.0 million in cash and cash equivalents and \$87.8 million of unused capacity under the Senior Secured Credit Facility.

We estimate that we will require approximately \$46.8 million to complete the current build-out plan and fund working capital losses through the remainder of the year 2001. The actual funds required to build-out our portion of the Sprint PCS network and to fund operating losses and working capital needs may vary materially from this estimate and additional funds could be required.

We include capital leases related to network equipment and build-out in construction in progress until service has commenced in their respective markets. Once that service has commenced, those capital leases are reclassified to property and equipment. At September 30, 2001, capital leases totaled \$2.7 million and included long-term capital lease obligations of \$2.2 million. At December 31, 2000 the capital leases totaled \$1.1 million.

For a complete description of our indebtedness, please refer to Note 5 included in Item 1. FINANCIAL STATEMENTS.

16

INFLATION

Management believes that inflation has not had, and is not likely to have, a material adverse effect on our results of operations.

EFFECT OF RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" and SFAS No. 142, "Goodwill and Other Intangible Assets." The provisions of SFAS No. 141 will apply to all business combinations initiated after June 30, 2001, and will also apply to all business combinations accounted for by the purchase method that are completed after June 30, 2001. SFAS No. 142 should be applied in fiscal years beginning after December 15, 2001 to all goodwill and other intangible assets recognized in an entity's statement of financial position at that date, regardless of when those assets were initially recognized. Certain provisions of SFAS No. 142 will be effective for business combinations completed after June 30, 2001. The Company is in the process of evaluating the effect of the adoption of these pronouncements.

In August 2001, the FASB issued SFAS No. 143, "Accounting for Asset Retirement Obligations." The provisions of SFAS No. 143 are effective for financial statements issued for fiscal years beginning after June 15, 2002. The Company is in the process of evaluating the effect of the adoption of this pronouncement.

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets." The provisions of SFAS No. 144 are effective for financial statements issued for fiscal years beginning after December 15, 2001, and interim periods within those fiscal years. The Company is in the process of evaluating the effect of the adoption of this pronouncement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We do not engage in commodity futures trading activities and do not enter into derivative financial instrument transactions for trading or other speculative purposes. We also do not engage in transactions in foreign currencies that could expose us to market risk.

We are subject to some interest rate risk on our financing from the Senior Secured Credit Facility and any future floating rate financing.

The following table presents the estimated future outstanding long-term debt at the end of each year and future required annual principal payments for each year then ended associated with the 12 7/8% Senior Discount Notes, the 12 1/2% Senior Notes, the 13 5/8% Senior Notes, capital leases and the Senior Secured Credit Facility financing based on our projected level of long-term indebtedness:

	YEAR ENDING DECEMBER 31,				
	2001	2002	2003	2004	2005
	----	----	----	----	----
Fixed rate instruments:					
12 7/8 senior discount notes.....	\$ 237	\$ 269	\$ 305	\$ 345	\$ 3
Fixed interest rate.....	12.875%	12.875%	12.875%	12.875%	12.8
Principal payments.....	--	--	--	--	
12 1/2% senior notes.....	\$ 250	\$ 250	\$ 250	\$ 250	\$ 2
Fixed interest rate.....	12.5%	12.5%	12.5%	12.5%	12
Principal payment.....	--	--	--	--	
13 5/8% senior notes.....	\$ 150	\$ 150	\$ 150	\$ 150	\$ 1
Fixed interest rate.....	13.625%	13.625%	13.625%	13.625%	13.6
Principal payment.....	--	--	--	--	
Capital leases--annual minimum:					
Lease payments (1).....	\$ 0.336	\$ 0.922	\$ 0.479	\$ 0.247	\$ 0.
Average interest rate	11.35%	11.35%	11.35%	11.35%	11.
Variable rate instruments:					
Senior secured credit facility (2)...	\$ 187	\$ 225	\$ 225	\$ 200	\$ 1
Average interest rate (3).....	9.00%	9.00%	9.00%	9.00%	9.
Principal payments.....	--	--	--	\$ 25	\$

(1) These amounts represent the estimated minimum annual payments due under our estimated capital lease obligations for the periods presented.

(2) The amounts represent estimated year-end balances under the Senior Secured Credit Facility based on a projection of the funds borrowed under that facility pursuant to our current plan of network build-out.

(3) Interest rate under the Senior Secured Credit Facility equals, at our option, either the London Interbank Offered Rate ("LIBOR") + 4.0%, or the prime or base rate of Citibank, N.A. plus 3.0%. LIBOR is assumed to equal

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

5.0% for all periods presented.

Our primary market risk exposure relates to:

- o the interest rate risk on long-term and short-term borrowings;
- o our ability to refinance the 12 7/8% Senior Discount Notes at maturity at market rates; and
- o the impact of interest rate movements on our ability to meet interest expense requirements and meet financial covenants.

PART II - OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

We and our subsidiaries are not parties to any pending legal proceedings that we believe would, if adversely determined, individually or in the aggregate have a material adverse effect on our, or our subsidiaries', financial condition or results of operations.

On October 29, 2001, we learned through press reports that a law firm had announced that it had initiated securities actions against one of more of several companies, including us, requesting class action status and alleging violations of federal securities laws and/or that possible claims exist against one or more of such companies for conduct occurring during specified periods. We have not been served with, nor have we otherwise been able to obtain, a copy of any complaint against us relating to these matters. We believe our prior actions have been in accordance with applicable securities laws, and we expect to defend any claims that ultimately may be brought against us vigorously.

18

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS.

None.

ITEM 3. DEFAULTS UPON SENIOR SECURITIES.

None.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

None.

ITEM 5. OTHER INFORMATION.

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K.

(a) The following exhibits are included herein:

EXHIBIT NUMBER -----	EXHIBIT TITLE -----
4.13	Indenture for 13 5/8% Senior Notes due 2011, dated August 15, 2001, among Alamosa (Delaware), the Subsidiary Guarantors party thereto, and Wells Fargo Bank Minnesota, N.A., as trustee, filed as Exhibit 4.12 to the Registration

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

Statement on Form S-4, dated August 28, 2001 (Registration No. 333-68538) of Alamosa (Delaware), Inc., which exhibit is incorporated herein by reference.

- 4.14 Form of Global Note relating to the 13 5/8% Senior Notes due 2011, filed as Exhibit 4.13 to the Registration Statement on Form S-4, dated August 28, 2001 (Registration No. 333-68538) of Alamosa (Delaware), Inc., which exhibit is incorporated herein by reference.
- 4.15 Registration Rights Agreement, dated August 7, 2001, by and among Alamosa (Delaware), Salomon Smith Barney Inc., TD Securities (USA) Inc., First Union Securities, Inc., and Scotia Capital (USA) Inc., relating to the 13 5/8% Senior Notes due 2011, filed as Exhibit 4.14 to the Registration Statement on Form S-4, dated August 28, 2001 (Registration No. 333-68538) of Alamosa (Delaware), Inc., which exhibit is incorporated herein by reference.
- 10.56 Third Amendment and Waiver, dated as of July 19, 2001, to the Amended and Restated Credit Agreement, among Alamosa Holdings, Inc., Alamosa (Delaware), Inc., Alamosa Holdings, LLC, Export Development Corporation, as co-documentation agent, First Union National Bank, as documentation agent, Toronto Dominion (Texas), Inc. as syndication agent and Citicorp USA, Inc., as administrative and collateral agent as an amendment to Exhibit 10.23 above, filed as Exhibit 10.56 to the Registration Statement on Form S-1, dated July 31, 2001 (Registration No. 333-66358) of Alamosa Holdings, Inc. and incorporated herein by reference.

19

EXHIBIT
NUMBER

EXHIBIT TITLE

- 10.57 Fourth Amendment and Waiver, dated as of August 6, 2001, to the Amended and Restated Credit Agreement, among Alamosa Holdings, Inc., Alamosa (Delaware), Inc., Alamosa Holdings, LLC, the Lenders party thereto (the "Lenders"), Export co-documentation agent, First Union National Bank, as documentation agent, Toronto Dominion (Texas), Inc., as syndication agent, and Citicorp USA, Inc., as administrative Agent and collateral Agent, as an amendment to Exhibit 10.23 above, filed as Exhibit 10.55 to the Registration Statement on Form S-4, dated August 28, 2001 (Registration No. 333-68538) of Alamosa (Delaware), Inc., which exhibit is incorporated herein by reference.
- 10.58 Fifth Amendment and Consent, dated as of August 7, 2001, to the Amended and Restated Credit Agreement, among Alamosa Holdings, Inc., Alamosa (Delaware), Inc., Alamosa Holdings, LLC, the Lenders party thereto (the "Lenders"), Export Development Corporation, as co-documentation agent, First Union National Bank, as documentation agent, Toronto Dominion (Texas), Inc., as syndication agent, and Citicorp USA, Inc., as administrative Agent and collateral Agent, as an amendment to Exhibit 10.23 above, filed as Exhibit 10.56 to the Registration Statement on Form S-4, dated August 28, 2001 (Registration No. 333-68538) of Alamosa (Delaware),

Edgar Filing: ALAMOSA HOLDINGS INC - Form 424B3

Inc., which exhibit is incorporated herein by reference.

10.59 Security agreement, dated as of August 15, 2001, among Alamosa (Delaware), Inc., a Delaware corporation, Wells Fargo Bank Minnesota, N.A., as security agent, Wells Fargo Bank Minnesota, N.A., as collateral agent for Wells Fargo Bank Minnesota, N.A., as trustee under the August 2001 Indenture (as to paragraph 6(b)), for Wells Fargo Bank Minnesota, N.A., as trustee under the January 2001 Indenture (as to paragraph 6(b)), and for Wells Fargo Bank Minnesota, N.A., as trustee under the 2000 Indenture (as to paragraph 6(b)), filed as Exhibit 10.57 to the Registration Statement on Form S-4, dated August 28, 2001 (Registration No. 333-68538) of Alamosa (Delaware), Inc., which exhibit is incorporated herein by reference.

(b) There were no reports on Form 8-K filed during the quarter ended September 30, 2001.

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.

ALAMOSA HOLDINGS, INC.
Registrant

/s/ David E. Sharbutt

David E. Sharbutt
Chairman of the Board of Directors and
Chief Executive Officer
(Principal Executive Officer)

/s/ Kendall W. Cowan

Kendall W. Cowan
Chief Financial Officer
(Principal Financial and Accounting Officer)