

ALAMOSA HOLDINGS INC
Form 424B3
March 04, 2003

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ALAMOSA HOLDINGS, INC.

30,649,990 SHARES OF COMMON STOCK

Supplement No. 14 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, prospectus supplement no. 2, filed by us with the Securities and Exchange Commission on October 30, 2001, prospectus supplement no. 3, filed by us with the Securities and Exchange Commission on November 14, 2001, prospectus supplement no. 4, filed by us with the Securities and Exchange Commission on February 28, 2002, prospectus supplement no. 5, filed by us with the Securities and Exchange Commission on March 29, 2002, prospectus supplement no. 6, filed by us with the Securities and Exchange Commission on May 2, 2002, prospectus supplement no. 7, filed by us with the Securities and Exchange Commission on May 15, 2002, prospectus supplement no. 8, filed by us with the Securities and Exchange Commission on June 13, 2002, prospectus supplement no. 9, filed by us with the Securities and Exchange Commission on August 8, 2002, prospectus supplement no. 10, filed by us with the Securities and Exchange Commission on August 15, 2002, prospectus supplement no. 11, filed by us with the Securities and Exchange Commission on October 2, 2002, prospectus supplement no. 12, filed by us with the Securities and Exchange Commission on November 7, 2002 and prospectus supplement no. 13, filed by us with the Securities and Exchange Commission on November 15, 2002. All terms used in this prospectus supplement have the meaning assigned to them in the prospectus. Our common stock is traded on The New York Stock Exchange under the symbol "APS." On March 3, 2003, the last reported sale price of one share of our common stock was \$0.42.

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 March 4, 2003.

RECENT DEVELOPMENTS

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On March 3, 2003 we issued the following press release.

NEWS RELEASE

Contact: Jon D. Drake
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Alamosa Holdings, Inc.
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Alamosa Announces Fourth Quarter and Annual 2002 Results

Fourth Quarter Highlights:

- o Subscribers increased by approximately 31,000 to approximately 622,000 total subscribers.
- o EBITDA (earnings, before interest, taxes, depreciation and amortization), excluding asset impairments, totaled \$12.1 million for the fourth quarter and \$26.9 for the full year of 2002, respectively.
- o Net loss for the fourth quarter was \$25.6 million or \$0.27 per share.
- o Available funding was approximately \$121.4 million, including approximately \$61.7 million in cash and cash equivalents, approximately \$34.7 million of restricted cash in escrow accounts for bond interest payments, and \$25.0 million in an undrawn bank facility, subject to certain restrictions.
- o Customer churn was approximately 3.4 percent for the fourth quarter and for the full year of 2002.
- o Fixed asset additions totaled \$14.1 million for the fourth quarter and \$69.6 million for the full year of 2002.

LUBBOCK, Texas (March 3, 2003) - Alamosa Holdings, Inc. (NYSE: APS), the largest (based on number of subscribers) PCS Affiliate of Sprint (NYSE: FON, PCS), which operates the largest all-digital, all-CDMA Third-Generation (3G) wireless network in the United States, today reported results for the fourth quarter ended December 31, 2002. The Company reported \$12.1 million of EBITDA, excluding asset impairments, for the fourth quarter of 2002 versus a negative \$21.5 million in the fourth quarter of 2001. For the year of 2002, the Company reported positive EBITDA, excluding asset impairments, of \$26.9 million compared to a negative \$58.5 million in 2001, resulting in an \$85.4 million improvement year over year. The Company also reported approximately 31,000 net new subscribers during the fourth quarter of 2002, bringing total subscribers to approximately 622,000 at year-end 2002. This represents a 24 percent increase in total subscribers from the end of 2001 to the end of 2002. As the Company previously disclosed on January 13, 2003, customer churn was approximately 3.4 percent for the fourth quarter of 2002, declining from 3.8 percent in the third quarter of 2002. Customer churn for the full year of 2002 was also 3.4 percent.

"The wireless industry found 2002 to be extremely difficult. Despite many challenges, Alamosa distinguished itself from many of its peers and delivered solid financial results. We continued to make significant progress as we grew our customer base, expanded our network to handle our customer's current and future wireless needs, and managed our operations more efficiently," stated David E. Sharbutt, Chief Executive Officer of Alamosa Holdings, Inc. "More significantly, we achieved positive EBITDA in every quarter of 2002, including a substantial increase in the fourth quarter of 2002 over the third quarter of 2002.

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"We shifted our focus to higher value customers, which began to have an impact on our churn rate during the fourth quarter. In 2002, we learned and adapted our business to the realities of the marketplace and have an established foundation from which to build upon in 2003," Sharbutt added. "We expect continued growth in EBITDA, excluding asset impairments, and positive free cash flow in 2003 which should help maintain our funding position."

FINANCIAL HIGHLIGHTS

Total revenue for the fourth quarter was approximately \$149.1 million, including subscriber revenue of \$102.2 million, roaming revenue of \$40.7 million and product sales of \$6.2 million. Roaming revenue increased 4.1 percent in the fourth quarter of 2002 compared to third quarter of 2002 due to increased roaming traffic from Sprint and other PCS carriers. Other PCS carriers' inbound travel comprised approximately 20 percent of roaming revenues during the quarter and for the full year. Total revenue for the year was approximately \$555.6 million, including subscriber revenue of \$391.9 million, roaming revenue of \$139.8 million and product sales of \$23.9 million.

EBITDA, excluding asset impairments, was \$12.1 million for the fourth quarter of 2002 compared to \$5.4 million for the third quarter of 2002 and a negative \$21.5 million for the fourth quarter of 2001. For the year of 2002, EBITDA, excluding asset impairments, was \$26.9 million compared to a negative \$58.5 million during 2001, an \$85.4 million improvement. The net loss for the fourth quarter was \$25.6 million or \$0.27 per share compared to \$29.2 million or \$0.31 per share, before a charge for the impairment of goodwill, in the third quarter of 2002 and a net loss of \$47.9 million or \$0.52 per share for the fourth quarter of 2001. For the year, the net loss was \$403.3 million or \$4.33 per share, including the goodwill impairment charge. Without the goodwill impairment charge, the net loss would have been \$111.7 million, or \$1.20 per share compared to a loss of \$143.9 million, before extraordinary items, or \$1.65 per share in 2001.

At the end of the fourth quarter of 2002, Alamosa had available funding of approximately \$121.4 million. This included approximately \$61.7 million of cash and cash equivalents, approximately \$34.7 million in restricted cash escrowed for the payment of bond interest, and committed but unused credit facilities at the end of the fourth quarter of \$25.0 million, subject to certain restrictions. Alamosa continues to expect to be over funded in excess of \$50 million at the point of becoming free cash flow positive in 2003. Fixed asset additions were approximately \$14.1 million for the fourth quarter of 2002 and \$69.6 million for the full year of 2002.

SUMMARY OF QUARTERLY OPERATING STATISTICS

| Metric | 4Q 2002 | 3Q 2002 | 4Q |
|--|---------|---------|----|
| Total Customers | 622,000 | 591,000 | 50 |
| Net Additions | 31,000 | 20,000 | 9 |
| Avg. Revenue Per User (ARPU) (incl. roaming) | \$79 | \$82 | |
| Avg. Revenue Per User (ARPU) (w/out roaming) | \$57 | \$60 | |
| Churn | 3.4% | 3.8% | |
| Cost Per Gross Addition | \$403 | \$442 | |
| Monthly Cash Cost Per User (incl. roaming) | \$51 | \$56 | |
| Monthly Cash Cost Per User (w/out roaming) | \$36 | \$41 | |
| Average MOUs Per User (w/out roaming) | 458 | 425 | |
| Average MOUs Per User (incl. out roaming) | 586 | 555 | |

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| | | | |
|----------------------------|---------------|---------------|---------|
| MOUs (total system) | 1,150 million | 1,074 million | 746 mi |
| Roaming Minutes - Inbound | 324 million | 307 million | 182 mi |
| Roaming minutes - Outbound | 232 million | 233 million | 143 mi |
| Licensed POPs | 15.8 million | 15.8 million | 15.6 mi |
| Covered POPs | 11.8 million | 11.5 million | 11.2 mi |
| Penetration - Covered POPs | 5.3% | 5.1% | |
| Number of Cell Sites | 1,509 | 1,483 | |

LISTING STATUS WITH NYSE

Based on current market trends and pricing, the Company remains below the NYSE's \$1 minimum share price and \$100 million market cap minimum listing requirement. The minimum share price requirement offers a six-month cure period following notification (which expires on March 3, 2003). The NYSE has indicated it will consider activities, such as shareholder actions, and allow for the approval of these actions at the Company's next Annual Meeting to meet the minimum share price requirement.

The Company's Board of Directors has approved taking further action, if necessary, to meet the \$1 minimum listing requirement. This includes a proposal for including a reverse stock split in the proxy for the Annual Shareholders meeting scheduled for May 29, 2003. The Company is also exploring other trading venues for its common stock. The Company has notified the NYSE of these proposed actions. If a proposed reverse split is enacted by shareholder vote, it is required to be promptly implemented and the listing requirement will be met if the share price exceeds the \$1 minimum share price requirement for the following 30 trading days. If the market price of its common stock increases or the Company identifies an alternative trading venue for its stock, the Company may not need to take shareholder action. The Company will continue periodically reporting its progress to the NYSE and the realization of objectives as outlined in its approved plan (addressing both the share price and the market capitalization minimum standards), which is still in effect until February 26, 2004.

"We have had discussions about the Company's next steps to achieve the \$1 minimum listing requirement with the NYSE staff," said Sharbutt. "In addition to the possible shareholder action, we are actively pursuing other trading venues for our common stock."

BUSINESS OUTLOOK

The following business outlook for 2003 may be materially affected by competitive conditions, continued development and acceptance of new 3G products and services, changes in pricing plans as well as general economic conditions, among other things:

- o Full year 2003 EBITDA of approximately \$80 million
- o Free cash flow positive for the full year of 2003, excluding cash interest to be paid out of escrow o Capital expenditures of \$40-50 million
- o Penetration of Alamosa markets to be in the range of 6.2 to 6.5 percent by year-end 2003
- o Churn decreasing throughout 2003 and averaging 3.0% for the year of 2003

CONFERENCE CALL AND REPLAY

Alamosa has scheduled a conference call for March 4, 2003 at 9:00 a.m. Eastern Time (8:00 a.m. Central Time). To participate in the call, dial 913-981-5519 at least ten minutes before the call begins and ask for the Alamosa conference call. Investors, analysts and the general public will also have the opportunity to listen to the conference call free over the Internet by visiting the company's Web site at www.alamosapcs.com or www.companyboardroom.com. To listen to the live call online, please visit the

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Web site at least 15 minutes early to register, download and install any necessary audio software. For those who cannot listen to the live Web cast, an audio archive will be available shortly after the call on the company's website at www.alamosapcs.com or www.companyboardroom.com for approximately 30 days. A telephonic replay of the conference call will be available through Tuesday, March 11, 2003, and may be accessed by calling 719-457-0820 and using the passcode 461394.

ABOUT ALAMOSA

Alamosa Holdings, Inc. is the largest PCS Affiliate of Sprint based on number of subscribers. Alamosa has the exclusive right to provide digital wireless mobile communications network services under the Sprint brand name throughout its designated territory located in Texas, New Mexico, Oklahoma, Arizona, Colorado, Utah, Wisconsin, Minnesota, Missouri, Washington, Oregon, Arkansas, Kansas, Illinois and California. Alamosa's territory includes licensed population of 15.8 million residents.

ABOUT SPRINT

Sprint operates the largest, 100-percent digital, nationwide PCS wireless network in the United States, already serving more than 4,000 cities and communities across the country. Sprint has licensed PCS coverage of more than 280 million people in all 50 states, Puerto Rico and the U.S. Virgin Islands. In August 2002, Sprint became the first wireless carrier in the country to launch next generation services nationwide delivering faster speeds and advanced applications on Vision-enabled Phones and devices. For more information on products and services, visit www.sprint.com/mr. PCS is a wholly-owned tracking stock of Sprint Corporation trading on the NYSE under the symbol "PCS." Sprint is a global communications company with approximately 72,000 employees worldwide and nearly \$27 billion in annual revenues and is widely recognized for developing, engineering and deploying state-of-the art network technologies.

FORWARD LOOKING STATEMENTS

Statements contained in this news release that are forward-looking statements, such as statements containing terms such as can, may, will, expect, plan, and similar terms, are subject to various risks and uncertainties. Such forward-looking statements are made pursuant to the "safe-harbor" provisions of the private Securities Litigation Reform Act of 1995 and 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 Alamosa's forward-looking statements, including the following factors: Alamosa's dependence on its affiliation with Sprint; 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; 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 Alamosa's forward-looking statements, please refer to Alamosa's filings with the Securities and Exchange Commission, especially in the "risk factors" sections of Alamosa's Annual Report on Form 10-K for the year ended December 31, 2001 and in subsequent filings with the Securities and Exchange Commission.

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(dollars in thousands, except per share amounts)

| | For the Three Months Ended December 31, (UNAUDITED) | |
|--|---|-------------|
| | 2002 | 2001 |
| Revenues: | | |
| Subscriber revenues | \$ 102,207 | \$ 79,773 |
| Roaming revenues | 40,689 | 32,009 |
| Total service revenues | 142,896 | 111,782 |
| Product sales | 6,192 | 8,113 |
| Total revenue | 149,088 | 119,895 |
| Costs and expenses: | | |
| Cost of service and operations | 87,094 | 83,223 |
| Cost of products sold | 14,840 | 18,761 |
| Selling and marketing | 30,703 | 36,123 |
| General and administrative expenses (excluding non-cash compensation of \$0 and \$0 for the three months ended December 31, 2002 and 2001, respectively, and \$0 and \$183 for the years ended December 31, 2002 and 2001, respectively) | 4,374 | 3,251 |
| Depreciation and amortization | 27,017 | 30,246 |
| Impairment of goodwill | -- | -- |
| Impairment of property and equipment | (138) | -- |
| Non-cash compensation | -- | (1,099) |
| Total costs and expenses | 163,890 | 170,505 |
| Loss from operations | (14,802) | (50,610) |
| Interest and other income | 577 | 946 |
| Interest expense | (26,031) | (23,441) |
| Net loss before income tax benefit and extraordinary item | (40,256) | (73,105) |
| Income tax benefit | 14,623 | 25,161 |
| Net loss before extraordinary item | (25,633) | (47,944) |
| Loss on debt extinguishment, (net of tax benefit of \$0 and \$0 for the three months ended December 31, 2002 and 2001, respectively, and \$0 and \$1,969 for the years ended December 31, 2002 and 2001, respectively) | -- | -- |
| Net loss | \$ (25,633) | \$ (47,944) |
| Net loss per common share, basic and diluted: | | |
| Net loss before extraordinary item | \$ (0.27) | \$ (0.52) |

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| | | |
|--|------------|------------|
| Loss on debt extinguishment, net of tax | -- | -- |
| | ----- | ----- |
| Net loss | \$ (0.27) | \$ (0.52) |
| | ===== | ===== |
| Weighted average common shares outstanding, basic and diluted | 93,371,938 | 92,387,323 |
| | ===== | ===== |

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

| | December 31, 2002 | Decem 2 |
|---|----------------------|------------|
| | ----- | ----- |
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 61,737 | \$ |
| Short term investments | -- | |
| Restricted cash | 34,725 | |
| Customer accounts receivable, net | 27,926 | |
| Receivable from Sprint | 30,322 | |
| Interest receivable | 973 | |
| Inventory | 7,410 | |
| Prepaid expenses and other assets | 7,239 | |
| Deferred customer acquisition costs | 7,312 | |
| Deferred tax asset | 5,988 | |
| | ----- | ----- |
| Total current assets | 183,632 | |
| Property and equipment, net | 458,946 | |
| Debt issuance costs, net | 33,351 | |
| Restricted cash | -- | |
| Goodwill | -- | |
| Intangible assets, net | 488,421 | |
| Other noncurrent assets | 7,802 | |
| | ----- | ----- |
| Total assets | \$ 1,172,152 | \$ |
| | ===== | ===== |
| LIABILITIES AND STOCKHOLDERS' EQUITY | | |
| Current liabilities: | | |
| Accounts payable | \$ 27,203 | \$ |
| Accrued expenses | 34,903 | |
| Payable to Sprint | 24,649 | |
| Interest payable | 22,242 | |
| Deferred revenue | 18,901 | |
| Current installments of capital leases | 1,064 | |
| | ----- | ----- |
| Total current liabilities | 128,962 | |
| | ----- | ----- |
| Long term liabilities: | | |
| Capital lease obligations | 1,355 | |
| Other noncurrent liabilities | 10,641 | |
| Senior secured debt | 200,000 | |
| 12 7/8% senior discount notes | 268,862 | |
| 12 1/2% senior notes | 250,000 | |
| 13 5/8% senior notes | 150,000 | |

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| | | |
|---|--------------|-------|
| Deferred tax liability | 27,694 | |
| | ----- | ----- |
| Total long term liabilities | 908,552 | |
| | ----- | ----- |
| Total liabilities | 1,037,514 | |
| | ----- | ----- |
| 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, 94,171,938 and 92,786,497 shares issued and outstanding, respectively | 942 | |
| Additional paid-in capital | 799,966 | |
| Accumulated deficit | (664,720) | |
| Accumulated other comprehensive income, net of tax | (1,550) | |
| | ----- | ----- |
| Total stockholders' equity | 134,638 | |
| | ----- | ----- |
| Total liabilities and stockholders' equity | \$ 1,172,152 | \$ |
| | ===== | ===== |

Alamosa Holdings, Inc.
 Computation of EBITDA
 (Unaudited)
 (In thousands)

| | Three months ended December 31, | | Year Dece |
|-----------------------------------|------------------------------------|-------------|--------------|
| | 2002 | 2001 | 2002 |
| | ----- | ----- | ----- |
| Operating loss | \$ (14,802) | \$ (50,610) | \$ (371,03 |
| Goodwill impairment | -- | -- | 291,63 |
| Property and equipment impairment | (138) | -- | 1,19 |
| Depreciation and amortization | 27,017 | 30,246 | 105,12 |
| Non-cash compensation | -- | (1,099) | -- |
| | ----- | ----- | ----- |
| EBITDA | \$ 12,077 | \$ (21,463) | \$ 26,91 |
| | ===== | ===== | ===== |

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