RIGEL PHARMACEUTICALS INC
Form 424B5
April 18, 2018

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Filed Pursuant to Rule 424(b)(5)
Registration No. 333-223564

The information in this preliminary prospectus supplement is not complete and may be changed. A registration statement relating to these securities is effective. This preliminary prospectus supplement and the accompanying prospectus are not an offer to sell these securities, and we are not soliciting offers to buy these securities, in any state or other jurisdiction where the offer or sale is not permitted.

SUBJECT TO COMPLETION, DATED APRIL 18, 2018

PROSPECTUS SUPPLEMENT
(to Prospectus dated April 2, 2018)

15,000,000 Shares

Common Stock

We are offering 15,000,000 shares of our common stock. Our common stock is listed on the Nasdaq Global Market under the symbol "RIGL." On April 17, 2018, the last reported sale price of our common stock on the Nasdaq Global Market was $4.11 per share.

Investing in our common stock involves a high degree of risk. Please read "Risk Factors" beginning on page S-6 of this prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

	PER SHARE	TOTAL
Public Offering Price	$	$

Underwriting Discounts and Commissions[(1)]	$	$
Proceeds to Rigel Pharmaceuticals, Inc. before expenses	$	$

(1) We refer you to "Underwriting" beginning on page S-17 of this prospectus supplement for additional information regarding underwriting compensation.

Delivery of the shares of common stock is expected to be made on or about , 2018. We have granted the underwriters an option for a period of 30 days to purchase up to an additional 2,250,000 shares of our common stock. If the underwriters exercise the option in full, the total underwriting discounts and commissions payable by us will be $, and the total proceeds to us, before expenses, will be $.

Joint Book Running Managers

Jefferies **Piper Jaffray** **BMO Capital Markets**

Lead Manager

H.C. Wainwright & Co.

Prospectus Supplement dated , 2018

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You should rely only on the information contained in or incorporated by reference in this prospectus supplement, the accompanying prospectus and in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We have not, and the underwriters have not, authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement or the accompanying prospectus or in any free writing prospectus prepared by or on behalf of us or to which we have referred you. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and in any free writing prospectus prepared by or on behalf of us or to which we have referred you, is accurate only as of the date of those respective documents, regardless of the time of delivery of those respective documents. Our business, financial condition, results of operations and prospects may have changed since those dates.

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You should read this prospectus supplement, the accompanying prospectus, the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, and any free writing prospectus prepared by or on behalf of us or to which we have referred you, in their entirety before making an investment decision. You should also read and consider the information in the documents we have referred you to in the sections of this prospectus supplement entitled "Where You Can Find More Information" and "Information Incorporated by Reference."

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first part is this prospectus supplement, which describes the terms of this offering of common stock and also adds to and updates information contained in the accompanying prospectus and the documents incorporated by reference into this prospectus supplement and the accompanying prospectus. The second part, the accompanying prospectus dated April 2, 2018, including the documents incorporated by reference therein, provides more general information, some of which may not apply to this offering. Generally, when we refer to this prospectus, we are referring to both parts of this document combined. In this prospectus supplement, as permitted by law, we "incorporate by reference" information from other documents that we file with the Securities and Exchange Commission, or the SEC. This means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be a part of this prospectus supplement and the accompanying prospectus and should be read with the same care. When we update the information contained in documents that have been incorporated by reference by making future filings with the SEC, the information included or incorporated by reference in this prospectus supplement is considered to be automatically updated and superseded. In other words, in case of a conflict or inconsistency between information contained in this prospectus supplement and information in the accompanying prospectus or incorporated by reference into this prospectus supplement, you should rely on the information contained in the document that was filed later.

Unless otherwise indicated or the context requires otherwise, references in this prospectus supplement and the accompanying prospectus to "Rigel," "the company," "we," "us" and "our" refer to Rigel Pharmaceuticals, Inc. The name Rigel Pharmaceuticals and our logo are our trademarks. All other trademarks, trade names or service marks included or incorporated by reference in this prospectus supplement and the accompanying prospectus are the property of their respective owners.

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PROSPECTUS SUPPLEMENT SUMMARY

This summary highlights certain information about us, this offering and selected information contained elsewhere in or incorporated by reference into this prospectus supplement. This summary is not complete and does not contain all of the information that you should consider before deciding whether to invest in our common stock. For a more complete understanding of our company and this offering, you should read and consider carefully the more detailed information in this prospectus supplement and the accompanying prospectus, including the information incorporated by reference in this prospectus supplement and the accompanying prospectus, and the information included in any free writing prospectus prepared by or on behalf of us or to which we have referred you. If you invest in our common stock, you are assuming a high degree of risk. See "Risk Factors" beginning on page S-6 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference in this prospectus supplement and the accompanying prospectus, as well as the information included in any free writing prospectus that we have authorized for use in connection with this offering.

Company Overview

We are a biotechnology company dedicated to discovering, developing and providing novel small molecule drugs that significantly improve the lives of patients with immune and hematological disorders, cancer and rare diseases. Our pioneering research focuses on signaling pathways that are critical to disease mechanisms. Our first FDA-approved product is TAVALISSE™ (fostamatinib disodium hexahydrate) for the treatment of adult patients with chronic immune thrombocytopenia, or ITP, a rare autoimmune disease, where patients have had an insufficient response to a previous treatment. Our current clinical programs include Phase 2 trials with fostamatinib in autoimmune hemolytic anemia and IgA nephropathy. In addition, we have product candidates in development with partners BerGenBio AS, Daiichi Sankyo, and Aclaris Therapeutics Limited.

Clinical Stage Programs

Fostamatinib ITP

Disease background. Chronic ITP affects an estimated 65,000 adult patients in the U.S. In patients with ITP, the immune system attacks and destroys the body's own blood platelets, which play an active role in blood clotting and healing. ITP patients can suffer extraordinary bruising, bleeding and fatigue as a result of low platelet counts. Current therapies for ITP include steroids, blood platelet production boosters that imitate thrombopoietin, or TPOs, and splenectomy.

Orally-available fostamatinib program. Taken in tablet form, fostamatinib blocks the activation of SYK inside immune cells. ITP is typically characterized by the body producing antibodies that attach to healthy platelets in the blood stream. Immune cells recognize these antibodies and affix to them, which activates the SYK enzyme inside the immune cell, and triggers the destruction of the antibody and the attached platelet. When SYK is inhibited by fostamatinib, it interrupts this immune cell function and allows the platelets to escape destruction. The results of our Phase 2 clinical trial, in which fostamatinib was orally administered to 16 adults with chronic ITP, published in *Blood*, showed that fostamatinib significantly increased the platelet counts of certain ITP patients, including those who had failed other currently available agents. In our Phase 3 study, called fostamatinib in thrombocytopenia, or FIT, a total of 150 ITP patients, diagnosed with persistent or chronic ITP and having blood platelet counts consistently below 30,000 per microliter of blood, were randomized into two identical multi-center, double-blind, placebo-controlled clinical trials and dosed with fostamatinib (2/3 of patients) or placebo (1/3 of patients) for up to 24 weeks, with platelet levels checked every two weeks. The primary efficacy endpoint of this program was a stable platelet response by week 24 with platelet counts at or above 50,000 per microliter of blood for at least four of the final six qualifying blood draws between weeks 14 and 24. We announced the results of

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the first study in August 2016, reporting that fostamatinib met the study's primary efficacy endpoint. The study showed that 18% of patients receiving fostamatinib achieved a stable platelet response compared to none receiving a placebo control (p=0.0261). We announced the results of the second study, reporting that the response rate was 18%, consistent with the first study. However, one patient in the placebo group (4%) achieved a stable platelet response, therefore the difference between those on treatment and those on placebo did not reach statistical significance (p=0.152) and the study did not meet its primary endpoint. When the data from both studies are combined, however, this difference is statistically significant (p=0.007). In the combined datasets for the FIT studies, patients who met the primary endpoint had their platelet counts increase from a median of 18,500 per microliter (µL) of blood at baseline to more than 100,000/µL at week 24 of treatment. Patients from the FIT studies were given the option to enroll in a long-term open-label extension study and receive treatment with fostamatinib, also a Phase 3 trial. A total of 123 patients had enrolled in this study. All the patients who responded to fostamatinib in the FIT studies and enrolled in the long-term open-label extension study maintained a median platelet count of 106,500/µL at a median of 16 months. In addition, there were 44 placebo non-responders that enrolled in the long-term open-label extension study. 41 of these patients had at least 12 weeks of follow-up. Of those, nine patients (22%) have achieved a prospectively defined stable platelet response, which is statistically significant (p=0.0078) and similar to the response rate fostamatinib achieved in the parent studies. A stable response was defined as a patient achieving platelet counts of greater than 50,000/µL on more than four of the six visits between weeks 14 and 24, without rescue medication. In the post-study analysis performed by the Company, a clinically-relevant platelet response was defined to include patients achieving one platelet count over 50,000/µL during the first 12 weeks of treatment, in absence of rescue medication, but who did not otherwise meet the stable response criteria. Once the platelet count of greater than 50,000/µL is achieved, a loss of response was defined as two consecutive platelet counts of less than 30,000/µL in any subsequent visits. In the combined dataset of both stable and clinically-relevant platelet responders for the FIT studies, the response rate was 43% (43/101), compared to 14% (7/49) for placebo (p=0.0006). The most frequent adverse events were gastrointestinal-related, and the safety profile of the product was consistent with prior clinical experience, with no new or unusual safety issues uncovered.

We submitted a New Drug Application, or NDA, for fostamatinib in ITP in April 2017, which was accepted by the FDA in June 2017. In October 2017, we announced that the FDA did not plan on holding an oncology drug advisory committee meeting to discuss the NDA for fostamatinib in ITP. Additionally, the FDA indicated that the review of fostamatinib is proceeding according to the standard internal review timeline as described in the Guidance on Good Review Management Principles and Practices for PDUFA Products. On April 17, 2018, we announced that the FDA had approved TAVALISSE for the treatment of thrombocytopenia in adult patients with chronic ITP who have had an insufficient response to a previous treatment. We intend to launch TAVALISSE in the U.S. on our own in late May 2018. We plan to enter into partnership with third parties to commercial fostamatinib in Europe and Asia.

Fostamatinib IgAN

Disease background. Immunoglobulin A Nephropathy, or IgAN, is an autoimmune disease that severely affects the functioning of the kidneys. An estimated 12,000 Americans are diagnosed with this type of glomerulonephritis each year, with 25% of whom will eventually require dialysis and/or kidney transplantation over time. IgAN is characterized by the deposition of IgA immune complexes in the glomeruli of the kidneys leading to an inflammatory response and subsequent tissue damage that ultimately disrupts the normal filtering function of the kidneys. By inhibiting SYK in kidney cells, fostamatinib may block the signaling of IgA immune complex receptors, reduce the deposition of IgA immune complexes and arrest or slow destruction of the glomeruli.

Orally-available fostamatinib program. Our Phase 2 clinical trial in patients with IgAN, called SIGN (SYK Inhibition for Glomerulonephritis) completed enrollment for its first and second cohorts. In January 2017,

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we announced that the first cohort in the Phase 2 study of fostamatinib in IgAN was completed in various centers throughout Asia, the U.S. and Europe. This cohort evaluated the efficacy, safety, and tolerability of the lower dose of fostamatinib (100mg BID, n=26; placebo n=12) as measured by change in proteinuria, renal function, and histology (comparing the pre- and post-study renal biopsies). The primary efficacy endpoint was the mean change in proteinuria from baseline at 24 weeks. The study found that at 24 weeks, fostamatinib was well tolerated with a good safety profile. The initial data suggest a trend towards a greater reduction in proteinuria in fostamatinib treated patients relative to placebo. The second cohort evaluates a higher dose of fostamatinib (150mg BID) and completed enrollment in August 2017. On April 3, 2018, we announced topline data from SIGN, reporting that the trial did not achieve statistical significance for its primary endpoint. However, in a pre-specified subgroup analysis of patients with greater than 1 gram/day of proteinuria at baseline, the initial data showed a greater reduction in proteinuria in fostamatinib-treated patients relative to placebo patients (this finding did not reach statistical significance). Patients with greater than 1 gram/day of proteinuria have an increased risk of disease progression and represent an unmet medical need. Current guidance for clinical trials in IgAN recommends studying patients with greater than 1 gram/day of proteinuria at entry. Further analysis, including histology, are expected later in the year.

Fostamatinib AIHA

Disease background. Autoimmune hemolytic anemia, or AIHA, is a rare, serious blood disorder where the immune system produces antibodies that result in the destruction of the body's own red blood cells. Symptoms can include fatigue, shortness of breath, rapid heartbeat, jaundice or enlarged spleen. While no medical treatments are currently approved for AIHA, physicians generally treat acute and chronic cases of the disorder with corticosteroids, other immuno-suppressants, or splenectomy. Research has shown that inhibiting SYK with fostamatinib may reduce the destruction of red blood cells. This disorder affects an estimated 40,000 Americans, for whom no approved treatment options currently exist.

Orally available fostamatinib program. Our Phase 2 clinical trial, also known as SOAR study, is currently enrolling patients with warm AIHA in the second stage of the trial. The trial is an open-label, multi-center, two-stage study that will evaluate the efficacy and safety of fostamatinib in patients with warm AIHA who have previously received treatment for the disorder, but have relapsed. Stage 1 recently completed enrollment for 19 patients (17 patients evaluable for efficacy) who received 150 mg of fostamatinib orally twice a day for a period of 12 weeks, with an option of entering into a long-term extension study. The patients returned to the clinic every two weeks for blood draws and medical assessment. The primary efficacy endpoint of this study was to achieve increased hemoglobin levels by week 12 of greater than 10 grams per deciliter (g/dL), and greater than or equal to 2 g/dL higher than baseline.

In October 2017, we announced that, on a top-line, preliminary basis, Stage 1 of the AIHA study enrolled 17 patients who have had at least one post-baseline hemoglobin measure. In January 2018, we also announced the updated top-line data as of December 2017 for this open-label study of which 47% of these patients (eight patients out of 17) have responded to fostamatinib treatment. Of the 17, six patients, including the last two patients enrolled, responded during the 12-week evaluation period and an additional two patients met the response criteria in the extension study after 12 weeks of dosing. In February 2018, an additional patient in the Stage 1 extension study met the response criteria. As of February 2018, 53% of evaluable patients (nine of 17) have responded to fostamatinib treatment. The safety profile was consistent with the existing fostamatinib safety database. This was presented at the Thrombosis and Hemostasis Societies of North America meeting in San Diego, California in March 2018. Given that the Stage 1 of the study met its primary efficacy endpoint, we have begun enrollment of Stage 2 of this study, in which 20 patients will be enrolled under the same protocol. In January 2018, the FDA granted our request for Orphan Drug designation for fostamatinib for the treatment of AIHA.

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Research/Preclinical Programs

We are conducting proprietary research in the broad disease areas of inflammation/immunology, immuno-oncology and cancers. Within each disease area, our researchers are investigating mechanisms of action as well as screening compounds against potential novel targets and optimizing those leads that appear to have the greatest potential.

During the second quarter of 2017, we selected a molecule from our Interleukin-1 receptor-associated kinase, or IRAK, program for preclinical development. The molecule was selected for development based on its ability to inhibit both the IRAK 1 and IRAK 4 signaling pathways in preclinical studies, potentially providing a clinical benefit in autoimmune and inflammatory diseases such as psoriasis, lupus, gout, psoriatic arthritis and multiple sclerosis. We expect to initiate clinical trials in 2018.

Sponsored Research and License Agreements

We conduct research and development programs independently and in connection with our corporate collaborators. We are a party to collaboration agreements, but do not have ongoing participation, with Bristol-Myers Squibb for the discovery, development and commercialization of cancer immunotherapies based on our small molecule TGF beta receptor kinase inhibitors, Aclaris Therapeutics International Limited for the development and commercialization of certain Janus Kinase, or JAK, inhibitors for the treatment of alopecia areata and other dermatological conditions, AstraZeneca for the development and commercialization of R256, an inhaled JAK inhibitor, BerGenBio AS for the development and commercialization of AXL inhibitors in oncology, and Daiichi Sankyo to pursue research related to MDM2 inhibitors, a novel class of drug targets called ligases.

Under these agreements, which we entered into in the ordinary course of business, we received or may be entitled to receive upfront cash payments, payments contingent upon specified events achieved by such partners and royalties on any net sales of products sold by such partners under the agreements.

Financial Update

Our financial statements for the quarter ended March 31, 2018 will not be available until after this offering is completed and consequently will not be available to you prior to investing in this offering. Based upon preliminary estimates and information available to us as of the date of this prospectus supplement, we expect to report that we had approximately $94.3 million of cash, cash equivalents and short-term investments as of March 31, 2018, which we believe will be sufficient to fund our operations through at least the next 12 months. We have not yet completed our quarter-end financial close process for the quarter ended March 31, 2018. This estimate of our cash, cash equivalents and short-term investments as of March 31, 2018 is preliminary, has not been audited and is subject to change upon completion of our financial statement closing procedures. Additional information and disclosure would be required for a more complete understanding of our financial position and results of operations as of March 31, 2018.

Corporate Information

We were incorporated in Delaware in June 1996. Our principal executive office is located at 1180 Veterans Boulevard, South San Francisco, California 94080. Our telephone number is (650) 624-1100. Our website address is www.rigel.com. The information contained in, or that can be accessed through, our website is not part of, and is not incorporated into, this prospectus supplement or the accompanying prospectus and should not be considered part of this prospectus supplement or the accompanying prospectus.

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THE OFFERING

Common stock offered by us	15,000,000 of shares
Common stock to be outstanding immediately after this offering	161,814,906 shares, or 164,064,906 shares if the underwriters exercise their option to purchase additional shares in full.
Option to purchase additional shares	We have granted the underwriters an option for a period of 30 days to purchase up to an additional 2,250,000 of shares of our common stock.
Use of proceeds	We estimate that the net proceeds from this offering, after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, will be $57.7 million, or $66.4 million if the underwriters exercise their option to purchase additional shares from us in full, in each case based on an assumed public offering price of $4.11 per share, the last reported sale price of our common stock on the Nasdaq Global Market on April 17, 2018. We intend to use the net proceeds from this offering for activities in connection with the commercial launch of TAVALISSE in the United States, research and development and general corporate purposes. See "Use of Proceeds" on page S-10 of this prospectus supplement.
Risk factors	Investing in our common stock involves significant risks. See "Risk Factors" beginning on page S-6 of this prospectus supplement and in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference into this prospectus supplement and the accompanying prospectus.
Nasdaq Global Market symbol	RIGL

The number of shares of our common stock to be outstanding immediately after this offering is based on 146,814,906 shares outstanding as of December 31, 2017 and excludes:

§ 20,408,140 shares of our common stock issuable upon the exercise of stock options outstanding as of December 31, 2017 with a weighted-average exercise price of $5.45 per share;

§ 13,812,264 shares of our common stock available for issuance or future grant as of December 31, 2017 under our 2000 Equity Incentive Plan, or the 2000 Plan, our 2000 Employee Stock Purchase Plan, or the ESPP, our 2000 Non-Employee Directors' Stock Option Plan, or the Directors' Plan, our 2011 Equity Incentive Plan, or the 2011 Plan, and our Inducement Plan; and

§ 3,421,975 shares of our common stock issuable upon the exercise of stock options granted between December 31, 2017 and the date of this prospectus supplement with a weighted-average exercise price of $4.39 per share.

Except as otherwise indicated, all information in the prospectus supplement assumes no exercise by the underwriters of their option to purchase additional shares.

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RISK FACTORS

An investment in our common stock involves a high degree of risk. Before deciding whether to invest in our common stock, you should consider carefully the risks described below and discussed under the section titled "Risk Factors" contained in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference in this prospectus supplement and the accompanying prospectus in its entirety, together with the other information in this prospectus supplement, the accompanying prospectus, the information and documents incorporated by reference, and in any free writing prospectus prepared by or on behalf of us or to which we have referred you. If any of these risks actually occur, our business, financial condition, results of operations or cash flows could be seriously harmed. This could cause the trading price of our common stock to decline, resulting in a loss of all or part of your investment.

Risks Related to this Offering

Our stock price may be volatile, and your investment in our common stock could decline in value.

The market prices for our common stock and the securities of other biotechnology companies have been highly volatile and may continue to be highly volatile in the future. If the market price of our common stock declines, the per share value of the common stock you purchase will decline. The following factors, in addition to other risk factors described in this section, may have a significant impact on the market price of our common stock:

§ the progress and success of clinical trials and preclinical activities (including studies and manufacture of materials) of our product candidates conducted by us;

§ our ability to successfully launch and commercialize TAVALISSE;

§ the receipt or failure to receive the additional funding necessary to conduct our business;

§ selling by large stockholders;

§ presentations of detailed clinical trial data at medical and scientific conferences and investor perception thereof;

§ announcements of technological innovations or new commercial products by our competitors or us;

§ developments concerning proprietary rights, including patents;

§ developments concerning our collaborations;

§ publicity regarding actual or potential medical results relating to products under development by our competitors or us;

§ regulatory developments in the United States and foreign countries;

§ litigation or arbitration;

- our use of proceeds from this offering;
- economic and other external factors or other disaster or crisis; and
- period-to-period fluctuations in financial results.

Management will have broad discretion as to the use of the proceeds from this offering, and we may not use the proceeds effectively.

Our management will have broad discretion in the application of the net proceeds from this offering and could spend the proceeds in ways that do not improve our results of operations or enhance the value of our common stock. Accordingly, you will be relying on the judgment of our management with regard to the use of these net proceeds, and you will not have the opportunity, as part of your investment decision, to assess whether the proceeds are being used appropriately. We currently intend to use the proceeds from this offering for activities in connection with the commercial launch of TAVALISSE in the United States, research and development, commercial preparation and general corporate purposes.

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Because of the number and variability of factors that will determine our use of the net proceeds from this offering, their ultimate use may vary substantially from their currently intended use. Our failure to apply these funds effectively could have a material adverse effect on our business, delay the development of our product candidates and cause the price of our common stock to decline.

You will experience immediate and substantial dilution in the net tangible book value per share of the common stock you purchase.

Since the price per share of our common stock being offered will be substantially higher than the net tangible book value per share of our common stock, you will suffer substantial dilution in the net tangible book value of the common stock you purchase in this offering. Our net tangible book value as of December 31, 2017 was approximately $100.6 million, or $0.69 per share. As a result, if you purchase shares of common stock in this offering, you would suffer immediate and substantial dilution of $3.13 per share based on an assumed public offering price of $4.11 per share, the last reported sale price of our common stock on the Nasdaq Global Market on April 17, 2018, and our net tangible book value as of December 31, 2017, after giving effect to this offering. See the section entitled "Dilution" below for a more detailed discussion of the dilution you would incur if you purchase common stock in this offering.

In addition, we have a significant number of stock options outstanding. To the extent that outstanding stock options have been or may be exercised or other shares issued, you may experience further dilution. Further, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans.

We may sell shares or other securities in any other offering at a price per share that is less than the price per share paid by investors in this offering, and investors purchasing shares or other securities in the future could have rights superior to existing stockholders. The price per share at which we sell additional shares of our common stock, or securities convertible or exchangeable into common stock, in future transactions may be higher or lower than the price per share paid by investors in this offering.

If additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to investors purchasing our common stock in this offering or result in downward pressure on the price of our common stock.

We do not intend to pay dividends in the foreseeable future.

We have never paid cash dividends on our common stock and currently do not plan to pay any cash dividends in the foreseeable future.

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DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement, the accompanying prospectus, the documents we have filed with the SEC that are incorporated herein by reference and any free writing prospectus prepared by or on behalf of us or to which we have referred you contain "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act. These statements relate to future events or to our future operating or financial performance and are based on our current expectations, assumptions, estimates and projections about our business and our industry, and involve known and unknown risks, uncertainties and other factors that may cause our actual results, levels of activity, performance or achievement to be materially different from any future results, levels of activity, performance or achievements expressed or implied by the forward-looking statements. Forward-looking statements include, but are not limited to, statements about:

§ our business and scientific strategies;

§ the progress of our and our collaborators' product development programs, including clinical testing, and the timing of results thereof;

§ our ability to launch TAVALISSE in the United States by the end of May 2018;

§ our corporate collaborations and revenues that may be received from our collaborations and the timing of those potential payments;

§ our expectations with respect to regulatory submissions and approvals;

§ our drug discovery technologies;

§ our research and development expenses;

§ protection of our intellectual property;

§ sufficiency of our cash and capital resources and the length of time before which we will require additional funding;

§ our operations and legal risks; and

§ our use of the proceeds from this offering.

In some cases, you can identify forward-looking statements by terms such as "anticipate," "believe," "could," "estimate," "expect," "intend," "may," "plan," "potential," "predict," "project," "should," "will," "would" and similar expressions intended to identify forward-looking statements. While we believe that we have a reasonable basis for each forward-looking statement, we caution you that these statements are based on a combination of facts and factors currently known by us and our projections of the future, about which we cannot be certain. We discuss many of these risks, uncertainties and other factors in greater detail under the sections captioned "Risk Factors" beginning on page S-6 of this prospectus supplement. Given these risks, uncertainties and other factors, you should not place undue reliance on these forward-looking statements and in our Annual Report on Form 10-K for the year ended December 31, 2017, which is incorporated by reference in this prospectus

supplement and the accompanying prospectus. Also, these forward-looking statements represent our estimates and assumptions only as of the date of the document containing the applicable statement. New factors emerge from time to time, and it is not possible for us to predict which factors will arise. In addition, we cannot assess the impact of each factor on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements.

You should read carefully this prospectus supplement, the accompanying prospectus, together with the information incorporated herein by reference as described under the heading "Information Incorporated by Reference" in this prospectus supplement, and any free writing prospectus prepared by or on behalf of us or to which we have referred you completely and with the understanding that our actual future results may be

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materially different from what we expect. We hereby qualify all of our forward-looking statements by these cautionary statements.

Except as required by law, we assume no obligation to update these forward-looking statements publicly, or to update the reasons actual results could differ materially from those anticipated in these forward-looking statements, even if new information becomes available in the future. Thus, you should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements.

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USE OF PROCEEDS

We estimate that the net proceeds from the sale of the shares of common stock that we are offering will be approximately $57.7 million, or approximately $66.4 million if the underwriters exercise in full their option to purchase up to 2,250,000 additional shares of common stock, in each case based on an assumed public offering price of $4.11 per share, the last reported sale price of our common stock on the Nasdaq Global Market on April 17, 2018, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us.

Assuming the issuance by us of 15,000,000 shares of our common stock in this offering, a $1.00 increase (decrease) in the assumed public offering price of $4.11 per share, the last reported sale price of our common stock on the Nasdaq Global Market on April 17, 2018, would increase (decrease) our net proceeds from this offering by $14.1 million. We may also increase or decrease the number of shares being offered by us. An increase (decrease) of 1,000,000 shares in the number of shares offered by us would increase (decrease) our net proceeds from this offering by $3.9 million, assuming a public offering price of $4.11 per share, the last reported sale price of our common stock on the Nasdaq Global Market on April 17, 2018.

We intend to use the net proceeds from this offering for activities in connection with the commercial launch of TAVALISSE in the United States, research and development and general corporate purposes. We may also use a portion of the net proceeds to acquire or invest in businesses, products and technologies that are complementary to our own, although we currently are not planning or negotiating any such transactions. Pending these uses, we intend to invest our net proceeds from this offering primarily in investment grade, interest-bearing instruments. As of the date of this prospectus supplement, we cannot specify with certainty all of the particular uses for the net proceeds we will have upon completion of the offering. Accordingly, we will retain broad discretion over the use of these proceeds.

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DILUTION

Our net tangible book value as of December 31, 2017 was approximately $100.6 million, or $0.69 per share. Net tangible book value per share is determined by dividing our total tangible assets, less total liabilities, by the number of shares of our common stock outstanding as of December 31, 2017. Dilution in net tangible book value per share represents the difference between the amount per share paid by purchasers of shares of common stock in this offering and the net tangible book value per share of our common stock immediately after this offering.

After giving effect to the sale of 15,000,000 of shares of our common stock in this offering at an assumed public offering price of $4.11 per share, the last reported sale price of our common stock on the Nasdaq Global Market on April 17, 2018, and after deducting the underwriting discounts and commissions and estimated offering expenses payable by us, our as adjusted net tangible book value as of December 31, 2017 would have been approximately $158.3 million, or $0.98 per share. This represents an immediate increase in net tangible book value of $0.29 per share to existing stockholders and immediate dilution in net tangible book value of $3.13 per share to investors purchasing our common stock in this offering at the assumed public offering price.

The following table illustrates this dilution on a per share basis to new investors:

Assumed public offering price per share			$	4.11
Net tangible book value per share as of December 31, 2017	$	0.69		
Increase per share attributable to investors purchasing our common stock in this offering		0.29		
As adjusted net tangible book value per share after this offering				0.98
Dilution per share to investors purchasing our common stock in this offering			$	3.13

A $0.50 increase (decrease) in the assumed public offering price of $4.11 per share would increase (decrease) the dilution per share to new investors by approximately $0.46 per share, assuming that the number of shares offered by us remains the same. Similarly, a one million share increase (decrease) in the number of shares offered by us, as set forth on the cover page of this prospectus supplement, would increase (decrease) the dilution per share to new investors by approximately $0.02 per share, based on the assumed offering price of $4.11 per share.

If the underwriters exercise in full their option to purchase an additional 2,250,000 shares of common stock, the as adjusted net tangible book value after this offering would be $1.02 per share, representing an increase in net tangible book value of $0.33 per share to existing stockholders and immediate dilution in net tangible book value of $3.09 per share to investors purchasing our common stock in this offering at the assumed public offering price.

The above discussion and table are based on 146,814,906 shares outstanding as of December 31, 2017 and exclude:

§ 20,408,140 shares of our common stock issuable upon the exercise of stock options outstanding as of December 31, 2017 with a weighted-average exercise price of $5.45 per share;

§ 13,812,264 shares of our common stock available for issuance or future grant as of December 31, 2017 under the 2000 Plan, the ESPP, the Directors' Plan, the 2011 Plan and the Inducement Plan; and

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- 3,421,975 shares of our common stock issuable upon the exercise of stock options granted between December 31, 2017 and the date of this prospectus supplement with a weighted-average exercise price of $4.39 per share.

To the extent that outstanding options or warrants are exercised or new stock awards are issued under our equity compensation plans, you will experience further dilution. In addition, we may choose to raise additional capital due to market conditions or strategic considerations even if we believe we have sufficient funds for our current or future operating plans. To the extent that additional capital is raised through the sale of equity or convertible debt securities, the issuance of these securities could result in further dilution to our stockholders.

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CERTAIN MATERIAL U.S. FEDERAL INCOME TAX CONSIDERATIONS FOR NON-U.S. HOLDERS

The following is a general discussion of the material U.S. federal income tax considerations applicable to non-U.S. holders (as defined herein) with respect to their ownership and disposition of shares of our common stock issued pursuant to this offering. All prospective non-U.S. holders of our common stock should consult their own tax advisors with respect to the U.S. federal, state, local and non-U.S. tax consequences of the purchase, ownership and disposition of our common stock. In general, a non-U.S. holder means a beneficial owner of our common stock (other than a partnership or an entity or arrangement treated as a partnership for U.S. federal income tax purposes) that is not, for U.S. federal income tax purposes:

§ an individual who is a citizen or resident of the United States;

§ a corporation, or an entity treated as a corporation for U.S. federal income tax purposes, created or organized in the United States or under the laws of the United States or of any state thereof or the District of Columbia;

§ an estate, the income of which is subject to U.S. federal income tax regardless of its source; or

§ a trust if (1) a U.S. court can exercise primary supervision over the trust's administration and one or more U.S. persons have the authority to control all of the trust's substantial decisions or (2) the trust has a valid election in effect under applicable U.S. Treasury Regulations to be treated as a U.S. person.

This discussion is based on current provisions of the U.S. Internal Revenue Code of 1986, as amended, which we refer to as the Code, existing U.S. Treasury Regulations promulgated thereunder, published administrative pronouncements and rulings of the U.S. Internal Revenue Service, which we refer to as the IRS, and judicial decisions, all as in effect as of the date of this prospectus. These authorities are subject to change and to differing interpretation, possibly with retroactive effect. Any change or differing interpretation could alter the tax consequences to non-U.S. holders described in this prospectus.

We assume in this discussion that a non-U.S. holder holds shares of our common stock as a capital asset within the meaning of Section 1221 of the Code (generally, for investment). This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a particular non-U.S. holder in light of that non-U.S. holder's individual circumstances, nor does it address any estate or gift tax consequences, the impact of the alternative minimum tax or the Medicare contribution tax or any aspects of U.S. state, local or non-U.S. taxes. This discussion also does not consider any specific facts or circumstances that may apply to a non-U.S. holder and does not address the special tax rules applicable to particular non-U.S. holders, such as holders that own, or are deemed to own, more than 5% of our capital stock (except to the extent specifically set forth below), corporations that accumulate earnings to avoid U.S. federal income tax, tax-exempt organizations, banks, financial institutions, insurance companies, brokers, dealers or traders in securities, commodities or currencies, tax-qualified retirement plans, holders who hold or receive our common stock pursuant to the exercise of employee stock options or otherwise as compensation, holders holding our common stock as part of a hedge, straddle or other risk reduction strategy, conversion transaction or other integrated investment, holders deemed to sell our common stock under the constructive sale provisions of the Code, controlled foreign corporations, passive foreign investment companies, accrual-method taxpayers subject to special tax accounting rules under Section 451(b) of the Code and certain former U.S. citizens or long-term residents.

In addition, this discussion does not address the tax treatment of partnerships (or entities or arrangements that are treated as partnerships for U.S. federal income tax purposes) or persons that hold their common stock through such partnerships. If a partnership, including any entity or arrangement treated as a partnership for U.S. federal income tax purposes, holds shares of our common stock, the U.S. federal income tax treatment of a partner in such partnership will generally depend upon the status of the partner

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and the activities of the partnership. Such partners and partnerships should consult their own tax advisors regarding the tax consequences of the purchase, ownership and disposition of our common stock.

There can be no assurance that a court or the IRS will not challenge one or more of the tax consequences described herein, and we have not obtained, nor do we intend to obtain, a ruling with respect to the U.S. federal income tax consequences to a non-U.S. holder of the purchase, ownership or disposition of our common stock.

Distributions on Our Common Stock

Distributions, if any, on our common stock generally will constitute dividends for U.S. federal income tax purposes to the extent paid from our current or accumulated earnings and profits, as determined under U.S. federal income tax principles. If a distribution exceeds our current and accumulated earnings and profits, the excess will be treated as a tax-free return of the non-U.S. holder's investment, up to such holder's adjusted tax basis in the common stock. Any remaining excess will be treated as capital gain from the sale or exchange of such common stock, subject to the tax treatment described below in "Gain on Sale, Exchange or Other Disposition of Our Common Stock." Any such distribution will also be subject to the discussions below under the headings "Backup Withholding and Information Reporting" and "Foreign Accounts."

Dividends paid to a non-U.S. holder will generally be subject to withholding of U.S. federal income tax at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

Dividends that are treated as effectively connected with a trade or business conducted by a non-U.S. holder within the United States and, if an applicable income tax treaty so provides, that are attributable to a permanent establishment or a fixed base maintained by the non-U.S. holder within the United States, are generally exempt from the 30% withholding tax if the non-U.S. holder satisfies applicable certification and disclosure requirements. However, such U.S. effectively connected income, net of specified deductions and credits, is taxed at the same graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code). Any U.S. effectively connected income received by a non-U.S. holder that is a corporation may also, under certain circumstances, be subject to an additional "branch profits tax" at a 30% rate or such lower rate as may be specified by an applicable income tax treaty between the United States and such holder's country of residence.

To claim a reduction or exemption from withholding, a non-U.S. holder of our common stock generally will be required to provide (a) a properly executed IRS Form W-8BEN or W-8BEN-E (or successor form) and satisfy applicable certification and other requirements to claim the benefit of an applicable income tax treaty between the United States and such holder's country of residence, or (b) a properly executed IRS Form W-8ECI stating that dividends are not subject to withholding because they are effectively connected with such non-U.S. holder's conduct of a trade or business within the United States. Non-U.S. holders are urged to consult their tax advisors regarding their entitlement to benefits under a relevant income tax treaty.

A non-U.S. holder that is eligible for a reduced rate of U.S. withholding tax under an income tax treaty may obtain a refund or credit of any excess amounts withheld by timely filing an appropriate claim for refund with the IRS.

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Gain on Sale, Exchange or Other Disposition of Our Common Stock

Subject to the discussions below under the headings "Backup Withholding and Information Reporting" and "Foreign Accounts," in general, a non-U.S. holder will not be subject to any U.S. federal income tax on any gain realized upon such holder's sale, exchange or other disposition of shares of our common stock unless:

§ the gain is effectively connected with a U.S. trade or business of the non-U.S. holder and, if an applicable income tax treaty so provides, is attributable to a permanent establishment or a fixed base maintained in the United States by such non-U.S. holder, in which case the non-U.S. holder generally will be taxed at the graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code) and, if the non-U.S. holder is a foreign corporation, the branch profits tax described above in "Distributions on Our Common Stock" also may apply;

§ the non-U.S. holder is a nonresident alien individual who is present in the United States for 183 days or more in the taxable year of the disposition and certain other conditions are met, in which case the non-U.S. holder will be subject to a 30% tax (or such lower rate as may be specified by an applicable income tax treaty) on the net gain derived from the disposition, which may be offset by U.S. source capital losses of the non-U.S. holder, if any (even though the individual is not considered a resident of the United States), provided the non-U.S. holder has timely filed U.S. federal income tax returns with respect to such losses; or

§ our common stock constitutes a U.S. real property interest because we are, or have been, at any time during the five-year period preceding such disposition (or the non-U.S. holder's holding period, if shorter) a "U.S. real property holding corporation." Generally, a corporation is a U.S. real property holding corporation only if the fair market value of its U.S. real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. Although there can be no assurance, we do not believe that we are, or have been, a U.S. real property holding corporation, or that we are likely to become one in the future. Even if we are or become a U.S. real property holding corporation, provided that our common stock is regularly traded, as defined by applicable Treasury Regulations, on an established securities market, our common stock will be treated as a U.S. real property interest only with respect to a non-U.S. holder that holds more than 5% of our outstanding common stock, directly or indirectly, actually or constructively, during the shorter of the 5-year period ending on the date of the disposition or the period that the non-U.S. holder held our common stock. In such case, such non-U.S. holder generally will be taxed on its net gain derived from the disposition at the graduated U.S. federal income tax rates applicable to U.S. persons (as defined in the Code). No assurance can be provided that our common stock will continue to be regularly traded on an established securities market for purposes of the rules described above.

Backup Withholding and Information Reporting

We must report annually to the IRS and to each non-U.S. holder the gross amount of the dividends on our common stock paid to such holder and the tax withheld, if any, with respect to such dividends. Non-U.S. holders will have to comply with specific certification procedures to establish that the holder is not a U.S. person (as defined in the Code) in order to avoid backup withholding at the applicable rate with respect to dividends on our common stock. A non-U.S. holder generally will not be subject to U.S. backup withholding with respect to payments of dividends on our common stock if it certifies its non-U.S. status by providing a valid IRS Form W-8BEN or W-8BEN-E (or successor form) or W-8ECI, or otherwise establishes an exemption; provided we do not have actual knowledge or reason to know such non-U.S. holder is a U.S. person, as defined in the Code. Dividends paid to non-U.S. holders subject to the U.S. withholding tax, as described above in "Distributions on Our Common Stock," generally will be exempt from U.S. backup withholding.

Information reporting and backup withholding will generally apply to the proceeds of a disposition of our common stock by a non-U.S. holder effected by or through the U.S. office of any broker, U.S. or foreign,

unless the holder certifies its status as a non-U.S. holder and satisfies certain other requirements, or otherwise establishes an exemption. Generally, information reporting and backup withholding will not apply to a payment of disposition proceeds to a non-U.S. holder where the transaction is effected outside the United States through a non-U.S. office of a broker. However, for information reporting purposes, dispositions effected through a non-U.S. office of a broker with substantial U.S. ownership or operations generally will be treated in a manner similar to dispositions effected through a U.S. office of a broker. Non-U.S. holders should consult their own tax advisors regarding the application of the information reporting and backup withholding rules to them.

Copies of information returns may be made available to the tax authorities of the country in which the non-U.S. holder resides or is incorporated under the provisions of a specific treaty or agreement.

Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules from a payment to a non-U.S. holder may be allowed as a credit against the non-U.S. holder's U.S. federal income tax liability, if any, and may entitle such holder to a refund, provided that the required information is timely furnished to the IRS.

Foreign Accounts

The Code generally imposes a U.S. federal withholding tax of 30% on dividends and the gross proceeds of a disposition of our common stock paid to a "foreign financial institution" (as specifically defined for this purpose), unless such institution enters into an agreement with the U.S. government to, among other things, withhold on certain payments and to collect and provide to the U.S. tax authorities substantial information regarding U.S. account holders of such institution (which includes certain equity and debt holders of such institution, as well as certain account holders that are foreign entities with U.S. owners) or otherwise qualifies for an exemption from these rules. A U.S. federal withholding tax of 30% also applies to dividends and will apply to the gross proceeds of a disposition of our common stock paid to a non-financial foreign entity (as defined in the Code), unless such entity provides the withholding agent with either a certification that it does not have any substantial direct or indirect U.S. owners or provides information regarding substantial direct and indirect U.S. owners of the entity, or otherwise qualifies for an exemption from these rules. The withholding provisions described above currently apply to dividends paid on our common stock and will generally apply with respect to gross proceeds of a sale or other disposition of our common stock on or after January 1, 2019. Under certain circumstances, a non-U.S. holder might be eligible for refunds or credits of such taxes. An intergovernmental agreement between the United States and an applicable foreign country may modify the requirements described in this paragraph.

EACH PROSPECTIVE INVESTOR SHOULD CONSULT ITS OWN TAX ADVISOR REGARDING THE PARTICULAR U.S. FEDERAL, STATE AND LOCAL AND NON-U.S. TAX CONSEQUENCES OF PURCHASING, HOLDING AND DISPOSING OF OUR COMMON STOCK, INCLUDING THE CONSEQUENCES OF ANY RECENT AND PROPOSED CHANGE IN APPLICABLE LAWS.

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UNDERWRITING

Subject to the terms and conditions set forth in the underwriting agreement to be dated on or about , 2018, among us and Jefferies LLC and Piper Jaffray & Co. as the representatives of the underwriters named below, we have agreed to sell to the underwriters, and each of the underwriters has agreed, severally and not jointly, to purchase from us, the respective number of shares of common stock shown opposite its name below:

Underwriters	Number of Shares
Jefferies LLC	
Piper Jaffray & Co.	
BMO Capital Markets Corp.	
H.C. Wainwright & Co., LLC	
Total	15,000,000

The underwriting agreement provides that the obligations of the several underwriters are subject to certain conditions precedent such as the receipt by the underwriters of officers' certificates and legal opinions and approval of certain legal matters by their counsel. The underwriting agreement provides that the underwriters will purchase all of the shares of common stock if any of them are purchased, except as described below under "Option to Purchase Additional Shares." If an underwriter defaults, the underwriting agreement provides that the purchase commitments of the nondefaulting underwriters may be increased or the underwriting agreement may be terminated. We have agreed to indemnify the underwriters and certain of their controlling persons against certain liabilities, including liabilities under the Securities Act, and to contribute to payments that the underwriters may be required to make in respect of those liabilities.

The underwriters have advised us that they currently intend to make a market in the common stock following the completion of this offering as permitted by applicable laws and regulations. However, the underwriters are not obligated to do so, and the underwriters may discontinue any market making activities at any time without notice in their sole discretion. Accordingly, no assurance can be given as to the liquidity of the trading market for the common stock held by you at a particular time or that the prices that you receive when you sell will be favorable.

The underwriters are offering the shares of common stock subject to their acceptance of the shares of common stock from us and subject to prior sale. The underwriters reserve the right to withdraw, cancel or modify offers to the public and to reject orders in whole or in part.

Commission and Expenses

The underwriters have advised us that they propose to offer the shares of common stock to the public at the public offering price set forth on the cover page of this prospectus supplement and to certain dealers, which may include the underwriters, at that price less a concession not in excess of $ per share. After the offering, the public offering price and concession to dealers may be reduced by the representative. No such reduction will change the amount of proceeds to be received by us as set forth on the cover page of this prospectus supplement.

The following table shows the public offering price, the underwriting discounts and commissions that we are to pay the underwriters and the proceeds before expenses, to us in connection with this offering. Such

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amounts are shown assuming both no exercise and full exercise of the underwriters' option to purchase additional shares.

	Per Share		Total	
	Without Option to Purchase Additional Shares	With Option to Purchase Additional Shares	Without Option to Purchase Additional Shares	With Option to Purchase Additional Shares
Public offering price	$	$	$	$
Underwriting discounts and commissions paid by us	$	$	$	$
Proceeds to us, before expenses	$	$	$	$

We estimate that the total offering expenses payable by us in connection with this offering, other than the underwriting discounts and commissions referred to above, will be approximately $275,000. We have also agreed to reimburse the underwriters for certain of their expenses in an amount up to $10,000.

Listing

Our common stock is listed on the Nasdaq Global Market under the trading symbol "RIGL."

Stamp Taxes

If you purchase shares of common stock offered in this prospectus supplement, you may be required to pay stamp taxes and other charges under the laws and practices of the country of purchase, in addition to the offering price listed on the cover page of this prospectus supplement.

Option to Purchase Additional Shares

We have granted to the underwriters an option, exercisable for 30 days from the date of this prospectus supplement, to purchase, from time to time, in whole or in part, up to an aggregate of 2,250,000 additional shares of common stock at the public offering price set forth on the cover page of this prospectus supplement, less underwriting discounts and commissions. If the underwriters exercise this option, each underwriter will be obligated, subject to specified conditions, to purchase a number of additional shares proportionate to that underwriter's initial purchase commitment as indicated in the table above. This option may be exercised only if the underwriters sell more shares than the total number set forth on the cover page of this prospectus supplement.

No Sales of Similar Securities

We and our executive officers and directors have agreed, subject to specified exceptions (including sales pursuant to Rule 10b5-1 trading plans in place as of the date of this prospectus supplement), not to directly or indirectly:

§ sell, offer, contract or grant any option to sell (including any short sale), pledge, transfer, establish an open "put equivalent position" within the meaning of Rule 16a-l(h) under the Securities Exchange Act of 1934, as amended, or

§ otherwise transfer or dispose of any shares of common stock, options or warrants or other rights to acquire shares of common stock, or securities exchangeable or exercisable for or convertible into shares of common stock, or to acquire other securities or rights ultimately exchangeable or exercisable for or convertible into shares of common stock currently or hereafter owned either of record or beneficially, or

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§ publicly announce an intention to do any of the foregoing for a period of 90 days after the date of this prospectus supplement without the prior written consent of Jefferies LLC and Piper Jaffray & Co.

This restriction terminates after the close of trading of the common stock on and including the 90th day after the date of this prospectus supplement.

Jefferies LLC and Piper Jaffray & Co. may, in their sole discretion and at any time or from time to time before the termination of the 90-day period, release all or any portion of the securities subject to lock-up agreements. There are no existing agreements between the underwriters and any of our shareholders who will execute a lock-up agreement, providing consent to the sale of shares prior to the expiration of the lock-up period.

Stabilization

The underwriters have advised us that, pursuant to Regulation M under the Securities Exchange Act of 1934, as amended, certain persons participating in the offering may engage in transactions, stabilizing bids, syndicate covering transactions or the imposition of penalty bids, which may have the effect of stabilizing or maintaining the market price of our common stock at a level above that which might otherwise prevail in the open market. Establishing short sales positions may involve either "covered" short sales or "naked" short sales.

"Covered" short sales are sales made in an amount not greater than the underwriters' option to purchase additional shares of common stock in the offering. The underwriters may close out any covered short position by either exercising their option to purchase additional shares of common stock or purchasing shares of common stock in the open market. In determining the source of shares to close out the covered short position, the underwriters will consider, among other things, the price of shares available for purchase in the open market as compared to the price at which they may purchase shares through the option to purchase additional shares.

"Naked" short sales are sales in excess of the option to purchase additional shares of common stock. The underwriters must close out any naked short position by purchasing shares in the open market. A naked short position is more likely to be created if the underwriters are concerned that there may be downward pressure on the price of the shares of common stock in the open market after pricing that could adversely affect investors who purchase in this offering.

A stabilizing bid is a bid for the purchase of shares of common stock on behalf of the underwriters for the purpose of fixing or maintaining the price of the shares of common stock. A syndicate covering transaction is the bid for or the purchase of shares of common stock on behalf of the underwriters to reduce a short position incurred by the underwriters in connection with the offering. Similar to other purchase transactions, the underwriter's purchases to cover the syndicate short sales may have the effect of raising or maintaining the market price of our common stock or preventing or retarding a decline in the market price of our common stock. As a result, the price of our common stock may be higher than the price that might otherwise exist in the open market. A penalty bid is an arrangement permitting the underwriters to reclaim the selling concession otherwise accruing to a syndicate member in connection with the offering if the shares of common stock originally sold by such syndicate member are purchased in a syndicate covering transaction and therefore have not been effectively placed by such syndicate member.

Neither we nor any of the underwriters makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our common stock. The underwriters are not obligated to engage in these activities and, if commenced, any of the activities may be discontinued at any time.

The underwriters may also engage in passive market making transactions in our common stock on the Nasdaq Global Market in accordance with Rule 103 of Regulation M during a period before the

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commencement of offers or sales of shares of our common stock in this offering and extending through the completion of distribution. A passive market maker must display its bid at a price not in excess of the highest independent bid of that security. However, if all independent bids are lowered below the passive market maker's bid, that bid must then be lowered when specified purchase limits are exceeded.

Electronic Distribution

This prospectus supplement and the accompanying prospectus in electronic format may be made available by e-mail or on the web sites or through online services maintained by one or more of the underwriters or their affiliates. In those cases, prospective investors may view offering terms online and may be allowed to place orders online. The underwriters may agree with us to allocate a specific number of shares of common stock for sale to online brokerage account holders. Any such allocation for online distributions will be made by the underwriters on the same basis as other allocations. Other than this prospectus supplement and the accompanying prospectus, the information on the underwriters' web sites and any information contained in any other web site maintained by any of the underwriters is not part of this prospectus supplement or the accompanying prospectus, has not been approved and/or endorsed by us or the underwriters and should not be relied upon by investors.

Affiliations

The underwriters and certain of their affiliates are full service financial institutions engaged in various activities, which may include securities trading, commercial and investment banking, financial advisory, investment management, investment research, principal investment, hedging, financing and brokerage activities. The underwriters and certain of their affiliates have, from time to time, performed and may in the future perform, various financial advisory and investment banking services for us, for which they received or will receive customary fees and expenses.

In the ordinary course of their various business activities, the underwriters and certain of their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers, and such investment and securities activities may involve our securities and/or instruments. The underwriters and certain of their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Notice to Investors

Australia

This prospectus supplement is not a disclosure document for the purposes of Australia's Corporations Act 2001 (Cth) of Australia, or Corporations Act, has not been lodged with the Australian Securities & Investments Commission and is only directed to the categories of exempt persons set out below. Accordingly, if you receive this prospectus supplement in Australia:

A. You confirm and warrant that you are either:

§ "sophisticated investor" under section 708(8)(a) or (b) of the Corporations Act;

§ a "sophisticated investor" under section 708(8)(c) or (d) of the Corporations Act and that you have provided an accountant's certificate to the company which complies with the requirements of section 708(8)(c)(i) or (ii) of the Corporations Act and related regulations before the offer has been made;

§ "professional investor" within the meaning of section 708(11)(a) or (b) of the Corporations Act.

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§ To the extent that you are unable to confirm or warrant that you are an exempt sophisticated investor or professional investor under the Corporations Act, any offer made to you under this prospectus supplement is void and incapable of acceptance.

B. You warrant and agree that you will not offer any of the shares issued to you pursuant to this prospectus supplement for resale in Australia within 12 months of those shares being issued unless any such resale

offer is exempt from the requirement to issue a disclosure document under section 708 of the Corporations Act.

European Economic Area

In relation to each member state of the European Economic Area which has implemented the Prospectus Directive (each, a "Relevant Member State"), an offer to the public of any common stock which are the subject of the offering contemplated by this prospectus supplement and the accompanying prospectus may not be made in that Relevant Member State except that an offer to the public in that Relevant Member State of any common stock may be made at any time under the following exemptions under the Prospectus Directive, if they have been implemented in that Relevant Member State:

§ to any legal entity which is a "qualified investor" as defined in the Prospectus Directive;

§ to fewer than 100 or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive), as permitted under the Prospectus Directive, subject to obtaining the prior consent of the underwriters or the underwriters nominated by us for any such offer; or

§ in any other circumstances falling within Article 3(2) of the Prospectus Directive,

§ provided that no such offer of common stock shall require us or any of the underwriters to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer common stock to the public" in relation to the common stock in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the common stock to be offered so as to enable an investor to decide to purchase or subscribe to the common stock, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Canada

The shares of our common stock may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the shares of our common stock must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this prospectus supplement (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

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Pursuant to section 3A.3 (or, in the case of securities issued or guaranteed by the government of a non-Canadian jurisdiction, section 3A.4) of National Instrument 33-105 Underwriting Conflicts (NI 33-105), the underwriters are not required to comply with the disclosure requirements of NI 33-105 regarding underwriter conflicts of interest in connection with this offering.

Hong Kong

No securities have been offered or sold, and no securities may be offered or sold, in Hong Kong, by means of any document, other than to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent; or to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or in other circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32) of Hong Kong. No document, invitation or advertisement relating to the securities has been issued or may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted under the securities laws of Hong Kong) other than with respect to securities which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance.

This prospectus supplement has not been registered with the Registrar of Companies in Hong Kong. Accordingly, this prospectus supplement may not be issued, circulated or distributed in Hong Kong, and the securities may not be offered for subscription to members of the public in Hong Kong. Each person acquiring the securities will be required, and is deemed by the acquisition of the securities, to confirm that he is aware of the restriction on offers of the securities described in this prospectus supplement and the relevant offering documents and that he is not acquiring, and has not been offered any securities in circumstances that contravene any such restrictions.

Israel

In the State of Israel this prospectus supplement shall not be regarded as an offer to the public to purchase shares of common stock under the Israeli Securities Law, 5728-1968, which requires a prospectus to be published and authorized by the Israel Securities Authority, if it complies with certain provisions of Section 15 of the Israeli Securities Law, 5728-1968, including, inter alia, if: (i) the offer is made, distributed or directed to not more than 35 investors, subject to certain conditions (the "Addressed Investors"); or (ii) the offer is made, distributed or directed to certain qualified investors defined in the First Addendum of the Israeli Securities Law, 5728-1968, subject to certain conditions (the "Qualified Investors"). The Qualified Investors shall not be taken into account in the count of the Addressed Investors and may be offered to purchase securities in addition to the 35 Addressed Investors. The Company has not and will not take any action that would require it to publish a prospectus in accordance with and subject to the Israeli Securities Law, 5728-1968. The Company and the underwriters have not and will not distribute this prospectus supplement or make, distribute or direct an offer to subscribe for our common stock to any person within the State of Israel, other than to Qualified Investors and up to 35 Addressed Investors.

Qualified Investors may have to submit written evidence that they meet the definitions set out in of the First Addendum to the Israeli Securities Law, 5728-1968. In particular, we may request, as a condition to be offered common stock, that Qualified Investors will each represent, warrant and certify to us and/or to anyone acting on our behalf: (i) that it is an investor falling within one of the categories listed in the First Addendum to the Israeli Securities Law, 5728-1968; (ii) which of the categories listed in the First Addendum to the Israeli Securities Law, 5728-1968 regarding Qualified Investors is applicable to it; (iii) that it will abide by all provisions set forth in the Israeli Securities Law, 5728-1968 and the regulations promulgated thereunder in connection with the offer to be issued common stock; (iv) that the shares of

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common stock that it will be issued are, subject to exemptions available under the Israeli Securities Law, 5728-1968: (a) for its own account; (b) for investment purposes only; and (c) not issued with a view to resale within the State of Israel, other than in accordance with the provisions of the Israeli Securities Law, 5728-1968; and (v) that it is willing to provide further evidence of its Qualified Investor status. Addressed Investors may have to submit written evidence in respect of their identity and may have to sign and submit a declaration containing, inter alia, the Addressed Investor's name, address and passport number or Israeli identification number.

Japan

The offering has not been and will not be registered under the Financial Instruments and Exchange Law of Japan (Law No. 25 of 1948 of Japan, as amended), or FIEL, and the underwriters will not offer or sell any securities, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means, unless otherwise provided herein, any person resident in Japan, including any corporation or other entity organized under the laws of Japan), or to others for re-offering or resale, directly or indirectly, in Japan or to a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEL and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

This prospectus supplement has not been and will not be lodged or registered with the Monetary Authority of Singapore. Accordingly, this prospectus supplement and any other document or material in connection with the offer or sale, or the invitation for subscription or purchase of the securities may not be issued, circulated or distributed, nor may the securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to the public or any member of the public in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore, or the SFA, (ii) to a relevant person as defined under Section 275(2), or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions, specified in Section 275 of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of any other applicable provision of the SFA. Where the securities are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

§ a corporation (which is not an accredited investor as defined under Section 4A of the SFA) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

§ a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary is an accredited investor, shares, debentures and units of shares and debentures of that corporation or the beneficiaries' rights and interest in that trust shall not be transferable for six months after that corporation or that trust has acquired the Offer Shares under Section 275 of the SFA except:

§ to an institutional investor under Section 274 of the SFA or to a relevant person defined in Section 275(2) of the SFA, or to any person pursuant to an offer that is made on terms that such shares, debentures and units of shares and debentures of that corporation or such rights and interest in that trust are acquired at a consideration of not less than $200,000 (or its equivalent in a foreign currency) for each transaction, whether such amount is to be paid for in cash or by exchange of securities or other assets, and further for corporations, in accordance with the conditions, specified in Section 275 of the SFA;

§ where no consideration is given for the transfer; or

§ where the transfer is by operation of law.

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Switzerland

The securities may not be publicly offered in Switzerland and will not be listed on the SIX Swiss Exchange ("SIX") or on any other stock exchange or regulated trading facility in Switzerland. This prospectus supplement and the accompanying prospectus has been prepared without regard to the disclosure standards for issuance prospectuses under art. 652a or art. 1156 of the Swiss Code of Obligations or the disclosure standards for listing prospectuses under art. 27 ff. of the SIX Listing Rules or the listing rules of any other stock exchange or regulated trading facility in Switzerland. Neither this prospectus supplement and the accompanying prospectus nor any other offering or marketing material relating to the securities or the offering may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this prospectus supplement and the accompanying prospectus nor any other offering or marketing material relating to the offering, the Company or the securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this prospectus supplement and the accompanying prospectus will not be filed with, and the offer of securities will not be supervised by, the Swiss Financial Market Supervisory Authority FINMA ("FINMA"), and the offer of securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes ("CISA"). The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of securities.

United Kingdom

This prospectus supplement and the accompanying prospectus are only being distributed to, and are only directed at, persons in the United Kingdom that are qualified investors within the meaning of Article 2(1)(e) of the Prospectus Directive that are also (i) investment professionals falling within Article 19(5) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005, as amended (the "Order") and/or (ii) high net worth entities falling within Article 49(2)(a) to (d) of the Order and other persons to whom it may lawfully be communicated (each such person being referred to as a "relevant person").

This prospectus supplement and the accompanying prospectus and their contents are confidential and should not be distributed, published or reproduced (in whole or in part) or disclosed by recipients to any other persons in the United Kingdom. Any person in the United Kingdom that is not a relevant person should not act or rely on this document or any of its contents.

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LEGAL MATTERS

The validity of the shares of common stock offered by this prospectus supplement and the accompanying prospectus will be passed upon for us by Cooley LLP. The underwriters are being represented in this offering by Latham & Watkins LLP.

EXPERTS

Ernst & Young LLP, independent registered public accounting firm, has audited our financial statements included in our Annual Report on Form 10-K for the year ended December 31, 2017, and the effectiveness of our internal control over financial reporting as of December 31, 2017, as set forth in their reports, which are incorporated by reference in this prospectus supplement, the accompanying prospectus and elsewhere in the registration statement. Our financial statements are incorporated by reference in reliance on Ernst & Young LLP's reports, given on their authority as experts in accounting and auditing.

WHERE YOU CAN FIND MORE INFORMATION

This prospectus supplement and the accompanying prospectus are part of the registration statement on Form S-3 we filed with the SEC under the Securities Act on March 9, 2018 and declared effective on April 2, 2018, and do not contain all the information set forth in the registration statement. Whenever a reference is made in this prospectus supplement or the accompanying prospectus to any of our contracts, agreements or other documents, the reference may not be complete and you should refer to the exhibits that are a part of the registration statement or the exhibits to the reports or other documents incorporated by reference in this prospectus supplement and the accompanying prospectus for a copy of such contract, agreement or other document. Because we are subject to the information and reporting requirements of the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the SEC. Our SEC filings are available to the public over the Internet at the SEC's website at www.sec.gov. You may also read and copy any document we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to "incorporate by reference" information from other documents that we file with the SEC, which means that we can disclose important information to you by referring you to those documents. The information incorporated by reference is considered to be part of this prospectus supplement and the accompanying prospectus and should be read with the same care. Information contained in this prospectus supplement and the accompanying prospectus and information that we file with the SEC in the future and incorporate by reference in this prospectus supplement and the accompanying prospectus will automatically update and supersede this information. We incorporate by reference the documents listed below and any future filings (other than Current Reports on Form 8-K furnished under Item 2.02 or Item 7.01 and exhibits filed on such form that are related to such items) we make with the SEC under Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of the prospectus supplement and before the sale of all the securities covered by this prospectus supplement (Commission File No. 000-29889):

§ our Annual Report on Form 10-K for the year ended December 31, 2017, filed with the SEC on March 6, 2018;

§ Amendment No. 1 to our Annual Report on Form 10-K/A for the year ended December 31, 2017, filed with the SEC on March 29, 2018;

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- our Current Reports on Form 8-K filed with the SEC on January 26, 2018 and February 2, 2018; and
- the description of our common stock, which is registered under Section 12 of the Exchange Act in our registration statement on Form 8-A, filed with the SEC on October 3, 2000, including any amendments or reports filed for the purpose of updating such description.

We will furnish without charge to you, upon written or oral request, a copy of any or all of the documents incorporated by reference, including exhibits to these documents. Requests should be directed to:

Rigel Pharmaceuticals, Inc.
1180 Veterans Boulevard
South San Francisco, CA 94080
(650) 624-1100
Attn: Corporate Secretary

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Prospectus

$200,000,000
Common Stock
Preferred Stock
Debt Securities
Warrants

From time to time, we may offer and sell up to an aggregate amount of $200,000,000 of any combination of the securities described in this prospectus, either individually or in combination. We may also offer common stock or preferred stock upon conversion of debt securities, common stock upon conversion of preferred stock, or common stock, preferred stock or debt securities upon the exercise of warrants.

We will provide the specific terms of these offerings and securities in one or more supplements to this prospectus. We may also authorize one or more free writing prospectuses to be provided to you in connection with these offerings. The prospectus supplement and any related free writing prospectus may also add, update or change information contained in this prospectus. You should carefully read this prospectus, the applicable prospectus supplement and any related free writing prospectus, as well as any documents incorporated by reference, before buying any of the securities being offered.

Our common stock is listed on The Nasdaq Global Market under the trading symbol "RIGL." On March 8, 2018, the last reported sale price of our common stock was $4.45 per share. The applicable prospectus supplement will contain information, where applicable, as to other listings, if any, on The Nasdaq Global Market or other securities exchange of the securities covered by the applicable prospectus supplement.

Investing in our securities involves a high degree of risk. You should review carefully the risks and uncertainties described under the heading "Risk Factors" on page 5 of this prospectus and any similar section contained in the applicable prospectus supplement and in any free writing prospectuses we have authorized for use in connection with a specific offering, and under similar headings in the documents that are incorporated by reference into this prospectus.

This prospectus may not be used to consummate a sale of securities unless accompanied by a prospectus supplement.

The securities may be sold directly by us to investors, through agents designated from time to time or to or through underwriters or dealers, on a continuous or delayed basis. The supplements to this prospectus will provide the specific terms of the plan of distribution. If any agents or underwriters are involved in the sale of any securities with respect to which this prospectus is being delivered, the names of such agents or underwriters and any applicable fees, commissions, discounts and over-allotment options will be set forth in a prospectus supplement. The price to the public of such securities and the net proceeds we expect to receive from such sale will also be set forth in a prospectus supplement.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or determined if this prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The date of this prospectus is April 2, 2018.

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ABOUT THIS PROSPECTUS

This prospectus is part of a registration statement on Form S-3 that we filed with the Securities and Exchange Commission, or SEC, using a "shelf" registration process. Under this shelf registration statement, we may sell from time to time in one or more offerings up to a total dollar amount of $200,000,000 of common stock and preferred stock, various series of debt securities and/or warrants to purchase any of such securities, either individually or in combination with other securities as described in this prospectus. Each time we sell any type or series of securities under this prospectus, we will provide a prospectus supplement that will contain more specific information about the terms of that offering. We may also authorize one or more free writing prospectuses to be provided to you that may contain material information relating to these offerings. We may also add, update or change in a prospectus supplement or free writing prospectus any of the information contained in this prospectus or in the documents we have incorporated by reference into this prospectus. This prospectus, together with the applicable prospectus supplement, any related free writing prospectus and the documents incorporated by reference into this prospectus and the applicable prospectus supplement, will include all material information relating to the applicable offering. You should carefully read both this prospectus and the applicable prospectus supplement and any related free writing prospectus, together with the additional information described under "Where You Can Find Additional Information," before buying any of the securities being offered.

This prospectus may not be used to consummate a sale of securities unless accompanied by a prospectus supplement.

You should rely only on the information contained in, or incorporated by reference into, this prospectus and any applicable prospectus supplement, along with the information contained in any free writing prospectuses we have authorized for use in connection with a specific offering. We have not authorized anyone to provide you with different or additional information. You must not rely upon any information or representation not contained or incorporated by reference in this prospectus, any applicable prospectus supplement or any related free writing prospectus. This prospectus, any applicable supplement to this prospectus or any related free writing prospectus do not constitute an offer to sell or the solicitation of an offer to buy any securities other than the registered securities to which they relate, nor do this prospectus, any applicable supplement to this prospectus or any related free writing prospectus constitute an offer to sell or the solicitation of an offer to buy securities in any jurisdiction to any person to whom it is unlawful to make such offer or solicitation in such jurisdiction. The information appearing in this prospectus, any applicable prospectus supplement or any related free writing prospectus is accurate only as of the date on the front of the document and any information we have incorporated by reference is accurate only as of the date of the document incorporated by reference, regardless of the time of delivery of this prospectus, any applicable prospectus supplement or any related free writing prospectus, or any sale of a security. Our business, financial condition, results of operations and prospects may have changed since those dates.

This prospectus contains and incorporates by reference market data and industry statistics and forecasts that are based on independent industry publications and other publicly available information. Although we believe that these sources are reliable, we do not guarantee the accuracy or completeness of this information and we have not independently verified this information. Although we are not aware of any misstatements regarding the market and industry data presented in this prospectus and the documents incorporated herein by reference, these estimates involve risks and uncertainties and are subject to change based on various factors, including those discussed under the heading "Risk Factors" contained in the applicable prospectus supplement and any related free writing prospectus, and under similar headings in the other documents that are incorporated by reference into this prospectus. Accordingly, investors should not place undue reliance on this information.

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This prospectus contains summaries of certain provisions contained in some of the documents described herein, but reference is made to the actual documents for complete information. All of the summaries are qualified in their entirety by the actual documents. Copies of some of the documents referred to herein have been filed, will be filed or will be incorporated by reference as exhibits to the registration statement of which this prospectus is a part, and you may obtain copies of those documents as described below under the section entitled "Where You Can Find Additional Information."

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PROSPECTUS SUMMARY

This summary highlights selected information appearing elsewhere in this prospectus or incorporated by reference in this prospectus, and does not contain all of the information that you need to consider in making your investment decision. You should carefully read the entire prospectus, the applicable prospectus supplement and any related free writing prospectus, including the risks of investing in our securities discussed under the heading "Risk Factors" contained in the applicable prospectus supplement and any related free writing prospectus, and under similar headings in the other documents that are incorporated by reference into this prospectus. You should also carefully read the information incorporated by reference into this prospectus, including our financial statements, and the exhibits to the registration statement of which this prospectus is a part.

Rigel Pharmaceuticals, Inc.

Overview

We are a biotechnology company dedicated to discovering, developing and providing novel small molecule drugs that significantly improve the lives of patients with immune and hematologic disorders, cancer and rare diseases. Our pioneering research focuses on signaling pathways that are critical to disease mechanisms. Our current clinical programs include clinical trials of fostamatinib, an oral spleen tyrosine kinase (SYK) inhibitor, in a number of indications. We have a New Drug Application (NDA) under review with the FDA for fostamatinib in patients with chronic immune thrombocytopenia (ITP). In addition, we have product candidates in development with partners BerGenBio AS, Daiichi Sankyo and Aclaris Therapeutics.

Corporate Information

We were incorporated in Delaware in June 1996. Our principal executive office is located at 1180 Veterans Boulevard, South San Francisco, California 94080. Our telephone number is (650) 624-1100. Our website address is www.rigel.com. The information contained in, or that can be accessed through, our website is not a part of, and is not incorporated into, this prospectus, and you should not consider it part of this prospectus or part of any prospectus supplement.

Risks Associated with our Business

Our business is subject to numerous risks, as described under the heading "Risk Factors" contained in the applicable prospectus supplement and in any free writing prospectuses we have authorized for use in connection with a specific offering, and under similar headings in the documents that are incorporated by reference into this prospectus.

The Securities We May Offer

We may offer shares of our common stock and preferred stock, various series of debt securities and/or warrants to purchase any of such securities, either individually or in combination, up to a total dollar amount of $200,000,000, from time to time under this prospectus, together with the applicable prospectus supplement and any related free writing prospectus, at prices and on terms to be determined by market conditions at the time of any offering. We may also offer common stock, preferred stock and/or debt securities upon the exercise of warrants. This prospectus provides you with a general description of the securities we may offer. Each time we offer a type or series of securities under this prospectus, we will provide a prospectus supplement that will describe the specific amounts, prices and other important terms of the securities, including, to the extent applicable:

- designation or classification;

aggregate principal amount or aggregate offering price;

maturity date, if applicable;

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- original issue discount, if any;
- rates and times of payment of interest or dividends, if any;
- redemption, conversion, exercise, exchange or sinking fund terms, if any;
- conversion or exchange prices or rates, if any, and, if applicable, any provisions for changes to or adjustments in the conversion or exchange prices or rates and in the securities or other property receivable upon conversion or exchange;
- ranking;
- restrictive covenants, if any;
- voting or other rights, if any; and
- material or special U.S. federal income tax considerations, if any.

The applicable prospectus supplement and any related free writing prospectus that we may authorize to be provided to you may also add, update or change any of the information contained in this prospectus or in the documents we have incorporated by reference. However, no prospectus supplement or free writing prospectus will offer a security that is not registered and described in this prospectus at the time of the effectiveness of the registration statement of which this prospectus is a part.

THIS PROSPECTUS MAY NOT BE USED TO CONSUMMATE A SALE OF SECURITIES UNLESS IT IS ACCOMPANIED BY A PROSPECTUS SUPPLEMENT.

We may sell the securities directly to investors or to or through agents, underwriters, agents or dealers. We, and our agents, underwriters or dealers reserve the right to accept or reject all or part of any proposed purchase of securities. If we do offer securities to or through agents, underwriters or dealers, we will include in the applicable prospectus supplement:

- the names of those agents, underwriters or dealers;
- applicable fees, discounts and commissions to be paid to them;
- details regarding over-allotment or other options, if any; and
- the net proceeds to us.

Common Stock. We may issue shares of our common stock from time to time. Each holder of our common stock is entitled to one vote for each share on all matters submitted to a vote of the stockholders, including the election of directors. Subject to preferences that may be applicable to any then-outstanding preferred stock, holders of common stock are entitled to receive ratably those dividends, if any, as may be declared from time to time by the board of directors out of legally available funds. In the event of our liquidation, dissolution or winding up, holders of common stock are entitled to share ratably in the net assets legally available for distribution to stockholders after the payment of all of our debts and other liabilities and the satisfaction of any liquidation preference granted to the holders of any then-outstanding shares of preferred stock.

Holders of common stock have no preemptive, conversion or subscription rights and there are no redemption or sinking fund provisions applicable to the common stock. The rights, preferences and privileges of the holders of common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any series of preferred stock that we may designate in the future. In this prospectus, we have summarized certain general features of the common stock under "Description of Capital Stock Common Stock." We urge you, however, to read the applicable prospectus supplement (and any related free writing prospectus that we may authorize to be provided to you) related to any common stock being offered.

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Preferred Stock. We may issue shares of our preferred stock from time to time, in one or more series. Our board of directors will determine the designations, voting powers, preferences and rights of the preferred stock, as well as the qualifications, limitations or restrictions thereof, including dividend rights, conversion rights, preemptive rights, terms of redemption or repurchase, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of any series. Convertible preferred stock will be convertible into our common stock or exchangeable for other securities. Conversion may be mandatory or at your option and would be at prescribed conversion rates.

If we sell any series of preferred stock under this prospectus, we will fix the designations, voting powers, preferences and rights of such series of preferred stock, as well as the qualifications, limitations or restrictions thereof, in the certificate of designation relating to that series. We will file as an exhibit to the registration statement of which this prospectus is a part, or will incorporate by reference from reports that we file with the SEC, the form of any certificate of designation that contains the terms of the series of preferred stock we are offering. In this prospectus, we have summarized certain general features of the preferred stock under "Description of Capital Stock Preferred Stock." We urge you, however, to read the applicable prospectus supplement (and any related free writing prospectus that we may authorize to be provided to you) related to the series of preferred stock being offered, as well as the complete certificate of designation that contains the terms of the applicable series of preferred stock.

Debt Securities. We may issue debt securities from time to time, in one or more series, as either senior or subordinated debt or as senior or subordinated convertible debt. The senior debt securities will rank equally with any other unsecured and unsubordinated debt. The subordinated debt securities will be subordinate and junior in right of payment, to the extent and in the manner described in the instrument governing the debt, to all of our senior indebtedness. Convertible debt securities will be convertible into or exchangeable for our common stock or other securities. Conversion may be mandatory or at your option and would be at prescribed conversion rates.

Any debt securities issued under this prospectus will be issued under one or more documents called indentures, which are contracts between us and a national banking association or other eligible party, as trustee. In this prospectus, we have summarized certain general features of the debt securities under "Description of Debt Securities." We urge you, however, to read the applicable prospectus supplement (and any free writing prospectus that we may authorize to be provided to you) related to the series of debt securities being offered, as well as the complete indentures that contain the terms of the debt securities. We have filed the form of indenture as an exhibit to the registration statement of which this prospectus is a part, and supplemental indentures and forms of debt securities containing the terms of the debt securities being offered will be filed as exhibits to the registration statement of which this prospectus is a part or will be incorporated by reference from reports that we file with the SEC.

Warrants. We may issue warrants for the purchase of common stock, preferred stock and/or debt securities in one or more series. We may issue warrants independently or in combination with common stock, preferred stock and/or debt securities. In this prospectus, we have summarized certain general features of the warrants under "Description of Warrants." We urge you, however, to read the applicable prospectus supplement (and any related free writing prospectus that we may authorize to be provided to you) related to the particular series of warrants being offered, as well as any warrant agreements and warrant certificates that contain the terms of the warrants. We have filed forms of the warrant agreements and forms of warrant certificates containing the terms of the warrants that may be offered as exhibits to the registration statement of which this prospectus is a part. We will file as exhibits to the registration statement of which this prospectus is a part, or will incorporate by reference from reports that we file with the SEC, the form of warrant and/or the warrant agreement and warrant certificate, as applicable, that contain the terms of the particular series of warrants we are offering, and any supplemental agreements, before the issuance of such warrants.

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Any warrants issued under this prospectus may be evidenced by warrant certificates. Warrants also may be issued under an applicable warrant agreement that we enter into with a warrant agent. We will indicate the name and address of the warrant agent, if applicable, in the prospectus supplement relating to the particular series of warrants being offered.

Use of Proceeds

Except as described in any applicable prospectus supplement or in any free writing prospectuses we have authorized for use in connection with a specific offering, we currently intend to use the net proceeds from the sale of the securities offered by us hereunder, if any, for working capital, capital expenditures and other general corporate purposes. See "Use of Proceeds" in this prospectus.

Nasdaq Global Market Listing

Our common stock is listed on The Nasdaq Global Market under the symbol "RIGL." The applicable prospectus supplement will contain information, where applicable, as to other listings, if any, on The Nasdaq Global Market or other securities exchange of the securities covered by the applicable prospectus supplement.

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RISK FACTORS

Investing in our securities involves a high degree of risk. Before deciding whether to invest in our securities, you should consider carefully the risks and uncertainties described under the heading "Risk Factors" contained in the applicable prospectus supplement and any related free writing prospectus, and discussed under the section entitled "Risk Factors" contained in our most recent Annual Report on Form 10-K and in our most recent Quarterly Report on Form 10-Q, as well as any amendments thereto reflected in subsequent filings with the SEC, which are incorporated by reference into this prospectus in their entirety, together with other information in this prospectus, the documents incorporated by reference and any free writing prospectus that we may authorize for use in connection with this offering. The risks described in these documents are not the only ones we face, but those that we consider to be material. There may be other unknown or unpredictable economic, business, competitive, regulatory or other factors that could have material adverse effects on our future results. Past financial performance may not be a reliable indicator of future performance, and historical trends should not be used to anticipate results or trends in future periods. If any of these risks actually occurs, our business, financial condition, results of operations or cash flow could be seriously harmed. This could cause the trading price of our common stock to decline, resulting in a loss of all or part of your investment. Please also read carefully the section below entitled "Special Note Regarding Forward-Looking Statements."

SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the documents that we incorporate by reference herein, contains, and any applicable prospectus supplement or free writing prospectus including the documents we incorporate by reference therein may contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, or the Securities Act, and Section 21E of the Securities Exchange Act of 1934, as amended, or the Exchange Act, about us and our industry that involve substantial risks and uncertainties. All statements, other than statements of historical facts contained in this prospectus, including statements regarding our future financial condition, business strategy and plans, and objectives of management for future operations, are forward-looking statements. In some cases you can identify these statements by forward-looking words such as "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "could," "would," "project," "plan," "expect" or the negative or plural of these words or similar expressions. These forward-looking statements include, but are not limited to, statements concerning the following:

- our business and scientific strategies;
- the progress of our and our collaborators' product development programs, including clinical testing, and the timing of results thereof;
- our corporate collaborations and revenues that may be received from our collaborations and the timing of those potential payments;
- our expectations with respect to regulatory submissions and approvals;
- our drug discovery technologies;
- our research and development expenses;
- protection of our intellectual property;

sufficiency of our cash and capital resources and the length of time before which we will require additional funding; and

our operations and legal risks.

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These statements reflect our current views with respect to future events and are based on assumptions and are subject to risks and uncertainties. Given these uncertainties, you should not place undue reliance on these forward-looking statements. We discuss in greater detail many of these risks under the heading "Risk Factors" contained in the applicable prospectus supplement, in any free writing prospectuses we may authorize for use in connection with a specific offering, and in our most recent annual report on Form 10-K and in our most recent quarterly report on Form 10-Q, as well as any amendments thereto reflected in subsequent filings with the SEC, which are incorporated by reference into this prospectus in their entirety. Also, these forward-looking statements represent our estimates and assumptions only as of the date of the document containing the applicable statement. Unless required by law, we undertake no obligation to update or revise any forward-looking statements to reflect new information or future events or developments. Thus, you should not assume that our silence over time means that actual events are bearing out as expressed or implied in such forward-looking statements. You should read this prospectus, any applicable prospectus supplement, together with the documents we have filed with the SEC that are incorporated by reference and any free writing prospectus that we may authorize for use in connection with this offering completely and with the understanding that our actual future results may be materially different from what we expect. We qualify all of the forward-looking statements in the foregoing documents by these cautionary statements.

USE OF PROCEEDS

Except as described in any applicable prospectus supplement or in any free writing prospectuses we have authorized for use in connection with a specific offering, we currently intend to use the net proceeds from the sale of the securities offered by us hereunder, if any, for working capital and general corporate purposes, including research and development expenses, and selling, general and administrative expenses.

The amounts and timing of our use of the net proceeds from this offering will depend on a number of factors, such as the timing and progress of our research and development efforts, the timing and progress of any partnering and commercialization efforts, technological advances and the competitive environment for our product. As of the date of this prospectus, we cannot specify with certainty all of the particular uses for the net proceeds to us from the sale of the securities offered by us hereunder. Accordingly, our management will have broad discretion in the timing and application of these proceeds. Pending application of the net proceeds as described above, we intend to temporarily invest the proceeds in short-term, interest-bearing instruments.

RATIO OF EARNINGS TO FIXED CHARGES

The following table sets forth, for each of the periods presented, our deficiency of earnings to cover fixed charges. Our earnings were insufficient to cover fixed charges for the years ended December 31, 2017, 2016, 2015, 2014 and 2013.

	Year Ended December 31,				
	2017	2016	2015	2014	2013
Ratio of earnings to fixed charges(1)	-	-	-	-	-
Deficiency of earnings available to cover fixed charges(2)	(77,992)	$ (69,216) connection with such payment; o for redirection of payments due to us under our management agreements from Sprint PCS to Citicorp during the continuation of any default by us under the senior secured credit facility; o for Sprint PCS and Citicorp to provide to each other notices of default by us under our management agreements and the senior secured credit facility, respectively; o the ability to appoint interim replacements, including Sprint PCS or a designee of the administrative agent under the senior secured credit facility, to operate our portion of the Sprint PCS network under our affiliation agreements after an event of default under the senior secured credit facility or an event of termination under our affiliation agreements; o subject to certain requirements and limitations, the ability of Sprint PCS to assign our affiliation agreements with Sprint PCS and sell our assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries to a qualified purchaser that is not a major competitor of Sprint PCS or Sprint, free of the restrictions on assignment and change of control in our management			

agreements, if our obligations under the senior secured credit facility have been accelerated after a default by us; and o subject to certain requirements and limitations, that if Sprint PCS enters into consent and agreement documents with similarly-situated lenders that have provisions that are more favorable to the lender, Sprint PCS will give Citicorp written notice of the amendments and will amend our consent and agreement with Citicorp in the same manner at Citicorp's request; consequently, from time to time, Citicorp and Sprint PCS may modify our consent and agreement so that it will contain terms and conditions more favorable to Citicorp. SPRINT PCS'S RIGHT TO PURCHASE ON ACCELERATION OF AMOUNTS OUTSTANDING UNDER THE SENIOR SECURED CREDIT FACILITY. Subject to the requirements of applicable law, so long as the senior secured credit facility remains outstanding, Sprint PCS has the right to purchase our operating assets or the partnership interests, membership 65 interests or other equity interests of our operating subsidiaries, upon its receipt of notice of an acceleration of the senior secured credit facility, under the following terms: o Sprint PCS elects to make such a purchase within a specified period; o the purchase price is the greater of an amount equal to 72% of our "entire business value" or the amount we owe under the senior secured credit facility; o if Sprint PCS has given notice of its intention to exercise the purchase right, then the administrative agent is prohibited for a specified period after the acceleration, or until Sprint PCS rescinds its intention to purchase, from enforcing its security interest; and o if we receive a written offer that is acceptable to us to purchase our operating assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries after the acceleration, then Sprint PCS has the right to purchase our operating assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries, as the case may be, on terms at least as favorable to us as the offer we receive. Sprint PCS must agree to purchase the operating assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries within 14 business days of its receipt of the offer, on acceptable conditions, and in an amount of time acceptable to us and Citicorp. Upon acceleration of the senior secured credit facility, Sprint also has the right to purchase the obligations under the senior secured credit facility by repaying such obligations in full in cash. SALE OF OPERATING ASSETS OR THE PARTNERSHIP INTERESTS, MEMBERSHIP INTERESTS OR OTHER EQUITY INTERESTS OF OUR OPERATING SUBSIDIARIES TO THIRD PARTIES. If Sprint PCS does not purchase our operating assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries after an acceleration of the obligations under the senior secured credit facility, then Citicorp may sell our operating assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries. Subject to the requirements of applicable law, including the law relating to foreclosures of security interests, Citicorp has two options: o to sell our operating assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries to an entity that meets the requirements to be our successor under our affiliation

agreements with Sprint PCS; or o to sell our operating assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries to any third party, subject to specified conditions. RECENT DEVELOPMENTS On April 27, 2001, we announced that Sprint PCS had reached an agreement in principle with its network partners, including us and our subsidiaries, providing for a reduction in the reciprocal rate exchanged between Sprint PCS and its network partners for customers of either party who travel into territories covered by the other party's portion of the Sprint PCS network. The rate will be reduced from 20 cents per minute to 15 cents per minute effective June 1, 2001, and to 12 cents per minute 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, expected to be approximately 10 cents per minute. For the year ended December 31, 2000, we reported approximately $16,244,000 in travel revenue from inbound Sprint PCS customers using the Alamosa portion of the Sprint PCS network (representing approximately 20% of our total revenue for the year ended December 31, 2000), and approximately $14,281,000 of travel expense incurred for our outbound customers using other portions of the Sprint PCS network (representing approximately 26% of our total operating expenses) for the year ended December 31, 2000). 66 REGULATORY ENVIRONMENT REGULATION OF THE WIRELESS TELECOMMUNICATIONS INDUSTRY The FCC can have a substantial impact upon entities that manage wireless personal communications service systems and/or provide wireless personal communications services because the FCC regulates the licensing, construction, operation, acquisition and interconnection arrangements of wireless telecommunications systems in the United States. The FCC has promulgated, and is in the process of promulgating, a series of rules, regulations and policies to, among other things: o grant or deny licenses for wireless personal communications service frequencies; o grant or deny wireless personal communications service license renewals; o rule on assignments and/or transfers of control of wireless personal communications service licenses; o govern the interconnection of wireless personal communications service networks with other wireless and wireline service providers; o establish access and universal service funding provisions; o impose fines and forfeitures for violations of any of the FCC's rules; and o regulate the technical standards of wireless personal communications services networks. The FCC currently prohibits a single entity from having an attributable interest (defined as any general partnership interest or 20% or greater equity or voting interest or certain other business relationships) in broadband wireless personal communications service, cellular and specialized mobile radio ("SMR") licenses totaling more than 45 MHZ in any geographic area. The 45 MHZ cap is raised to 55 MHZ for overlaps involving cellular Rural Service Areas. The 20% threshold is raised to 40% where the owner is an investment company, a small business or a rural telephone company. The geographic areas at issue are PCS licensed service areas where there are overlaps involving 10% or more of the population of such service

area. An entity, such as us, that manages the operations of a broadband PCS, cellular, or SMR licensee pursuant to a management agreement is also considered to have an attributable interest in the system it manages. The FCC has opened a proceeding to investigate whether market conditions warrant eliminating or modifying the spectrum cap. TRANSFERS AND ASSIGNMENTS OF WIRELESS PERSONAL COMMUNICATIONS SERVICES LICENSES The FCC must give prior approval to the assignment of, or transfers involving, substantial changes in ownership or control of a wireless personal communications service license. This means that we and our stockholders will receive advance notice of any and all transactions involved in transferring control of Sprint PCS or the assignment of some or all of the wireless personal communications service licenses held by Sprint PCS. The FCC proceedings afford us and our stockholders an opportunity to evaluate proposed transactions well in advance of closing, and to take actions necessary to protect their interests. Non-controlling interests in an entity that holds a wireless personal communications service license or operates wireless personal communications service networks generally may be bought or sold without prior FCC approval. In addition, the FCC requires only post-consummation notification of pro forma assignments or transfers of control of certain commercial mobile radio service licenses. CONDITIONS OF WIRELESS PERSONAL COMMUNICATIONS SERVICES LICENSES All wireless personal communications service licenses are granted for ten year terms conditioned upon timely compliance with the FCC's build-out requirements. Pursuant to the FCC's build-out requirements, all 30 MHZ broadband wireless personal communications service licensees must construct facilities that offer coverage to 67 one-third of the population in their licensed areas within five years and to two-thirds of the population in such areas within ten years, and all 10 MHZ broadband wireless personal communications services licensees must construct facilities that offer coverage to at least one-quarter of the population in their licensed areas within five years or make a showing of "substantial service" within that five-year period. If the build-out requirements are not met, wireless personal communications service licenses could be forfeited. The FCC also requires licensees to maintain control over their licenses. Our affiliation agreements with Sprint PCS reflect management agreements that the parties believe meet the FCC requirements for licensee control of licensed spectrum. If the FCC were to determine that our affiliation agreements with Sprint PCS need to be modified to increase the level of licensee control, we have agreed with Sprint PCS to use our best efforts to modify the agreements to the extent necessary to cause the agreements to comply with applicable law and to preserve to the extent possible the economic arrangements set forth in the agreements. If the agreements cannot be so modified, the agreements may be terminated pursuant to their terms. The FCC could also impose monetary penalties on Sprint PCS, and possibly revoke one or more of the Sprint PCS licenses. WIRELESS PERSONAL COMMUNICATIONS SERVICES LICENSE RENEWAL Wireless personal communications service licensees can renew their licenses for additional ten year terms. Wireless personal

communications service renewal applications are not subject to auctions. However, under the FCC's rules, third parties may oppose renewal applications and/or file competing applications. If one or more competing applications are filed, a renewal application will be subject to a comparative renewal hearing. The FCC's rules afford wireless personal communications services renewal applicants involved in comparative renewal hearings with a "renewal expectancy." The renewal expectancy is the most important comparative factor in a comparative renewal hearing and is applicable if the wireless personal communications service renewal applicant has: o provided "substantial service" during its license term; and o substantially complied with all applicable laws and FCC rules and policies. The FCC's rules define "substantial service" in this context as service that is sound, favorable and substantially above the level of mediocre service that might minimally warrant renewal. The FCC's renewal expectancy and procedures make it very likely that Sprint PCS will retain the wireless personal communications service licenses that we manage for the foreseeable future. INTERCONNECTION The FCC has the authority to order interconnection between commercial mobile radio services, commonly referred to as CMRS, providers and incumbent local exchange carriers. The FCC has ordered local exchange carriers to provide reciprocal compensation to commercial mobile radio service providers for the termination of traffic. Using these rules, we will assist Sprint PCS in the negotiation of interconnection agreements for the Sprint PCS network in their market area with all of the Bell operating companies, including Verizon Wireless and several smaller independent local exchange carriers. Interconnection agreements are negotiated on a state-wide basis. If an agreement cannot be reached, parties to interconnection negotiations can submit outstanding disputes to state authorities for arbitration. Negotiated interconnection agreements are subject to state approval. The FCC rules and rulings, as well as the state arbitration proceedings, will directly impact the nature and cost of the facilities necessary for interconnection of the Sprint PCS systems with local, national and international telecommunications networks. They will also determine the nature and amount of revenues that we and Sprint PCS can receive for terminating calls originating on the networks of local exchange and other telecommunications carriers. 68 OTHER FCC REQUIREMENTS In June 1996, the FCC adopted rules that prohibit broadband wireless personal communications services providers from unreasonably restricting or disallowing resale of their services or unreasonably discriminating against resellers. Resale obligations will automatically expire on November 24, 2002. These existing resale requirements and their expiration may somewhat affect the number of resellers competing with Sprint PCS and its managers and affiliates in various markets. However, to date, wireless resellers have not significantly impacted wireless service providers. Any losses in retail customers have been offset, in major part, by increases in wireless customers, traffic and wholesale revenues. CMRS providers, including Sprint PCS, are required to permit manual "roaming" on their systems. With manual roaming, any user whose mobile phone is technically capable of connecting with a carrier's system must be able to make a call by providing a credit card

number or making some other arrangement for payment. The FCC is currently considering changes in its rules that may terminate the manual roaming requirement and may impose "automatic roaming" obligations, under which users with capable equipment would be permitted to originate or terminate calls without taking action other than turning on the mobile phone. FCC rules require local exchange and most commercial mobile radio services providers to program their networks to allow customers to change service providers without changing telephone numbers, which is referred to as service provider number portability. The FCC requires most commercial mobile radio service providers to implement wireless service provider number portability where requested in the 100 largest metropolitan areas in the United States by November 24, 2002. The FCC currently requires most commercial mobile radio service providers to be able to deliver calls from their networks to ported numbers anywhere in the country, and to contribute to the Local Number Portability Fund. Implementation of wireless service provider number portability will require wireless personal communications service providers like us and Sprint PCS to purchase more expensive switches and switch upgrades. However, it will also enable existing cellular customers to change to wireless personal communications services without losing their existing wireless telephone numbers, which should make it easier for wireless personal communications service providers to market their services to existing cellular users. The FCC has adopted rules permitting broadband wireless personal communications service and other commercial mobile radio service providers to provide wireless local loop and other fixed services that would directly compete with the wireline services of local exchange carriers. This creates new markets and revenue opportunities for Sprint PCS and its managers and affiliates and other wireless providers, and may do so increasingly in future years. The FCC has released a series of orders requiring broadband wireless personal communications services and other commercial mobile radio services providers to implement enhanced emergency 911 capabilities. The rules require Sprint PCS to begin selling specially-equipped telephone handsets by October 1, 2001, with a rollout of such handsets continuing until December 31, 2002, when all new handsets must be specially-equipped. In addition, Sprint PCS must begin providing a specified level of enhanced 911 service by October 1, 2001, or within six months of a request from a designated public safety agency, whichever is later. Sprint PCS has reported to the FCC that it has a compliance plan in place to meet the FCC's schedule for enhanced 911 service implementation. Waivers of the enhanced emergency 911 capability requirements may be obtained by individual service providers by filing a waiver request. As the required equipment becomes more functional and less expensive, emergency 911 services may afford wireless carriers substantial and attractive new service and marketing opportunities. On October 12, 2000, the FCC adopted several measures designed to remove obstacles to competitive access to customers and facilities in commercial multiple tenant environments, including the following: o The FCC forbade telecommunications carriers in commercial settings from entering into exclusive contracts with building owners, including contracts that effectively

restrict premises owners or their agents from permitting access to other telecommunications service providers. o The FCC determined that utilities, including LECs must afford telecommunications carriers and cable service providers reasonable and nondiscriminatory access to conduits and rights-of-way located in customer buildings and campuses, to the extent such conduits and rights-of-way are owned or controlled by the utility. 69 The FCC also issued a further notice of proposed rulemaking seeking comment on whether it should adopt additional rules in this area, including extending certain regulations to include residential as well as commercial buildings. The final result of this proceeding could affect the availability and pricing of sites for the our antennae and those of our competitors. COMMUNICATIONS ASSISTANCE FOR LAW ENFORCEMENT ACT The Communications Assistance for Law Enforcement Act, or CALEA, enacted in 1994 requires wireless personal communications services and other telecommunications service providers to meet capability and capacity requirements needed by federal, state and local law enforcement to preserve their electronic surveillance capabilities. Wireless personal communications service providers were generally required to comply with the current industry CALEA capability standard, known as J-STD-025, by June 30, 2000, and with recently adopted additions by September 30, 2001. Wireless personal communications services providers must comply with the CALEA capability requirements by September 30, 2001. In addition, most wireless personal communications service providers are ineligible for federal reimbursement for the software and hardware upgrades necessary to comply with the CALEA capability and capacity requirements, but several bills pending in Congress may expand reimbursement rights if they are enacted. Finally, the Federal Bureau of Investigation has been discussing with the industry options for further deferring CALEA compliance requirements in geographic areas with minimal or nonexistent electronic surveillance needs. In addition, the FCC is considering petitions from numerous parties to establish and implement technical compliance standards pursuant to CALEA requirements. In sum, CALEA capability and capacity requirements are likely to impose some additional switching and network costs upon Sprint PCS and its managers and affiliates and other wireless entities. However, it is possible that some of these costs will be reduced or delayed if current law enforcement or legislative initiatives are adopted and implemented. OTHER FEDERAL REGULATIONS Sprint PCS and its managers and affiliates must bear the expense of compliance with FCC and Federal Aviation Administration regulations regarding the siting, lighting and construction of transmitter towers and antennas. In addition, FCC environmental regulations may cause some of our base station locations to become subject to the additional expense of regulation under the National Environmental Policy Act. The FCC is required to implement this Act by requiring service providers to meet land use and radio emissions standards. REVIEW OF UNIVERSAL SERVICE REQUIREMENTS The FCC and certain states have established "universal service" programs to ensure that affordable, quality telecommunications services are available to all Americans. Sprint PCS is required to contribute to the federal universal service

program as well as existing state programs. The FCC has determined that Sprint PCS's "contribution" to the federal universal service program is a variable percentage of "end-user telecommunications revenues." Although many states are likely to adopt a similar assessment methodology, the states are free to calculate telecommunications service provider contributions in any manner they choose as long as the process is not inconsistent with the FCC's rules. At the present time it is not possible to predict the extent of the Sprint PCS total federal and state universal service assessments or its ability to recover from the universal service fund. However, some wireless entities are seeking state commission designation as "eligible telecommunications carriers," enabling them to receive federal and state universal service support, and are preparing to compete aggressively with wireline telephone companies for universal service revenue. Because we manage substantial rural areas for Sprint PCS, it is likely to receive revenues in the future from federal and state universal service support funds that are much greater than the reductions in its revenues due to universal service contributions paid by Sprint PCS. PARTITIONING; DISAGGREGATION FCC rules allow broadband wireless personal communications services licensees to partition their market areas and/or to disaggregate their assigned spectrum and to transfer partial market areas or spectrum assignments to eligible third parties. These rules may enable us to purchase wireless personal communications service spectrum 70 from Sprint PCS and other wireless personal communications services licensees as a supplement or alternative to the existing management arrangements. WIRELESS FACILITIES SITING States and localities are not permitted to regulate the placement of wireless facilities so as to "prohibit" the provision of wireless services or to "discriminate" among providers of those services. In addition, so long as a wireless system complies with the FCC's rules, states and localities are prohibited from using radio frequency health effects as a basis to regulate the placement, construction or operation of wireless facilities. These rules are designed to make it possible for Sprint PCS and its managers and affiliates and other wireless entities to acquire necessary tower sites in the face of local zoning opposition and delays. The FCC is considering numerous requests for preemption of local actions affecting wireless facilities siting. EQUAL ACCESS Wireless providers are not required to provide long distance carriers with equal access to wireless customers for the provision of toll services. This enables us and Sprint PCS to generate additional revenues by reselling the toll services of Sprint PCS and other interexchange carriers from whom we can obtain favorable volume discounts. However, the FCC is authorized to require unblocked access to toll service providers subject to certain conditions. STATE REGULATION OF WIRELESS SERVICE Section 332 of the Communications Act preempts states from regulating the rates and entry of commercial mobile radio service providers. Section 332 does not prohibit a state from regulating the other terms and conditions of commercial mobile services, including consumer billing information and practices, billing disputes and other consumer protection matters. However, states may petition the FCC to regulate those providers and the FCC may grant that petition if the

state demonstrates that: o market conditions fail to protect subscribers from unjust and unreasonable rates or rates that are unjustly or unreasonably discriminatory; or o such market conditions exist and commercial mobile radio service is a replacement for a substantial portion of the landline telephone service within the state. To date, the FCC has granted no such petition. To the extent Sprint PCS and its managers and affiliates provide fixed wireless service, we may be subject to additional state regulation. These standards and rulings have prevented states from delaying the entry of wireless personal communications services and other wireless carriers into their jurisdictions via certification and similar requirements, and from delaying or inhibiting aggressive or flexible wireless price competition after entry. 71 SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT The following table sets forth certain information as of April 16, 2001 (except as otherwise indicated) with respect to the number of shares of our common stock beneficially owned by each person who is known to us to be the beneficial owner of more than 5% of our common stock, the number of shares of our common stock beneficially owned by each of our executive officers, directors and nominees for director, and all of our current executive officers and directors as a group. Except as otherwise indicated, each such stockholder has sole voting and investment power with respect to the shares beneficially owned by such stockholder. NUMBER OF SHARES BENEFICIALLY PERCENTAGE OF NAME AND ADDRESS (1) OWNED (2) OWNERSHIP -- --------------- -------------- 5% STOCKHOLDERS Caroline Hunt Trust Estate................... 8,801,866 (3) 9.57% 100 Crescent Court, Suite 1700 Dallas, TX 75201 South Plains Telephone Cooperative, Inc...... 8,769,732 (4) 9.54% 2425 Marshall Street Lubbock, TX 79415 Budagher Family, LLC......................... 7,312,776 (5) 7.95% 3702 Holland Avenue Dallas, TX 75219 Taylor Telephone Cooperative, Inc............ 5,175,700 (6) 5.63% 9796 N. Interstate 20 Merkel, TX 79536 DIRECTORS AND EXECUTIVE OFFICERS: David E. Sharbutt............................ 1,369,724 (7) 1.48% Michael R. Budagher.......................... 7,312,776 (5) 7.95% Ray M. Clapp................................ 107,175 (8) * Kendall W. Cowan............................ 291,000 (9) * Scotty Hart.................................. 29,300 (10) * Thomas Hyde.................................. 28,000 (11) * Schuyler B. Marshall......................... 138,500 (12) * Tom M. Phelps............................... 31,325 (13) * Thomas F. Riley, Jr......................... 166,500 * Loyd I. Rinehart............................ 33,334 (14) * Michael V. Roberts........................... 6,753,750 (15) 7.35% Steven C. Roberts............................ 6,763,650 (16) 7.36% Anthony Sabatino............................. 30,000 (17) * Jimmy R. White............................... 29,014 (18) * All Directors and Executive Officers......... 23,083,798 24.83% 72 --------------------------- * Less than one percent. (1) Except as otherwise indicated in the footnotes below, the address for each executive officer and director is 5225 S. Loop 289, Lubbock, Texas 79424. (2) Percentage of ownership is based on 91,946,843 shares of our common stock outstanding as of April 16, 2001. Beneficial ownership is determined in accordance with Rule 13d-3 of the Exchange Act. A person is deemed to be the beneficial owner of any

shares of common stock if that person has or shares voting power or investment power with respect to that common stock, or has the right to acquire beneficial ownership at any time within 60 days of the date of the table. As used herein, "voting power" is the power to vote or direct the voting of shares and "investment power" is the power to dispose or direct the disposition of shares. (3) The share information reflected is based upon a statement on Amendment No. 2 to a Schedule 13D filed jointly by Caroline Hunt Trust Estate, The Rosewood Corporation, Rosewood Financial, Inc. Rosewood Management Corporation and Fortress Venture Capital II, L.P. on June 18, 2001 with the SEC. The Rosewood Corporation is a wholly-owned subsidiary of Caroline Hunt Trust Estate and Rosewood Financial, Inc. is an indirect wholly-owned subsidiary of Caroline Hunt Trust Estate and The Rosewood Corporation. Rosewood Management Corporation is a wholly-owned subsidiary of The Rosewood Corporation and serves as the general partner of Fortress Venture Capital II, L.P. Caroline Hunt Trust Estate and The Rosewood Corporation may be deemed to be the beneficial owner of the shares held of record by Rosewood Financial, Inc., as a result of their parent-subsidiary relationship. Rosewood Management Corporation may be deemed to be the beneficial owner of the shares held of record by Fortress Venture Capital II, L.P., as a result of its general partnership status. Caroline Hunt Trust Estate, The Rosewood Corporation and Rosewood Financial, Inc. may be deemed to be the beneficial owner of the shares held of record by Fortress Venture Capital II, L.P., as a result of their parent-subsidiary relationship with Rosewood Management Corporation. Caroline Hunt Trust Estate, The Rosewood Corporation and Rosewood Financial, Inc. disclaim beneficial ownership of any shares held by Rosewood Management Corporation or Fortress Venture Capital II, L.P., and Rosewood Management Corporation and Fortress Venture Capital II, L.P. disclaim beneficial ownership of any shares held by Caroline Hunt Trust Estate, The Rosewood Corporation and Rosewood Financial, Inc. The address for The Rosewood Corporation, Rosewood Financial, Inc., Rosewood Management Corporation and Fortress Venture Capital II, L.P. is the same address for Caroline Hunt Trust Estate. (4) The share information reflected is based upon a statement on a Schedule 13D filed jointly by South Plains Telephone Cooperative, Inc. and South Plains Advanced Communications & Electronics, Inc. on February 7, 2000 with the SEC. South Plains Advanced Communications is a wholly-owned subsidiary of South Plains Telephone Cooperative, which may be deemed to be the beneficial owner of the shares held of record by South Plains Advanced Communications. South Plains Telephone Cooperative and South Plains Advance Communications share voting and investment power for these shares, as a result of their parent-subsidiary relationship. The address for South Plains Advanced Communications is the same as the address for South Plains Telephone Cooperative. (5) The share information reflected is based upon a statement on a Schedule 13D filed jointly by Mr. Budagher and the Budagher Family, LLC on February 26, 2001 with the SEC. Mr. Budagher and his spouse and children own 100% of the membership interests in the Budagher Family, LLC. Includes 28,000 shares issuable to Mr. Budagher pursuant to

options currently exercisable and 7,284,776 shares for which Budagher Family, LLC and Mr. Budagher share voting and investment power, as a result of their control person relationship. Mr. Budagher is the sole Manager and President of Budagher Family, LLC. The address for Mr. Budagher is the same as the address for the Budagher Family, LLC. (6) The share information reflected is based upon a statement on a Schedule 13D filed jointly by Taylor Telephone Cooperative, Inc. and Taylor Telecommunications, Inc. on February 7, 2000 with the SEC. Taylor Telecommunications is a wholly-owned subsidiary of Taylor Telephone Cooperative, which may be deemed to be the beneficial owner of the shares held of record by Taylor Telecommunications. Taylor Telephone Cooperative and Taylor Telecommunications share voting and investment power for these shares, as a result of their parent-subsidiary relationship. The address for Taylor Telecommunications is the same as the address for Taylor Telephone Cooperative. (7) Includes 242,500 shares held individually by Mr. Sharbutt, 48,824 shares held in Mr. Sharbutt's 401(k) plan, 593,200 shares beneficially owned by Five S, Ltd., 200 shares beneficially owned by Mr. Sharbutt's children and 485,000 shares issuable pursuant to options currently exercisable. Mr. Sharbutt is a limited partner of Five S, Ltd. and President of Sharbutt Inc., the general partner of Five S Ltd., and may be 73 considered a beneficial owner of the shares owned by Five S, Ltd. Mr. Sharbutt disclaims beneficial ownership of these shares, except to the extent of his pecuniary interest therein. Additionally, Mr. Sharbutt is a director, shareholder and the President of US Consultants, Inc., the general partner of Harness, Ltd., which holds 292,938 shares of common stock. Mr. Sharbutt disclaims beneficial ownership of the shares owned by Harness, Ltd. The address for Five S Ltd. is 4606 91st Street, Lubbock, Texas 79424 and the address for Harness, Ltd. is P.O. Box 65700, 4747 S. Loop 289, Lubbock, Texas 79464. (8) Includes 64,175 shares held individually by Mr. Clapp and 43,000 shares issuable pursuant to options currently exercisable. Includes 64,175 shares held individually by Mr. Clapp and 43,000 shares issuable pursuant to options currently exercisable. Excludes 8,801,866 shares held by Caroline Hunt Trust Estate and its subsidiaries, as to which Mr. Clapp disclaims beneficial ownership. Mr. Clapp is the Managing Director, Acquisitions and Investments for the Rosewood Corporation, which is a wholly-owned subsidiary of the Caroline Hunt Trust Estate. The address for Mr. Clapp is the same as the address for Caroline Hunt Trust Estate. (9) These shares are issuable pursuant to options currently exercisable. (10) Includes 1,000 shares held individually by Mr. Hart, 28,000 shares issuable pursuant to options currently exercisable and 300 shares held by Lubbock HLH, Ltd. Mr. Hart controls Lubbock HLH, Ltd. and is a beneficial owner of the shares held by Lubbock HLH, Ltd. Excludes 8,769,732 shares held by South Plains Advanced Communications & Electronics, Inc., as to which Mr. Hart disclaims beneficial ownership. Mr. Hart is the General Manager of South Plains Telephone Cooperative and South Plains Advanced Communications & Electronics, a wholly-owned subsidiary of South Plains Telephone Cooperative. Mr. Hart's address is the same as the address for South Plains Telephone Cooperative. (11) Includes

28,000 shares issuable pursuant to options currently exercisable. Excludes 5,175,700 shares held by Taylor Telecommunications, Inc., as to which Mr. Hyde disclaims beneficial ownership. Mr. Hyde is the Manager of Taylor Telephone Cooperative, Inc. and Taylor Telecommunications, a wholly-owned subsidiary of Taylor Telephone Cooperative. Mr. Hyde's address is the same as the address for Taylor Telephone Cooperative. (12) Includes 110,000 shares held individually by Mr. Marshall, 500 shares held indirectly in an IRA account for Mr. Marshall and 28,000 shares issuable pursuant to options currently exercisable. Excludes 8,801,866 shares held by Caroline Hunt Trust Estate, as to which Mr. Marshall disclaims beneficial ownership. Mr. Marshall is the President of Rosewood Financial, Inc. and the Rosewood Corporation, both of which are wholly-owned subsidiaries of the Caroline Hunt Trust Estate. Additionally, Mr. Marshall is a Director of various Caroline Hunt Trust Estate subsidiaries. The address for Mr. Marshall is the same as the address for Caroline Hunt Trust Estate. (13) Includes 3,325 shares held individually by Mr. Phelps and 28,000 shares issuable pursuant to options currently exercisable. (14) These shares are issuable pursuant to options exercisable within 60 days. (15) Includes 6,752,500 shares held individually by Mr. Roberts, 1,000 shares held by Mr. Roberts and his wife together and 250 shares owned by Roberts Broadcasting Company. Mr. Roberts is the Chairman, Chief Executive Officer and principal stockholder of Roberts Broadcasting Company and may be considered a beneficial owner of the shares owned by Roberts Broadcasting Company. (16) Includes 6,754,500 shares held individually by Mr. Roberts, 2,500 shares held by Mr. Roberts and his wife together, 1,000 shares held by Mr. Roberts' wife, 5,400 shares Mr. Roberts' wife holds in custodial accounts for their minor children and 250 shares owned by Roberts Broadcasting Company. Mr. Roberts is the President and Chief Operating Officer and principal stockholder of Roberts Broadcasting Company and may be considered a beneficial owner of the shares owned by Roberts Broadcasting Company. Mr. Roberts disclaims beneficial ownership of the shares of common stock held in custodial accounts for his minor children. (17) These shares are issuable pursuant to options currently exercisable. (18) Includes 1,014 shares held individually by Mr. White and 28,000 shares issuable pursuant to options currently exercisable. Mr. White's address is Highway 87 North, Dalhart, TX 79022. 74 SELLING STOCKHOLDERS The following table sets forth the names of the selling stockholders and the number of shares being registered for sale as of the date of this prospectus and sets forth the number of shares of common stock known by us to be beneficially owned by each of the selling stockholders. The shares offered hereby were acquired by the selling stockholders from us pursuant to our acquisitions of Roberts, WOW and Southwest. Except as indicated, the following table assumes that the selling stockholders will sell all of the shares being offered for their account by this prospectus. However, we are unable to determine the exact number of shares that actually will be sold. Except as indicated, none of the selling stockholders has had a material relationship with us within the past three years other than as a result of the ownership of our shares of our common stock. The shares offered by this prospectus

may be offered from time to time by the selling stockholders. NUMBER OF SHARES NUMBER OF SHARES OF COMMON STOCK NUMBER OF SHARES OF COMMON STOCK OWNED PRIOR TO OF COMMON STOCK OWNED AFTER NAME OFFERING REGISTERED OFFERING
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Masinter.......................... 3,332 3,332 0 Thomas P.
McMillin........................ 3,332 3,332 0 Michael
McWhirter.......................... 1,726 1,726 0 Molalla Wireless,
Inc...................... 191,710 191,710 0 Mt. Angel
Telecommunications, Inc.......... 44,558 44,558 0 Nehalem
Telephone & Telegraph Co........... 28,756 28,756 0
Nextband Investment Partners, LLC.......... 85,000 85,000 0
Michael J. Ochstien........................ 3,332 3,332 0 Paradigm
Partners, LP...................... 6,664 6,664 0 Theodore
Pearlman.......................... 3,332 3,332 0 Pioneer
Consolidated, Inc.................. 48,646 48,646 0 Gregory P.
Pipkin.......................... 3,332 3,332 0 76 NUMBER OF
SHARES NUMBER OF SHARES OF COMMON STOCK
NUMBER OF SHARES OF COMMON STOCK OWNED
PRIOR TO OF COMMON STOCK OWNED AFTER
NAME OFFERING REGISTERED OFFERING
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Rasansky........................... 3,332 3,332 0 Jerald
Rasansky............................ 3,332 3,332 0 Kay Gunderson
Reeves....................... 3,332 3,332 0 Andrew
Reifsnyder.......................... 3,332 3,332 0 James L.
Robb.............................. 1,726 1,726 0 Suellen
Rosmarin........................... 3,332 3,332 0 Michael K.
Rozen........................... 3,332 3,332 0 S. Ann
Saucer.............................. 3,332 3,332 0 Mark G.
Schlachter......................... 3,332 3,332 0 Scio Mutual
Telephone Association.......... 108,867 108,867 0 Ezra
Shashoua.............................. 3,332 3,332 0 Heidi
Silber.............................. 3,332 3,332 0 Brent
Silber.............................. 3,332 3,332 0 Bob R.
Simpson............................ 3,332 3,332 0 A. Gerald
Spalding......................... 3,332 3,332 0 Richard
Statler........................... 1,726 1,726 0 Stayton Cooperative
Telephone Co........... 191,259 191,259 0 Sheldon
Stein.............................. 8,330 8,330 0 St. Paul Cooperative
Telephone Association. 26,377 26,377 0 Telsystems West,
Inc. .... 86,633 86,633 0 Trelain Investment
Partnership Ltd......... 872,692 872,692 0 Trap King,
LLLP............................ 19,171 19,171 0 Carl
Tucker............................... 3,332 3,332 0 Umatilla-Monitor
Utility Group............. 19,171 19,171 0 Kris Von
Hoetzendorff...................... 1,726 1,726 0 Wahkiakum West,
Inc........................ 48,646 48,646 0 Kenneth S.
Wall............................ 3,332 3,332 0 Wayne Investments,
Ltd. (4)................ 837,693 837,693 0 Kevin
Wendle.............................. 35,000 35,000 0 Western
Independent Networks, Inc.......... 57,513 57,513 0 Thomas
D. Williams......................... 3,332 3,332 0 Daniel J.
Wilson........................... 3,332 3,332 0 WOW Greenbrier
Partners, LP................ 452,537 452,537 0 Mark S.
Zale............................... 3,332 3,332 0 77 NUMBER OF
SHARES NUMBER OF SHARES OF COMMON STOCK
NUMBER OF SHARES OF COMMON STOCK OWNED
PRIOR TO OF COMMON STOCK OWNED AFTER
NAME OFFERING REGISTERED OFFERING
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STOCKHOLDERS OF SOUTHWEST Central Cellular,
Inc...................... 814,185 814,185 0 Chickasaw Holding
Company.................. 666,000 666,000 0 Massachusetts
Mutual Life Insurance Company 2,782,434 2,782,434 0

MassMutual High Yield Partners II, LLC..... 1,391,165 1,391,165 0 Paribas Capital Funding LLC................ 832,500 832,500 0 Pioneer Telecommunications, Inc............ 814,185 814,185 0 Thomas F. Riley, Jr. (5) .... 166,500 166,500 0 Southwest PCS, L.L.C....................... 3,633,030 3,633,030 0 ---------------------------- (1) Mr. Michael V. Roberts has served as our director since February 14, 2001. (2) Mr. Steven C. Roberts has served as our director since February 14, 2001. (3) Some of the selling stockholders are selling shares of our common stock that they received from a former member of WOW Holdings as a distribution or other transfer and are not former members of WOW Holdings. (4) Mr. Reagan Silber is a limited partner in Wayne Investments, Ltd. and he is president of the general partner. Mr. Silber resigned from the Board of Directors effective April 16, 2001. (5) Mr. Thomas F. Riley, Jr. has served as our director since March 30, 2001. The former members of Roberts Holdings and WOW Holdings are collectively registering 19,549,991 shares of our common stock pursuant to the registration statement of which this prospectus forms a part. Each of the former members of Roberts Holdings and WOW Holdings entered into a "lock-up" arrangement under which each holder is prohibited from selling or disposing of any shares of our common stock received in the Roberts and WOW mergers until September 30, 2001, without our prior written consent. The former stockholders of Southwest are registering 11,099,999 shares of our common stock pursuant to the registration statement of which this prospectus forms a part. Each of the former stockholders of Southwest entered into a "lock-up" arrangement under which each holder agreed to limit sales until March 30, 2002 under the registration statement of which this prospectus forms a part to an amount that will not exceed 50% of our common stock that such holder received in the Southwest merger. 78 DESCRIPTION OF CAPITAL STOCK Our amended and restated certificate of incorporation authorizes us to issue up to 290,000,000 shares of common stock, par value $0.01 per share and 10,000,000 shares of preferred stock, par value $0.01 per share. As of September 27, 2001, there were 92,001,749 shares of common stock issued and outstanding held by approximately 230 stockholders of record, not including the stockholders for whom shares are held in "nominee" or "street" name. No shares of preferred stock are outstanding. The following summaries of certain provisions of the capital stock do not purport to be complete and are subject to, and qualified in their entirety by, the provisions of our amended and restated certificate of incorporation and amended and restated bylaws and by applicable law. COMMON STOCK The holders of our common stock are entitled to one vote per share on all matters submitted to a vote of stockholders, including the election of directors. The holders of our common stock do not have any cumulative voting rights. We do not expect to pay cash dividends in the foreseeable future. We currently intend to retain our future earnings, if any, to finance the expansion of our business. Any future determination to pay dividends will be at the discretion of the Board of Directors and will be dependent upon then existing conditions, including restrictions contained in the indebtedness of our subsidiaries and our results of operations, financial condition, capital expenditure plans, contractual restrictions, business prospects and our

subsidiaries and other relevant factors. See "Dividend Policy." However, if we do pay cash dividends, the holders of our common stock are entitled, subject to the prior rights of any preferred stock, to share equally, on a share-for-share basis, in all such dividends. If we liquidate, dissolve or wind up, the holders of shares of our common stock will be entitled to share equally, on a share-for-share basis, in the assets which are legally available for distribution, if any, remaining after the payment or provision for the payment of all debts and other liabilities and the payment and setting aside for payment of any preferential amount due to the holders of shares of any series of preferred stock. Neither a merger or consolidation of us with or into another corporation, nor the sale or transfer by us of all or part of our assets, nor the reduction of our capital stock, is deemed to be a liquidation, dissolution or winding up of us. Holders of shares of our common stock have no preemptive, conversion, redemption, subscription or similar rights. All outstanding shares of our common stock are, and the shares of common stock offered hereby will be, fully paid and non-assessable. TRANSFER AGENT The transfer agent for our common stock is Mellon Investor Services LLC. PREFERRED STOCK Our preferred stock may be issued in one or more series by the Board of Directors, subject to limitations prescribed by Delaware law, without further stockholder approval. Each series may have different rights, preferences, designations, qualifications, limitations and restrictions that may be established by the Board of Directors without approval from the stockholders. These rights, designations and preferences include dividend rights, dividend rates, conversion rights, voting rights, liquidation preferences, terms of redemption, the number of shares constituting any series and the designation of such series. The issuance of preferred stock may discourage or make more difficult a merger, tender offer, business combination or proxy contest, assumption of control by a holder of a large block of our securities or the removal of incumbent management, even if these events were favorable to the interests of stockholders. The Board of Directors, without stockholder approval, may issue preferred stock with voting and conversion rights and dividend and liquidation preferences which may adversely affect the holders of our common stock. 79 The Board of Directors has authorized and designated the Series A preferred stock described under "--Stockholder Rights Plan" below. DELAWARE LAW We are subject to the provisions of Section 203 of the Delaware General Corporation Law. This statute is intended to discourage certain types of coercive takeover practices and inadequate takeover bids and to encourage persons seeking to acquire control of us to first negotiate with the Board of Directors. In general, the statute prohibits us from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date that the person became an interested stockholder, unless: o prior to the date that the person became an interested stockholder, the business combination or the transaction that resulted in the person becoming an interested stockholder is approved by the Board of Directors; o upon completion of the transaction that resulted in the stockholder becoming an interested stockholder, the interested stockholder owns at least 85% of our outstanding voting stock; or o on or after that date, the business combination is approved by the Board of Directors

and by the affirmative vote of at least 66 2/3% of our outstanding voting stock that is not owned by the interested stockholder. Generally, a "business combination" includes a merger, asset or stock sale, or other transaction resulting in a financial benefit to the interested stockholder. Subject to certain exceptions, an "interested stockholder" is a person who, together with that person's affiliates and associates, owns 15% or more of our voting stock. PROVISIONS OF THE CERTIFICATE OF INCORPORATION AND BYLAWS THAT MAY HAVE ANTI-TAKEOVER EFFECTS The following is a summary of certain provisions of our amended and restated certificate of incorporation and our amended and restated bylaws which could have the effect of delaying, deferring or preventing a change in control of us and which would make removal of the Board of Directors more difficult. BOARD CLASSIFICATION. Our amended and restated certificate of incorporation provides for the division of the Board of Directors into three classes, as nearly equal in number as possible, with each class beginning its three year term in a different year. Our amended and restated certificate of incorporation also provides that only the Board of Directors may fix the number of directors. STOCKHOLDER NOMINATIONS. Our amended and restated bylaws provides that a stockholder may nominate directors only if the stockholder delivers written notice to us not less than 45 days or more than 75 days before the first anniversary of the date on which we first mailed our proxy materials for the preceding year's annual meeting. If the date of the annual meeting is advanced more than 30 days before or delayed more than 30 days after the anniversary of the preceding year's annual meeting, then we must receive the stockholder's notice not after the later of the ninetieth day before the annual meeting or the tenth day after the day of public announcement of the date of the annual meeting is made. NEWLY CREATED DIRECTORSHIPS AND VACANCIES. Our amended and restated certificate of incorporation provides that any newly created directorship resulting from an increase in the number of directors or a vacancy on the Board of Directors may be filled only by vote of a majority of the remaining directors then in office, even if less than a quorum. Under no circumstances may our stockholders fill any newly created directorships. Directors elected to fill a vacancy or by reason of an increase in the number of directors will hold office until the annual meeting of stockholders at which the term of office of the class to which they have been elected expires. REMOVAL OF DIRECTORS. Our amended and restated certificate of incorporation provides that our directors may be removed from office only for cause and only by the affirmative vote of 80% of the then outstanding shares of stock entitled to vote on the matter. 80 ACTION BY WRITTEN CONSENT. Our amended and restated certificate of incorporation provides that any action required or permitted to be taken by our stockholders may be taken only at a duly called annual or special meeting of our stockholders, and may not be taken by written consent of our stockholders. SPECIAL MEETING OF STOCKHOLDERS. Our amended and restated certificate of incorporation and our amended and restated bylaws provide that special meetings of stockholders may be called only by the Chairman of the Board of Directors, if there is one, by our President or by the Board of Directors pursuant to a

resolution adopted by a majority of authorized directors. The foregoing provisions could have the effect of delaying until the next annual stockholders meeting stockholder actions that are favored by the holders of a majority of the outstanding voting securities. These provisions may also discourage another person or entity from making an offer to stockholders to acquire all or a majority of our common stock. This is because the person or entity making the offer, even if it acquired a majority of our outstanding voting securities, would be unable to increase the size of the board, appoint or remove directors, call a special meeting of the stockholders or take action without a stockholder meeting. As a result, any matters which such persons or entities endorse, including the election of new directors or the approval of a merger, would have to wait for the next duly called stockholders meeting. VOTING REQUIREMENTS FOR CERTAIN BUSINESS COMBINATIONS. Our amended and restated certificate of incorporation also contains fair price provisions designed to provide safeguards for stockholders when a stockholder owning 20% or more of its voting stock, referred to as an "interested stockholder," or that interested stockholder's affiliates or associates, attempts to effect a business combination with us. In general, in addition to any affirmative vote required by law, a "business combination" (as defined below) between us and an interested stockholder must be approved by the affirmative vote of the holders of 80% of our outstanding voting stock. The additional voting requirements will not apply, however, if: o the business combination was approved by not less than a majority of the disinterested directors; or o a series of conditions are satisfied requiring (in summary): o that the consideration to be paid to our stockholders in the business combination must be at least equal to the higher of (1) the highest per-share price paid by the interested stockholder in acquiring any shares of our common stock during the two years prior to the announcement date of the business combination or in the transaction in which it became an interested stockholder (the "determination date"), whichever is higher or (2) the fair market value per share of our common stock on the announcement date or determination date, whichever is higher, in either case appropriately adjusted for any subsequent stock dividend, stock split, combination of shares or similar event (any non-cash consideration is treated similarly); and o certain "procedural" requirements are complied with, such as the solicitation of proxies pursuant to the rules of the SEC and no decrease in regular dividends (if any) after the interested stockholder became an interested stockholder (except as approved by a majority of the disinterested directors). Pursuant to our amended and restated certificate of incorporation, the following events will be deemed to be "business combinations": o any merger or consolidation of us involving an (1) interested stockholder or (2) any other company that is, or after the merger or consolidation will be, an affiliate or associate of an interested stockholder; 81 o specified dispositions of assets, cash flow or earning power of us to an interested stockholder, any issuance of our securities to an interested stockholder or us entering into loans or other arrangements involving an interested stockholder, in each case, meeting specified threshold amounts; o the adoption of any plan of liquidation or dissolution of us; and o any issuance or reclassification of

our securities having the effect of increasing the proportionate share of ownership of an interested stockholder. Regarding the 20% threshold for the definition of interested stockholder, certain persons who were our stockholders before the date of our initial public offering are permitted under our amended and restated certificate of incorporation to enter into voting agreements with each other without being deemed the beneficial owner of the securities owned by the other parties to the voting agreements, but only if the voting agreements: o were approved by the Board of Directors prior to the time they were entered into; o do not govern the voting of our common stock in matters other than the election of members of the Board of Directors; and o do not govern the voting of our common stock held by persons other than persons who were our stockholders before the date of our initial public offering. CHARTER AND BY-LAW AMENDMENTS. Delaware Law provides that the affirmative vote of a majority of the shares entitled to vote on any matter is required to amend a corporation's certificate of incorporation or bylaws, unless the corporation's certificate of incorporation or bylaws, as the case may be, requires a greater percentage. Our amended and restated certificate of incorporation requires the affirmative vote of the holders of at least 80% of the outstanding voting stock to amend or repeal certain provisions of the certificate of incorporation or bylaws described above. Except as otherwise provided by law, holders of our common stock are not entitled to vote on any amendment to our certificate of incorporation that alters or changes the powers, preferences, rights or other terms of an outstanding series of our preferred stock, if the holders of the affected series of preferred stock are entitled to vote on the proposed amendment. Our bylaws may be amended or repealed by the vote of two-thirds of the Board of Directors, except if the bylaw provisions affect provisions of the certificate of incorporation or bylaws described above, then the affirmative vote of the holders of at least 80% of the outstanding voting stock is required. The 80% stockholder vote would be in addition to any separate vote that each class of preferred stock is entitled to that might in the future be required in accordance with the terms of any preferred stock that might be outstanding at the time any amendments are submitted to stockholders. The foregoing provisions, together with the ability of the Board of Directors to issue preferred stock without further stockholder action, may delay or frustrate the removal of incumbent directors or the completion of transactions that would be beneficial, in the short term, to our stockholders. The provisions may also discourage or make more difficult a merger, tender offer, other business combination or proxy contest, the assumption of control by a holder of a large block of securities or the removal of incumbent management, even if these events would be perceived as favorable to the interests of our stockholders. INDEMNIFICATION OF DIRECTORS AND OFFICERS. Our amended and restated certificate of incorporation requires us to indemnify our directors and officers to the fullest extent permitted by law. In addition, as permitted by Delaware law, our amended and restated certificate of incorporation provides that no director will be liable to us or our stockholders for monetary damages for breach of certain fiduciary duties as a director. The effect of this provision is to restrict our rights and the rights of our

stockholders in derivative suits to recover monetary damages against a director for breach of certain fiduciary duties as a director, except that a director will be personally liable for: o acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; 82 o the payment of dividends or the redemption or purchase of stock in violation of Delaware law; o any breach of the duty of loyalty to us or our stockholders; or o any transaction from which the director derived an improper personal benefit. CERTAIN PROVISIONS OF THE SPRINT PCS AGREEMENTS Our affiliation agreements Sprint contain restrictions which may limit our ability to sell its business and may have a substantial anti-takeover effect. Pursuant to our affiliation agreements with Sprint PCS, under specific circumstances and without further stockholder approval, Sprint PCS may purchase our operating assets or capital stock for 72% or 80% of the "entire business value" of us, which includes the value of the spectrum licenses, business operations and other assets more fully described in "Affiliation Agreements with Sprint PCS--The Management Agreement--Determination of Entire Business Value." In addition, Sprint PCS must approve any change of control of our ownership and must consent to any assignment of our affiliation agreements with Sprint PCS. Sprint PCS has a right of first refusal if we decides to sell its operating assets to a third party. We are also subject to a number of restrictions on the transfer of its business including a prohibition on the sale of us or our operating assets to competitors of Sprint or Sprint PCS. STOCKHOLDER RIGHTS PLAN RIGHTS AND RIGHTS CERTIFICATES. On February 14, 2001, the Board of Directors adopted a stockholder rights plan. The rights plan provides that one right will be issued with each share of common stock issued. Each right, when exercisable, will entitle the holder to purchase from us one one-thousandth of a share of Series A preferred stock at a purchase price of $84 per one one-thousandth of a share, subject to adjustment. Each such fractional share of the Series A preferred stock will essentially be the economic equivalent of one share of common stock. A stockholder rights plan is designed to deter coercive takeover tactics and to encourage third parties interested in acquiring us to negotiate with the Board of Directors. The stockholder rights plan achieves these goals by significantly diluting the ownership interest of a person who acquires a specified percentage of our common stock without first obtaining approval of the Board of Directors. Initially, the rights will be attached to all certificates representing outstanding shares of our common stock and will be transferred with and only with such certificates. The rights will separate from the our common stock and become exercisable upon the earlier to occur of: o the close of business on the tenth business day after the public announcement that a person or group of persons has acquired 20% or more of our outstanding common stock, except in connection with an offer approved by the Board of Directors; or o the close of business on the tenth business day after the commencement of, or announcement of an intention to commence, a tender offer or exchange offer that would result in a person or group of persons acquiring 20% or more of our outstanding common stock. A person or group of persons will be considered to have acquired beneficial ownership of our common stock if they have the

power to vote or direct the voting of our common stock. Certain stockholders named in our amended and restated certificate of incorporation may enter into voting agreements with each other only, at any time, without being deemed the beneficial owner of securities owned by the other parties to the voting agreements, if the voting agreements: o were approved by the Board of Directors prior to the time they were entered into; 83 o do not govern the voting of our common stock regarding matters other than the election of members of the our board of directors; and o do not govern the voting of our common stock held by persons other than persons who were stockholders in us before the date of our initial public offering. EXPIRATION OF RIGHTS. The rights will expire at the close of business on the tenth anniversary of the date of issuance, unless we redeem or exchange the rights before that date or amends the stockholder rights plan to extend the term of the rights. FLIP-IN RIGHT. If any person or group of persons acquires 20% or more of our outstanding common stock, each holder of a right, other than the acquiring person, will have the right to receive, upon exercise thereof, the number of shares of common stock, or in certain circumstances, cash, property or other securities of us, having a value equal to two times the purchase price of the right. The acquiring person's rights will automatically become null and void in that event. In other words, the stockholders other than the acquiring person will be able to buy common stock at half price. FLIP-OVER RIGHT. If at any time after a person or group of persons acquires 20% or more of our outstanding common stock and the following occurs: o we effect a merger or other business combination in which we are not the surviving corporation; o we are the surviving corporation in a consolidation, merger or similar transaction in which our shares of common stock are changed into or exchanged for other securities; or o we sell or otherwise transfer more than 50% of our assets, cash flow or earning power; then each holder of a right, except a person who has acquired beneficial ownership of 20% or more of the outstanding common stock, may purchase, upon the exercise of each right at the then-current purchase price, that number of shares of common stock of the acquiring company with a market value equal to two times the purchase price of the right. In other words, the stockholders other than the acquiring person will be able to buy common stock of the acquiring company at half price. ADJUSTMENTS. The purchase price and the number of shares of Series A preferred stock or other securities issuable upon exercise of the rights may be adjusted to prevent dilution upon: o stock dividends, subdivisions, combinations or reclassifications of our common stock or the Series A preferred stock; o below market issuances of rights or warrants to subscribe for or convert into Series A preferred stock; or o distributions to holders of the Series A preferred stock of evidence of indebtedness, cash, excluding regular quarterly cash dividends, assets, excluding dividends payable in Series A preferred stock, or subscription rights or warrants. EXCHANGE OF RIGHTS. After a person or group of persons acquires 20% of our outstanding common stock but before that person or group beneficially owns 50% or more of our common stock, we may, at our option, exchange the rights at an exchange ratio of one-half the number of shares of common stock, Series A preferred stock, or other

property for which a right is exercisable immediately prior to our decision to exchange the rights, subject to adjustment. Rights held by an acquiring person are not entitled to these exchange rights. In that event, the stockholders other than the acquiring person would receive common stock in exchange for their rights. REDEMPTION OF RIGHTS. At any time before a person or group of persons acquires 20% or more of our outstanding common stock, we may redeem the rights at a price of $0.001 per right. Upon the effective date of the 84 redemption of the rights, the rights will terminate and the rights holders will only be entitled to receive the $0.001 redemption price. RIGHTS AS A STOCKHOLDER. Until a right is exercised, the rights will not entitle the holder to the rights as our stockholder, including, without limitation, the right to vote or to receive dividends. SERIES A PREFERRED STOCK. The terms of the Series A preferred stock are contained in a Certificate of Designations, Rights and Preferences filed with the Delaware Secretary of State on February 14, 2001. ANTI-TAKEOVER EFFECTS. The rights may have certain anti-takeover effects. The rights may cause substantial dilution to any person or group that attempts to acquire us without the approval of the Board of Directors. As a result, the overall effect of the rights may be to make more difficult a merger, tender offer, other business combination or proxy contest involving us, even if such event would be favorable to the interest of our stockholders. 85 PLAN OF DISTRIBUTION The selling stockholders may offer our common stock from time to time: o in one or more types of transactions (which may include block transactions) on The Nasdaq National Market; o in the over-the counter market; o in negotiated transactions; o through put or call options transactions relating to the shares of our common stock; o through short sales of shares of our common stock; or o a combination of such methods of sale. Sales may be made at market prices, prevailing at the time of sale, or at negotiated prices. The selling stockholders may sell shares directly to purchasers or to or through broker-dealers, which may act as agents or principals. The shares may also be sold by pledgees, donees, transferees or other successors in interest of a selling stockholder. Broker-dealers may receive compensation in the form of discounts, concessions, or commissions from the selling stockholders and/or the purchasers of shares of our common stock for whom such broker-dealers may act as agents or to whom they sell as principal, or both (which compensation as to a particular broker-dealer might be in excess of customary commissions). The selling stockholders and any broker-dealers that act in connection with the sale of shares might be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act, and any commissions received by such broker-dealers and any profit on the resale of the shares sold by them while acting as principals might be deemed to be underwriting discounts or commissions under the Securities Act. The selling stockholders may agree to indemnify any agent, dealer or broker-dealer that participates in transactions involving sales of the shares of our common stock against certain liabilities, including liabilities arising under the Securities Act of 1933. Because selling stockholders may be deemed to be "underwriters" within the meaning of Section 2(11) of the Securities Act of 1933, the selling stockholders will be subject to the

prospectus delivery requirements of the Securities Act of 1933. Selling stockholders also may resell all or a portion of the shares of common stock in open market transactions in reliance upon Rule 144 under the Securities Act of 1933, provided they meet the criteria and conform to the requirements of such rule. We have agreed to maintain the effectiveness of the registration statement of which this prospectus forms a part for the shares of common stock owned by the selling stockholders who were former members of WOW Holdings and Roberts Holdings for a period of one year after the later of: (i) the first day the registration statement becomes effective and (ii) October 1, 2001. However, if the shares of our common stock that the selling stockholders who were former members of WOW Holdings and Roberts Holdings are selling pursuant to the registration statement become freely tradeable pursuant to Rule 144(k) of the Securities Act prior to the termination of the effective period, then we are under no further obligation to keep the registration statement effective for the shares of common stock owned by the selling stockholders who were former members of WOW Holdings and Roberts Holdings. No sales of common stock owned by the selling stockholders who were former members of WOW Holdings and Roberts Holdings may be made pursuant to this prospectus after the termination of the effective period unless we amend or supplement this prospectus to indicate that we have agreed to extend the period of effectiveness. 86 We have also agreed to maintain the effectiveness of the registration statement of which this prospectus forms a part for the shares of common stock owned by the selling stockholders who were former stockholders of Southwest until the earlier of: (i) such time as all such selling stockholders sell their shares registered under the registration statement or (ii) such time as all such selling stockholders sell all of their shares registered under the registration statement without restriction pursuant to Rule 144(k) under the Securities Act. However, at any time when there is no registration statement filed by us pursuant to Rule 415 of the Securities Act that is effective with the SEC other than the registration statement, we are not required to maintain the effectiveness of the registration statement after March 30, 2003 as to any shares held by a selling stockholder, who was a former stockholder of Southwest, that otherwise could then be sold pursuant to Rule 144(k), but may not be sold pursuant to Rule 144(k) because the holder of such shares is an "affiliate" (as such term is defined in Rule 144 under the Securities Act) solely because such holder is the beneficial owner of additional shares of common stock acquired not in connection with the Southwest merger, which has caused such holder to be deemed an affiliate for purposes of Rule 144. No sales may be made pursuant to this prospectus by the selling stockholders who were former stockholders of Southwest after the termination of the effective period unless we amend or supplement this prospectus to indicate that we have agreed to extend the period of effectiveness. 87 ALAMOSA HOLDINGS, INC. SELECTED UNAUDITED PRO FORMA FINANCIAL DATA The following unaudited pro forma condensed combined financial statements combine the historical statements (consolidated, where applicable) of Alamosa Holdings, Roberts, WOW and Southwest. The unaudited pro forma condensed

combined balance sheet gives effect to the issuance of the 13 5/8% senior notes. The unaudited pro forma statements of operations give effect to the August 15, 2001 issuance of the 13 5/8% senior notes, the January 31, 2001 issuance of the 12 1/2% senior notes and the acquisitions of Roberts, WOW and Southwest using the purchase method of accounting. To aid you in your analysis of the financial aspects of each of these transactions, both individually and combined, we have presented these unaudited pro forma condensed combined financial statements to demonstrate the financial aspects of the combined transaction. We derived this information from the unaudited financial statements (consolidated, where applicable) of Alamosa Holdings as of and for the six months ended June 30, 2001, Roberts and WOW for the period January 1, 2001 to February 14, 2001, Southwest for the period January 1, 2001 to March 30, 2001, and from the audited consolidated statements of operations of Alamosa Holdings, Roberts, WOW and Southwest for the year ended December 31, 2000. This information is only a summary and should be read in conjunction with the historical financial statements and related notes contained elsewhere herein for the period presented. The unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2001 and the year ended December 31, 2000, assumes the issuance of the 13 5/8% senior notes, the issuance of the 12 1/2% senior notes and the acquisitions of Roberts, WOW and Southwest were effected on January 1, 2000. The unaudited pro forma condensed combined balance sheet as of June 30, 2001 gives effect to the issuance of the 13 5/8% senior notes as if the transaction had occurred on June 30, 2001. The accounting policies of Alamosa Holdings, Roberts, WOW and Southwest are comparable. Certain reclassifications have been made to Roberts', WOW's and Southwest's historical presentation to conform to Alamosa Holdings' presentation. These reclassifications do not materially impact Alamosa Holdings', Roberts', WOW's or Southwest's operations or financial position for the periods presented. The pro forma adjustments, which are based upon available information and upon certain assumptions that we believe are reasonable, are described in the accompanying notes. The actual allocation of these adjustments will be different and the difference may be material. We are providing the unaudited pro forma condensed combined financial information for illustrative purposes only. The companies may have performed differently had they always been combined. You should not rely on the unaudited pro forma condensed combined financial information as being indicative of the historical results that would have been achieved had the companies always been combined or the future results that the combined company will experience. 88 ALAMOSA HOLDINGS, INC. UNAUDITED PRO FORMA CONDENSED COMBINED BALANCE SHEET AS OF JUNE 30, 2001 (IN THOUSANDS) ISSUANCE OF HISTORICAL 13 5/8% ALAMOSA SENIOR NOTES TOTAL ------------- ------------------- ------------- ASSETS (NOTE 1) Current assets: Cash and cash equivalents .... $ 122,092 $ 35,468 $ 157,560 Accounts receivable, net .... 39,906 -- 39,906 Inventory .... 4,425 -- 4,425 Prepaid expenses and other assets .... 4,539 -- 4,539 Deferred tax asset .... 1,762 --

1,762 Interest receivable .... 1,169 --
1,169 ---------- ----------- ---------- Total current assets
.... 173,893 35,468 209,361 Property and
equipment, net .... 410,432 -- 410,432 Debt
issuance costs, net .... 27,378 9,454(1b)
36,832 Restricted cash 70,727
39,240 109,967 Goodwill and intangible assets, net
.... 856,141 -- 856,141 Other noncurrent assets
.... 4,117 -- 4,117 ---------- -----------
---------- Total assets .... $1,542,688 $
84,162 $1,626,850 ========== ===========
========== LIABILITIES AND STOCKHOLDERS'
EQUITY Current liabilities: Accounts payable and accrued
expenses .... $ 78,450 $ -- $ 78,450 Accrued interest
payable .... 15,001 -- 15,001 Current
installments of capital leases .... 138 -- 138 ----------
----------- ---------- Total current liabilities ....
93,589 -- 93,589 12 7/8% senior discount notes
.... 222,807 -- 222,807 12 1/2% senior notes
.... 250,000 -- 250,000 13 5/8% senior
notes .... -- 150,000 150,000 Senior
secured credit facility .... 203,000 (65,838)(1a)
137,162 Deferred tax liability, net 153,294
-- 153,294 Capital lease obligations, noncurrent ....
1,506 -- 1,506 Other noncurrent liabilities ....
3,040 -- 3,040 ---------- ----------- ---------- Total liabilities
.... 927,236 84,162 1,011,398 ----------
----------- ---------- Commitments and contingencies
.... -- -- -- Stockholders' equity: Preferred stock
.... -- -- -- Common stock
.... 920 -- 920 Additional paid-in
capital .... 791,012 -- 791,012 Accumulated
deficit .... (175,716) -- (175,716)
Accumulated other comprehensive income, net of tax
.... 166 -- 166 Unearned
compensation .... (930) -- (930) ----------
----------- ---------- Total stockholders' equity
.... 615,452 -- 615,452 ---------- -----------
---------- Total liabilities and stockholders' equity ....
$1,542,688 $ 84,162 $1,626,850 ==========
=========== ========== 89 ALAMOSA HOLDINGS,
INC. UNAUDITED PRO FORMA CONDENSED
COMBINED STATEMENT OF OPERATIONS FOR THE
SIX MONTHS ENDED JUNE 30, 2001 (IN
THOUSANDS) ROBERTS MERGER
----------------------------- ISSUANCE OF ALAMOSA
HISTORICAL HISTORICAL 13 5/8% PRO FORMA
ROBERTS PRO FORMA ALAMOSA SENIOR NOTES
SUBTOTAL ADJUSTMENTS WIRELESS
ADJUSTMENTS ------------ ------------------- ------------
------------- ----------- ------------------ Revenues: (NOTE 1)
(NOTE 2) (NOTE 3) Service revenues .... $ 119,422 $ -- $
119,422 $ -- $ 3,251 $ -- Product sales .... 9,947 -- 9,947
-- 291 -- --------- ----------- --------- -------- -------- ----------
Total revenue .... 129,369 -- 129,369 -- 3,542 -- ---------
----------- --------- -------- -------- ---------- Costs and
expenses: Cost of service and operations .... 86,202 --
86,202 -- 3,133 -- Cost of products sold 18,559
-- 18,559 -- 608 -- Selling and marketing .... 43,276 --
43,276 -- 2,229 -- General and administrative expenses
.... 7,257 -- 7,257 -- 376 44 (3a) Depreciation and
amortization .... 37,171 -- 37,171 -- 749 3,559 (3b)

--------- ----------- --------- -------- -------- ----------- Total costs and expenses .... 192,465 -- 192,465 -- 7,095 3,603 --------- ----------- --------- -------- -------- ----------- Loss from operations .... (63,096) -- (63,096) -- (3,553) (3,603) Interest and other income .... 8,188 -- 8,188 -- 1 -- Interest expense .... (34,663) (7,585)(1c) (42,248) (2,642) (755) (45)(3c) --------- ----------- --------- -------- -------- ----------- Loss before income tax benefit and extraordinary item (89,571) (7,585) (97,156) (2,642) (4,307) (3,648) Income tax benefit ...... 31,306 2,882 (1d) 34,188 1,004 -- 2,433 (3b) --------- ----------- --------- -------- -------- ----------- Loss before extraordinary item $ (58,265) $ (4,703) $ (62,968) $ (1,638) $ (4,307) $ (1,215) ========= =========== ========= ======== ======== =========== WOW MERGER SOUTHWEST MERGER ------------------------------- ------------------------------ HISTORICAL PRO FORMA HISTORICAL PRO FORMA WOW ADJUSTMENTS SOUTHWEST ADJUSTMENTS TOTAL ------------ ------------------ ------------ ------------------ ------------- Revenues: (NOTE 4) (NOTE 5) Service revenues .... $ 1,193 $ -- $ 12,955 $ -- $ 136,821 Product sales .... 180 -- 1,053 -- 11,471 -------- ---------- -------- ---------- ---------- Total revenue .... 1,373 -- 14,008 -- 148,292 -------- ---------- -------- ---------- ---------- Costs and expenses: Cost of service and operations .... 1,139 -- 8,950 -- 99,424 Cost of products sold .... 398 -- 3,274 -- 22,839 Selling and marketing .... 1,308 -- 2,753 -- 49,566 General and administrative expenses .... 525 -- 804 -- 9,006 Depreciation and amortization .... 490 1,599 (4a) 2,169 4,980 (5a) 50,717 -------- ---------- -------- ----------- ---------- Total costs and expenses .... 3,860 1,599 17,950 4,980 231,552 -------- ---------- -------- ----------- ---------- Loss from operations .... (2,487) (1,599) (3,942) (4,980) (83,260) Interest and other income .... 12 -- 4 -- 8,205 Interest expense .... (325) (24)(4b) (2,302) (137)(5b) (48,478) -------- ---------- -------- ----------- ---------- Loss before income tax benefit and extraordinary item (2,800) (1,623) (6,240) (5,117) (123,533) Income tax benefit ...... -- 1,411 (4a) -- 3,972 (5a) 43,008 -------- ---------- -------- ----------- ---------- Loss before extraordinary item $ (2,800) $ (212) $ (6,240) $ (1,145) $ (80,525) ======== ========== ======== =========== ========== 90 ALAMOSA HOLDINGS, INC. UNAUDITED PRO FORMA CONDENSED COMBINED STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2000 (IN THOUSANDS) ROBERTS MERGER --------------------------------- ISSUANCE OF ALAMOSA HISTORICAL HISTORICAL 13 5/8% PRO FORMA ROBERTS PRO FORMA ALAMOSA SENIOR NOTES SUBTOTAL ADJUSTMENTS WIRELESS ADJUSTMENTS ------------ ------------------- ------------ ------------- ------------- ------------------- Revenues: (NOTE 1) (NOTE 2) (NOTE 3) Service revenues .... $ 73,500 $ -- $ 73,500 $ -- $ 13,413 $ -- Product sales .... 9,200 -- 9,200 -- 1,316 -- --------- ----------- --------- --------- --------- ----------- Total revenue .... 82,700 -- 82,700 -- 14,729 -- --------- ------------ --------- --------- --------- ----------- Costs and expenses: Cost of service and operations .... 55,430 -- 55,430 -- 10,005 -- Cost of products sold .... 20,524 -- 20,524 -- 2,494 -- Selling and marketing .... 46,513 -- 46,513 --

6,976 -- General and administrative expenses .... 14,352 -- 14,352 -- 2,507 350 (3a) Terminated merger and acquisition costs .... 2,247 -- 2,247 -- -- -- Depreciation and amortization .... 12,530 -- 12,530 -- 5,672 27,047 (3b) --------- ----------- --------- --------- --------- ----------- Total costs and expenses .... 151,596 -- 151,596 -- 27,654 27,397 --------- ----------- --------- --------- --------- ----------- Loss from operations .... (68,896) -- (68,896) -- (12,925) (27,397) Interest and other income .... 14,483 -- 14,483 -- 98 -- Interest expense .... (25,775) (15,169)(1c) (40,944) (32,150) (3,279) (2,942)(3c) --------- ----------- --------- --------- --------- ----------- Loss before income tax benefit and extraordinary item..... (80,188) (15,169) (95,357) (32,150) (16,106) (30,339) Income tax benefit ...... -- 36,236 (1d) 36,236 12,217 -- 14,061 (3b) --------- ----------- --------- --------- --------- ----------- Loss before extraordinary item..... $ (80,188) $ 21,067 $ (59,121) $ (19,933) $ (16,106) $ (16,278) ========= =========== ========= ========= ========= =========== WOW MERGER SOUTHWEST MERGER -------------------------------- -------------------------------- HISTORICAL PRO FORMA HISTORICAL PRO FORMA WOW ADJUSTMENTS SOUTHWEST ADJUSTMENTS TOTAL ------------ ------------------- ------------ ------------------- ------------- Revenues: (NOTE 4) (NOTE 5) Service revenues .... $ 1,823 $ -- $ 27,129 $ -- $ 115,865 Product sales .... 683 -- 2,732 -- 13,931 --------- ---------- --------- ----------- ---------- Total revenue .... 2,506 -- 29,861 -- 129,796 --------- ----------- --------- ----------- ---------- Costs and expenses: Cost of service and operations .... 4,374 -- 10,297 -- 80,106 Cost of products sold .... 1,750 -- 8,819 -- 33,587 Selling and marketing .... 4,106 -- 17,085 -- 74,680 General and administrative expenses .... 4,377 -- 6,507 -- 28,093 Terminated merger and acquisition costs .... -- -- -- -- 2,247 Depreciation and amortization .... 1,433 12,133 (4a) 7,501 19,922 (5a) 86,238 --------- ----------- --------- ----------- ---------- Total costs and expenses .... 16,040 12,133 50,209 19,922 304,951 --------- ----------- --------- ----------- ---------- Loss from operations .... (13,534) (12,133) (20,348) (19,922) (175,155) Interest and other income .... 156 -- 98 -- 14,835 Interest expense .... (978) (878)(4b) (7,060) (4,948)(5b) (93,179) --------- ----------- --------- ----------- ---------- Loss before income tax benefit and extraordinary item..... (14,356) (13,011) (27,310) (24,870) (253,499) Income tax benefit ...... -- 8,772 (4a) -- 18,454 (5a) 89,740 --------- ----------- --------- ----------- ---------- Loss before extraordinary item..... $ (14,356) $ (4,239) $ (27,310) $ (6,416) $ (163,759) ========= =========== ========= =========== ========== 91 NOTES TO PRO FORMA CONDENSED COMBINED FINANCIAL STATEMENTS (UNAUDITED) NOTE 1 -- ADJUSTMENTS FOR ISSUANCE OF 13 5/8% SENIOR NOTES Our historical financial statements have been adjusted to illustrate the effects of the August 15, 2001 issuance of the 13 5/8% senior notes in the amount of $150.0 million. (1a) Approximately $65.8 million of the net proceeds were used to pay down the senior secured credit facility borrowings outstanding as of June 30, 2001. (1b) Debt issuance costs, comprised of a 3% commitment fee and approximately $4.95 million of other expenses, will be

amortized on a straight-line basis over the ten-year life of the 13 5/8% senior notes. (1c) The pro forma adjustment reflects an increase in our interest expense of $10,692 for the six months ended June 30, 2001 and $21,383 for the year ended December 31, 2001 offset by interest savings related to the pay down on the senior secured credit facility of $3,107 for the six months ended June 30, 2001 and $6,214 for the year ended December 31, 2000. (1d) The pro forma tax expense adjustment to our historical statement of operations for the six months ended June 30, 2001 and for the year ended December 31, 2000, represents the expected income tax benefit which will be generated based on the issuance of the 13 5/8% senior notes. NOTE 2 -- ALAMOSA PRO FORMA ADJUSTMENTS Our historical statement of operations has been adjusted to illustrate the effect of the interest expense related to the January 31, 2001 issuance of the 12 1/2% senior notes in the amount of $250.0 million. Additionally, the pro forma tax expense adjustment to our historical statement of operations for the six months ended June 30, 2001 and for the year ended December 31, 2000, represents the expected income tax benefit which will be generated based on the issuance of the 12 1/2% senior notes. NOTE 3 -- THE ROBERTS MERGER Pursuant to the Roberts reorganization agreement, the members of Roberts formed Roberts Wireless Holdings, L.L.C., which held all of the outstanding membership interest of Roberts. On February 14, 2001, Roberts Holdings merged with and into us. Each unit of membership interest of Roberts Holdings was converted into the right to receive (i) 675 shares of our common stock, and (ii) up to $200.00 in cash, without any interest thereon. The aggregate consideration paid in the Roberts merger was 13.5 million shares of our common stock and $4.0 million in cash. We also assumed the net debt of Roberts, which amounted to approximately $57.0 million. The unaudited pro forma condensed combined statements of operations has been adjusted for the Roberts merger, which was accounted for using the purchase method of accounting effective February 14, 2001. The following pro forma adjustments represent the adjustments necessary to reflect the Roberts merger in the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2001 and the year ended December 31, 2000: (3a) Represents the estimated cost associated with Michael Roberts', Steven Roberts' and Kay Gabbert's five-year consulting agreements. The aggregate annual cost of these consulting agreements totals $350 and has been recorded as compensation expense. 92 (3b) The pro forma adjustment to depreciation and amortization expense reflects the incremental amortization expense related to the intangible assets as if the Roberts merger occurred on January 1, 2000. The intangible assets related to the Sprint PCS affiliation and operating agreements and goodwill are being amortized over 18 years and the intangible asset related to the subscribers is being amortized over 3 years. These amounts total $3,559 for the six months ended June 30, 2001 and $27,047 for the year ended December 31, 2000. These amounts are exclusive of similar amortization expense already recorded by Roberts. A deferred tax benefit has been recorded for the Roberts net operating loss ("NOL") based on the expectation of its realizability. (3c) The pro forma adjustment reflects an increase in interest expense related to

the incremental debt to fund the cash consideration of the Roberts merger, the merger related costs and the debt assumed and paid off by us at the time of close under the terms of the senior secured credit facility. This amount totals $45 for the six months ended June 30, 2001 and $2,942 for the year ended December 31, 2000. A 1/8% variance in interest rates would increase or decrease interest expense by $14 for the six months ended June 30, 2001 and $87 for the year ended December 31, 2000. NOTE 4 -- THE WOW MERGER Pursuant to the WOW reorganization agreement, the members of WOW formed WOW Holdings, LLC, which held all of the outstanding membership interest of WOW. On February 14, 2001, WOW Holdings merged with and into us. Each unit of membership interest of WOW Holdings was converted into the right to receive (i) 0.19171 shares of our common stock, and (ii) $0.396 in cash, without any interest thereon. The aggregate consideration paid in the WOW merger was approximately 6.05 million shares of our common stock and $12.5 million in cash. We also assumed the net debt of WOW which amounted to approximately $31.0 million. The unaudited pro forma condensed statement of operations has been adjusted for the WOW merger, which was accounted for using the purchase method of accounting effective February 14, 2001. The pro forma adjustments represent the purchase accounting adjustments necessary to reflect the WOW merger in the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2001 and the year ended December 31, 2000: (4a) The pro forma adjustment to depreciation and amortization expense reflects the incremental amortization expense related to the intangible assets as if the WOW merger occurred on January 1, 2000. The intangible assets related to the Sprint PCS affiliation and operating agreements and goodwill are being amortized over 18 years and the intangible asset related to the subscribers is being amortized over 3 years. This amount totals $1,599 for the six months ended June 30, 2001 and $12,133 for the year ended December 31, 2000. A deferred tax benefit has been recorded for the WOW NOL based on the expectation of its realizability. (4b) The pro forma adjustment reflects an increase in interest expense related to the incremental debt to fund the cash consideration of the WOW merger, the merger related costs and the debt assumed and paid off by us at the time of close under the terms of the senior secured credit facility. This amount totals $24 for the six months ended June 30, 2001 and $878 for the year ended December 31, 2000. A 1/8% variance in interest rates would increase or decrease interest expense by $7 for the six months ended June 30, 2001 and $25 for the year ended December 31, 2000. NOTE 5 -- THE SOUTHWEST MERGER On March 30, 2001 Southwest merged with and into Forty Acquisition, Inc., our wholly-owned subsidiary. The aggregate consideration paid in the Southwest merger was approximately 11.1 million shares of our common stock and $5.0 million in cash. We also assumed the net debt of Southwest which amounted to approximately $81.0 million as of March 30, 2001. 93 The unaudited pro forma condensed combined statement of operations has been adjusted for the Southwest merger, which was accounted for using the purchase method of accounting effective March 30, 2001. The pro forma adjustments represent the purchase accounting adjustments necessary to reflect the Southwest

merger in the unaudited pro forma condensed combined statement of operations for the six months ended June 30, 2001 and the year ended December 31, 2000: (5a) The pro forma adjustment to depreciation and amortization expense reflects the incremental amortization expense related to the intangible assets as if the Southwest merger occurred on January 1, 2000. The intangible assets related to the Sprint PCS affiliation and operating agreements and goodwill are being amortized over 18 years and the intangible asset related to the subscribers is being amortized over 3 years. This amount totals $4,980 for the six months ended June 30, 2001 and $19,922 for the year ended December 31, 2000. A deferred tax benefit has been recorded for the Southwest NOL based on the expectation of its realizability. (5b) The pro forma adjustment reflects an increase in interest expense related to the incremental debt to fund the cash consideration of the Southwest merger, the merger related costs and the debt assumed and paid off by us at the time of close under the terms of the senior secured credit facility. This amount totals $137 for the six months ended June 30, 2001 and $4,948 for the year ended December 31, 2000. A 1/8% variance in interest rates would increase or decrease interest expense by $42 for the six months ended June 30, 2001 and $146 for the year ended December 31, 2000. 94 LEGAL MATTERS Certain legal matters in connection with the sale of the securities offered hereby will be passed upon for Alamosa Holdings, Inc. by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York. EXPERTS The consolidated financial statements of Alamosa as of December 31, 2000 and 1999 and for each of the two years in the period ended December 31, 2000 and for the period from July 16, 1998 to December 31, 1998 included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in accounting and auditing. The consolidated financial statements of Roberts as of December 31, 1999 and 2000 and for each of the two years in the period ended December 31, 2000 included in this prospectus have been so included in reliance on the report of Melman, Alton & Co., independent accountants, given on the authority of said firm as experts in accounting and auditing. The consolidated financial statements of WOW as of December 31, 1999 and 2000 and for each of the two years in the period ended December 31, 2000 included in this prospectus have been so included in reliance on the report of Aldrich, Kilbride & Tatone, LLP, independent accountants, given on the authority of said firm as experts in accounting and auditing. The consolidated financial statements of SWPCS Holdings, L.L.C. as of December 31, 2000 and for the year then ended included in this prospectus have been so included in reliance on the report of PricewaterhouseCoopers LLP, independent accountants, given on the authority of said firm as experts in accounting and auditing. 95 INDEX TO FINANCIAL STATEMENTS ALAMOSA HOLDINGS, INC.

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SWPCS HOLDINGS, L.L.C. Report of Independent Accountants .... F-61 Consolidated Balance Sheet .... F-62 Consolidated Statement of Operations for the year ended December 31, 2000 .... F-63 Consolidated Statement of Mandatorily Redeemable Member's Deficit and Members' Deficit for the year ended December 31, 2000 .... F-64 Consolidated Statement of Cash Flows for the year ended December 31, 2000 .... F-65 Consolidated Notes to Financial Statement F-66 F-1

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

information) JUNE 30, 2001 DECEMBER 31, 2000
-------------- ----------------- (UNAUDITED) ASSETS
Current assets: Cash and cash equivalents
.... $ 122,092 $ 141,768
Short-term investments .... --
1,600 Accounts receivable, net of allowance for doubtful
accounts of $3,801 and $1,503,
respectively....................................... 39,906 14,747
Inventory 4,425
2,753 Prepaid expenses and other assets
.... 4,539 3,027 Deferred tax asset
.... 1,762 -- Interest
receivable 1,169 1,046
---------- ---------- Total current assets
.... 173,893 164,941 Property
and equipment, net 410,432
228,983 Notes receivable
.... -- 46,865 Debt issuance
costs, net 27,378 13,108
Restricted cash 70,727
-- Goodwill and intangible assets, net
.... 856,141 -- Other noncurrent assets
.... 4,117 4,501 ----------
---------- Total assets ....
$1,542,688 $ 458,398 ========== ==========
LIABILITIES AND STOCKHOLDERS' EQUITY Current
liabilities: Accounts payable and accrued expenses
.... $ 78,450 $ 61,167 Accrued interest
payable .... 15,001 219 Current
installments of capital leases 138 36
---------- ---------- Total current liabilities
.... 93,589 61,422 12 7/8% senior
discount notes 222,807 209,280
12 1/2% senior notes ....
250,000 -- Senior secured credit facility
.... 203,000 -- EDC credit facility
.... -- 54,524 Deferred tax
liability .... 153,294 -- Capital
lease obligations, noncurrent 1,506
1,039 Other noncurrent liabilities
.... 3,040 735 ---------- ----------
Total liabilities 927,236
327,000 ========== ========== 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, 92,010,296
and 61,359,856 issued and outstanding, respectively ....
920 614 Additional paid-in capital
.... 791,012 245,845 Accumulated
deficit .... (175,716)
(113,948) Accumulated other comprehensive income, net of
tax .... 166 -- Unearned compensation
.... (930) (1,113) ----------
---------- Total stockholders' equity
.... 615,452 131,398 ----------
---------- Total liabilities and stockholders' equity
.... $1,542,688 $ 458,398 ==========
========== The accompanying notes are an integral part
of the consolidated financial statements. F-2 ALAMOSA
HOLDINGS, INC. CONSOLIDATED STATEMENTS OF

OPERATIONS (UNAUDITED) (dollars in thousands, except per share amounts) FOR THE THREE MONTHS ENDED FOR THE SIX MONTHS ENDED JUNE 30, JUNE 30, ---------------------------- ---------------------------- 2001 2000 2001 2000 -------------- -------------- -------------- -------------- Revenues: Subscriber revenues .... $ 53,305 $ 11,734 $ 83,813 $ 19,514 Roaming and travel revenues .... 24,198 3,630 35,609 6,147 ----------- ----------- ----------- ----------- Total service revenues .... 77,503 15,364 119,422 25,661 Product sales .... 6,032 2,189 9,947 3,772 ----------- ----------- ----------- ----------- Total revenue .... 83,535 17,553 129,369 29,433 ----------- ----------- ----------- ----------- Costs and expenses: Cost of service and operations .... (including non-cash compensation of $0 and $159 for the three months ended June 30, 2001 and 2000, respectively, and $0 and $615 for the six months ended June 30, 2001 and 2000, respectively) .... 53,933 11,208 86,202 19,066 Cost of product sold .... 10,526 3,705 18,559 7,032 Selling and marketing .... 24,794 8,058 43,276 14,709 General and administrative expenses (including non-cash compensation of $0 and $762 for the three months ended June 30, 2001 and 2000, respectively, and $183 and $4,279 for the six months ended June 30, 2001 and 2000, respectively) .... 3,351 2,835 7,257 7,736 Depreciation and amortization .... 25,235 2,491 37,171 4,748 ----------- ----------- ----------- ----------- Total costs and expenses .... 117,839 28,297 192,465 53,291 ----------- ----------- ----------- ----------- Loss from operations .... (34,304) (10,744) (63,096) (23,858) Interest and other income .... 2,467 4,408 8,188 6,722 Interest expense .... (19,947) (6,572) (34,663) (11,352) ----------- ----------- ----------- ----------- Net loss before income tax benefit and extraordinary item .... (51,784) (12,908) (89,571) (28,488) Income tax benefit .... 17,448 -- 31,306 -- ----------- ----------- ----------- ----------- Net loss before extraordinary item .... (34,336) (12,908) (58,265) (28,488) Loss on debt extinguishment, net of tax benefit of $1,969... -- -- (3,503) -- ----------- ----------- ----------- ----------- Net loss .... $ (34,336) $ (12,908) $ (61,768) $ (28,488) ----------- ----------- ----------- ----------- Basic and diluted net loss per common share before extraordinary item .... $ (0.37) $ (0.21) $ (0.71) $ (0.48) ----------- ----------- ----------- ----------- Basic and diluted net loss per common share on debt extinguishment .... $ -- $ -- $ (0.04) $ -- ----------- ----------- ----------- ----------- Basic and diluted net loss per common share .... $ (0.37) $ (0.21) $ (0.75) $ (0.48) =========== =========== =========== =========== Basic and diluted weighted average common shares .... 92,009,977 61,354,606 81,860,743 59,026,759 =========== =========== =========== =========== The accompanying notes are an integral part of the consolidated financial statements. F-3 ALAMOSA HOLDINGS, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (UNAUDITED)

(dollars in thousands) SIX MONTHS ENDED JUNE 30, ---------------------------- 2001 2000 ------------- ------------- Cash flows from operating activities: Net loss .... $ (61,768) $ (28,488) Adjustments to reconcile net loss to net cash used in operating activities: Income tax benefit .... (33,275) -- Non-cash compensation expense .... 183 4,894 Depreciation and amortization .... 17,971 4,748 Amortization of goodwill .... 19,200 -- Bad debt expense .... 713 514 Amortization of debt issuance costs .... 1,163 653 Deferred interest expense .... 13,527 10,346 Loss on debt extinguishment .... 5,472 -- Loss from disposition of interest rate cap agreements .... -- 266 Loss from disposition of assets .... 39 54 (Increase) decrease in asset accounts, net of effects from acquisitions: Accounts receivable .... (15,995) (158) Inventory .... 1,652 3,626 Prepaid expenses and other assets .... (131) (116) Increase (decrease) in liability accounts, net of effects from acquisitions: Accounts payable and accrued expenses .... (9,165) 891 ---------- --------- Net cash used in operating activities .... (60,414) (2,770) ---------- --------- Cash flows from investing activities: Additions to property and equipment .... (72,852) (44,049) Repayment of notes receivable .... 11,860 100 Cash paid for business acquisitions .... (37,617) -- Sale (purchase) of short term investments .... 1,600 (21,841) ---------- --------- Net cash used in investing activities .... (97,009) (65,790) ---------- --------- Cash flows from financing activities: Equity offering proceeds .... -- 208,589 Equity offering costs .... -- (13,599) Issuance of 12 7/8% senior discount notes .... -- 187,096 Issuance of 12 1/2% senior notes .... 242,500 -- Issuance of senior secured credit facility .... 203,000 -- Repayment of debt assumed through acquisitions .... (169,060) -- Debt issuance costs .... (13,404) (10,763) Stock options exercised .... 4 619 Proceeds from issuance of long-term debt .... -- 7,758 Repayments of long-term debt .... (54,524) (76,239) Change in restricted cash .... (70,727) 518 Payments on capital leases .... (42) (10) Interest rate cap premiums .... -- (27) ---------- --------- Net cash provided by financing activities .... 137,747 303,942 ---------- --------- Net increase (decrease) in cash and cash equivalents .... (19,676) 235,382 Cash and cash equivalents at beginning of period .... 141,768 5,656 ---------- --------- Cash and cash equivalents at end of period .... $ 122,092 $ 241,038 ========== ========= The accompanying notes are an integral part of the consolidated financial statements. F-4 ALAMOSA HOLDINGS, INC. NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS 1. BASIS OF PRESENTATION OF UNAUDITED INTERIM FINANCIAL INFORMATION The unaudited consolidated balance sheet as of June 30, 2001, the unaudited

consolidated statements of operations for the three and six months ended June 30, 2001 and 2000, the unaudited consolidated statements of cash flows for the six months ended June 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 six months ended June 30, 2001 are not necessarily indicative of results that may be expected for the year ending December 31, 2001. 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., a subsidiary of Alamosa Holdings, was formed in 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. ("Alamosa (Delaware)") 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. The Company acquired 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. NOTES RECEIVABLE ROBERTS --On July 31, 2000, Alamosa Holdings' subsidiary, Alamosa Operations, Inc. ("Operations") entered into a loan agreement with Roberts whereby Operations agreed to lend up to $26.6 million to be used only for the purpose of funding Roberts' working capital needs from July 31, 2000 through the completion of the Roberts merger, as described in Note 4. Also on July 31, 2000, Operations entered into a loan agreement with the owners of Roberts for $15 million, which was fully repaid at February 14, 2001, when the merger closed. F-5 ALAMOSA HOLDINGS, INC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED WOW--Also, on July 31, 2000, WOW and Operations entered into a loan agreement whereby Operations agreed to lend up to $11 million to WOW to be used only for the purposes of (a) satisfying certain capital contribution requirements under WOW's operating agreement, and (b) funding WOW's working capital needs from July 31, 2000 through the completion of the WOW merger. 4. 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. 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. 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 preliminary independent valuations of Roberts and WOW to allocate the purchase price and is in the process of obtaining an independent valuation of Southwest. The results of the preliminary valuations are as follows (in thousands): Current assets .... $ 15,357 Property, plant and equipment .... 129,154 Goodwill .... 127,440 Sprint affiliation and other agreements .... 525,488 Subscriber base acquired .... 37,700 -------- Net book value of assets acquired, including

intangibles .... $835,139 ======= As a result of the acquisitions, the Company recorded goodwill and intangibles of $875.3 million. This amount includes a deferred tax liability of $184.7 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 $37.7 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 income for the three and six months ended June 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. F-6 ALAMOSA HOLDINGS, INC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED FOR THE SIX MONTHS ENDED JUNE 30, ----------------------------- 2001 2000 -------------------------- (IN THOUSANDS) Total revenues .... $ 148,292 $ 43,767 ------------------- Net loss before income tax benefit and extraordinary item..... $ (113,306) $ (80,830) Income tax benefit .... 39,123 20,643 ---------- --------- Net loss before extraordinary item .... (74,183) (60,187) Loss on debt extinguishment, net of tax benefit of $1,969..... (3,503) -- ---------- --------- Net loss .... $ (77,686) $ (60,187) ========== ========= Basic and diluted net loss per share before extraordinary item .... $ (0.81) $ (0.67) ------------------- Basic and diluted net loss per share .... $ (0.84) $ (0.67) ---------- --------- 5. ACCUMULATED DEPRECIATION AND AMORTIZATION Property and equipment are stated net of accumulated depreciation of $33.4 million and $15.6 million at June 30, 2001 and December 31, 2000, respectively. Additionally, goodwill and other intangibles are stated net of accumulated amortization of $19.2 million and $0 at June 30, 2001 and December 31, 2000, respectively 6. LONG-TERM DEBT Long-term debt consists of the following (in thousands): JUNE 30, 2001 DECEMBER 31, 2000 -------------------------------- 12 7/8% senior discount notes .... $222,807 $209,280 12 1/2% senior notes .... 250,000 -- Senior secured credit facility .... 203,000 -- EDC credit facility .... -- 54,524 -------- -------- Total debt .... 675,807 263,804 Less current maturities .... -- -- -------- -------- Long-term debt, excluding current maturities .... $675,807 $263,804 ======= ======= 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 approximate $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 F-7 ALAMOSA HOLDINGS, INC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED 12 1/2%, payable 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 Alamosa (Delaware); 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. As of June 30, 2001, Alamosa Holdings, LLC borrowed $203 million under the new term loan facility while an additional $130 million in term debt will be available for multiple drawings in amounts to be agreed for a period of 12 months thereafter. DEBT COVENANT WAIVER--As of March 31, 2001, we did not meet the maximum negative EBITDA covenant under the Senior Secured Credit Facility. During the quarter ended March 31, 2001, we reported an EBITDA loss of $16.7 million which exceeded the maximum negative EBITDA covenant by $7.0 million. On May 8, 2001, we obtained a waiver of any default or event of default arising from the failure to comply with the

maximum negative EBITDA covenant for the quarter ended March 31, 2001 from the lending institutions under the Senior Secured Credit Facility. The Company met its negative EBITDA covenant for the quarter ended June 30, 2001 and we believe that the EBITDA covenants will be met for the next twelve months. Our EBITDA is directly impacted by the up front selling and marketing expenses we incur in order to grow our subscriber base. As such, greater than expected subscriber growth may impact our EBITDA negatively. See Note 12, Subsequent Events, for additional information on the restructuring of the Senior Secured Credit Facility and the resetting of the related financial covenants. 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. As a result, $5,472 of unamortized issuance costs were written off and classified as an extraordinary item. The Company was refunded $1,377 of these costs as a result of the early extinguishment. 7. 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. 8. 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 F-8 ALAMOSA HOLDINGS, INC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED 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 June 30, 2001, the Company recorded approximately $388 in "other noncurrent assets" and $128 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 $166 net of tax effect, in other comprehensive income, which appears as a separate component of Stockholder's Equity as "Accumulated other comprehensive income", as illustrated below: SIX MONTHS ENDED JUNE 30, ---------------------------- 2001 2000 ------------- ------------- Net loss .... $ (61,768) $ (28,488) Change in fair value of derivatives (net of tax effect of $93)......... 166 -- --------- --------- Comprehensive loss .... $ (61,602) $ (28,488) ========= ========= 9. SUPPLEMENTAL DISCLOSURE TO STATEMENTS OF CASH FLOW Accounts payable at June 30, 2001 and 2000 include $26,269 and $27,356, respectively, of property and equipment additions. Additions to property and equipment of $72,852 in the consolidated statements of cash flows for the six months ended June 30, 2001 include payments of accounts payable outstanding at December 31, 2000. 10. 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. 11. 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. 12. SUBSEQUENT EVENTS 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. On August 15, 2001, Alamosa (Delaware) consummated the offering (the "13 5/8% Senior Notes Offering") of $150 million aggregate principal amount of senior notes (the "13 5/8% Senior Notes"). The 13 5/8% Senior Notes mature in ten years (August 15, 2011), 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 $140.5 million, after deducting the discounts and commissions to the initial purchasers and estimated offering expenses. F-9 ALAMOSA HOLDINGS, INC NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS -- CONTINUED Approximately $39.2 million of the net proceeds of the 13 5/8% Senior 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 13 5/8% Senior Notes, the 12 7/8% Senior Discount Notes and the 12 1/2% Senior Notes. Approximately $65.8 million of the net proceeds of the 13 5/8% Senior Notes Offering were used by Alamosa (Delaware) to pay down a portion of the Senior Secured Credit Facility. The remaining net proceeds of the 13 5/8% Senior Notes Offering will be used for general corporate purposes of Alamosa (Delaware). The Senior Secured Credit Facility was amended simultaneously with the closing of the 13 5/8% Senior Notes Offering to, among other things, permit the 13 5/8% Senior Notes Offering, reduce the amount of the Senior Secured Credit Facility to approximately $225.0 million and modify the financial covenants. F-10 REPORT OF INDEPENDENT ACCOUNTANTS To the Board of Directors and Stockholders of Almosa Holdings, Inc. (successor to Alamosa PCS Holdings, Inc.) In our opinion, the accompanying consolidated balance sheets and the related consolidated statements of operations, stockholders' equity and cash flows present fairly, in all material respects, the financial position of Alamosa Holdings, Inc. (successor to Alamosa PCS Holdings, Inc.) and its subsidiaries at

December 31, 2000 and December 31, 1999, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 2000, and the period from July 16, 1998 (inception) through December 31, 1998, in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. PricewaterhouseCoopers LLP Dallas, Texas February 19, 2001, except for Note 17 as to which the date is March 9, 2001. F-11 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2000 DECEMBER 31, 1999 ------------------ ------------------ ASSETS Current assets: Cash and cash equivalents .... $ 141,768,167 $ 5,655,711 Short term investments .... 1,600,000 -- Accounts receivable, net of allowance for doubtful accounts of $1,503,049 and $161,704, respectively.......................... 14,746,930 1,675,636 Inventory .... 2,752,788 5,777,375 Prepaid expenses and other assets .... 3,026,860 882,516 Interest receivable .... 1,045,785 -- -------------- ------------ Total current assets .... 164,940,530 13,991,238 Property and equipment, net .... 228,982,869 84,713,724 Note receivable .... 46,865,233 100,000 Debt issuance costs, net .... 13,108,376 3,743,308 Restricted cash .... -- 518,017 Other noncurrent assets .... 4,501,005 1,425,912 -------------- ------------ Total assets .... $ 458,398,013 $ 104,492,199 ============== ============ LIABILITIES AND STOCKHOLDERS' EQUITY Current liabilities: Accounts payable and accrued expenses .... $ 59,749,061 $ 15,153,068 Accounts payable to related parties .... 1,636,745 1,182,225 Current installments of capital leases .... 35,778 21,818 Bank line of credit .... -- 363,665 Microwave relocation obligation .... -- 3,578,155 -------------- ------------ Total current liabilities .... 61,421,584 20,298,931 Capital lease obligations, noncurrent .... 1,038,614 827,024 Other noncurrent liabilities .... 735,593 50,035 Long-term debt .... 54,524,224 71,876,379 Senior notes 209,279,908

-- -------------- ------------- Total liabilities .... 326,999,923 93,052,369 -- -- 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, 61,359,856 and 48,500,008 issued and outstanding, respectively .... 613,598 485,000 Additional paid-in capital .... 245,845,086 50,824,876 Accumulated deficit .... (113,947,781) (33,759,681) Unearned compensation .... (1,112,813) (6,110,365) -------------- ------------- Total stockholders' equity .... 131,398,090 11,439,830 -------------- ------------- Total liabilities and stockholders' equity .... $ 458,398,013 $ 104,492,199 ============= ============= The accompanying notes are an integral part of the consolidated financial statements. F-12 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) CONSOLIDATED STATEMENTS OF OPERATIONS FOR THE PERIOD JULY 16, 1998 (INCEPTION) YEAR ENDED YEAR ENDED THROUGH DECEMBER 31, 2000 DECEMBER 31, 1999 DECEMBER 31, 1998 ------------------ ------------------ ------------------ Revenues: Subscriber revenues .... $ 56,154,178 $ 4,398,947 $ -- Roaming and travel revenues .... 17,345,460 2,134,676 -- ------------- ------------- ----------- Service revenues .... 73,499,638 6,533,623 -- Product sales .... 9,200,669 2,450,090 -- ------------- ------------- ----------- Total revenue .... 82,700,307 8,983,713 -- ------------- ------------- ----------- Costs and expenses: Cost of service and operations (including $836,296 and $1,259,427 of non-cash compensation for 2000 and 1999, respectively) .... 55,429,985 8,699,903 -- Cost of product sold .... 20,524,427 5,938,838 -- Selling and marketing .... 46,513,835 10,810,946 -- General and administrative expenses (including $4,814,329 and $6,940,084 of non-cash compensation for 2000 and 1999, respectively) .... 14,351,839 11,149,059 956,331 Depreciation and amortization .... 12,530,038 3,056,923 2,063 Terminated merger and acquisition costs .... 2,246,789 -- -- ------------- ------------- ----------- Total costs and expenses .... 151,596,913 39,655,669 958,394 ------------- ------------- ----------- Loss from operations .... (68,896,606) (30,671,956) (958,394) Interest and other income .... 14,483,431 477,390 34,589 Interest expense .... (25,774,925) (2,641,293) (17) ------------- ------------- ----------- Net loss .... $ (80,188,100) $ (32,835,859) $ (923,822) ============= ============= =========== Basic and diluted net loss per common share $ (1.33) $ -- $ -- ============= ============= =========== Basic and diluted weighted average common shares .... 60,198,390 -- -- ============= ============= =========== Pro forma information: Net loss .... $ -- $ (32,835,859) $ (923,822) Pro forma income tax adjustment:

Income tax benefit .... -- 10,854,083
317,592 Deferred tax valuation allowance .... --
(10,854,083) (317,592) ------------- ------------- ----------- Pro
forma net loss .... $ -- $ (32,835,859) $
(923,822) ============ ============
=========== Pro forma basic and diluted weighted
average common shares outstanding .... --
48,500,008 48,500,008 =============
============ ========== Basic and diluted pro
forma net loss per common share .... $ --
$ (0.68) $ (0.02) ============ ============
=========== The accompanying notes are an integral part
of the consolidated financial statements. F-13 ALAMOSA
HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS
HOLDINGS INC.) CONSOLIDATED STATEMENTS OF
STOCKHOLDERS' EQUITY FOR THE PERIOD FROM
JULY 16, 1998 (INCEPTION) TO DECEMBER 31, 2000
COMMON STOCK ADDITIONAL -----------------------
PAID-IN SHARES AMOUNT CAPITAL -------------
---------- -------------- Balance, July 16, 1998 (inception) .....
$ -- $ -- $ -- Member's contribution 48,500,008
485,000 14,515,000 Net loss .... -- -- --
----------- -------- ------------ Balance, December 31, 1998 .
.... 48,500,008 485,000 14,515,000 Members'
contributions .... -- -- 22,000,000 Stock options
.... -- -- 14,309,876 Amortization of unearned
compensation .... -- -- -- Net loss
.... -- -- -- ---------- -------- ------------
Balance, December 31, 1999 . ... 48,500,008 485,000
50,824,876 Initial public offering 12,321,100
123,211 193,664,076 Exercise of stock options ....
538,748 5,387 703,061 Amortization of unearned
compensation .... -- -- -- Unearned
compensation .... -- -- 653,073 Net loss
.... -- -- -- ---------- -------- ------------
Balance, December 31, 2000 .... $61,359,856 $613,598
$245,845,086 ========== ======= ===========
ACCUMULATED UNEARNED DEFICIT
COMPENSATION TOTAL ------------------ ----------------
---------------- Balance, July 16, 1998 (inception) ..... $ -- $ --
$ -- Member's contribution .... -- -- 15,000,000 Net
loss .... (923,822) -- (923,822) --------------
------------- ------------- Balance, December 31, 1998 . ...
(923,822) -- 14,076,178 Members' contributions ....
-- -- 22,000,000 Stock options .... --
(14,309,876) -- Amortization of unearned compensation
.... -- 8,199,511 8,199,511 Net loss
.... (32,835,859) -- (32,835,859)
-------------- ------------- ------------- Balance, December 31,
1999 . ... (33,759,681) (6,110,365) 11,439,830 Initial
public offering .... -- -- 193,787,287 Exercise of
stock options .... -- -- 708,448 Amortization of
unearned compensation .... -- 5,650,625
5,650,625 Unearned compensation .... -- (653,073)
-- Net loss .... (80,188,100) -- (80,188,100)
------------- ------------- ------------- Balance, December 31,
2000 .... $ (113,947,781) $ (1,112,813) $ 131,398,090
============== ============ ============
The accompanying notes are an integral part of the
consolidated financial statements. F-14 ALAMOSA
HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS
HOLDINGS, INC.) CONSOLIDATED STATEMENTS OF

CASH FLOWS FOR THE PERIOD JULY 16, 1998 (INCEPTION) YEAR ENDED YEAR ENDED THROUGH DECEMBER 31, 2000 DECEMBER 31, 1999 DECEMBER 31, 1998 ------------------ ------------------ ------------------ Cash flows from operating activities: Net loss .... $ (80,188,100) $ (32,835,859) $ (923,822) Adjustments to reconcile net loss to net cash used in operating activities: Non-cash compensation expense .... 5,650,625 8,199,511 -- Depreciation and amortization .... 12,530,038 3,056,923 2,063 Bad debt expense .... 1,107,339 160,498 -- Amortization of debt issuance costs .... 1,397,546 331,063 -- Interest expense on discount notes .... 23,051,533 2,068,601 -- Loss from disposition of interest rate cap agreements .... 266,178 -- -- Loss from asset disposition .... 81,347 -- -- (Increase) decrease in: Accounts receivable .... (14,178,633) (1,836,134) -- Inventory .... 3,024,587 (5,777,375) -- Prepaid expenses and other assets .... (4,296,355) (594,027) (52,046) Increase (decrease) in: Accounts payable and accrued expenses .... 22,335,731 10,137,095 845,851 -------------- ------------- ------------ Net cash used in operating activities .... (29,218,164) (17,089,704) (127,954) -------------- ------------- ------------ Cash flows from investing activities Additions to property and equipment .... (136,904,260) (76,601,004) (1,366,606) Issuance of notes receivable .... (46,865,233) -- -- Acquisition related costs .... (3,155,782) -- -- Purchase of short term investments .... (1,600,000) -- -- Repayment (Issuance) of note receivable from officer .... 100,000 (100,000) -- Purchase of minority interest in subsidiary .... (255,000) -- -- Change in restricted cash .... 518,017 (518,017) -- -------------- ------------- ------------ Net cash used in investing activities .... (188,162,258) (77,219,021) (1,366,606) -------------- ------------- ------------ Cash flows from financing activities: Equity offering proceeds .... 208,589,367 -- -- Equity offering costs .... (13,598,942) (1,360,405) -- Issuance of Senior Discount Notes .... 187,096,000 -- -- Capital contributions .... -- 22,000,000 15,000,000 Proceeds from issuance of long-term debt .... 57,758,559 66,357,841 23,637 Debt issuance costs .... (10,762,613) (234,371) -- Stock options exercised .... 708,449 -- -- Repayments of long-term debt .... (76,239,373) -- -- Payments on capital leases .... (31,169) (25,756) -- Interest rate cap premiums .... (27,400) (301,950) -- -------------- ------------- ------------ Net cash provided by financing activities .... 353,492,878 86,435,359 15,023,637 -------------- ------------- ------------ Net increase (decrease) in cash and cash equivalents .... 136,112,456 (7,873,366) 13,529,077 Cash and cash equivalents at beginning of period .... 5,655,711 13,529,077 -- -------------- ------------- ------------ Cash and cash equivalents at end of period .... $

141,768,167 $ 5,655,711 $ 13,529,077 ============== ============= ============ Supplemental disclosure -- cash paid for interest .... $ 1,730,980 $ 218,142 $ -- ============== ============= ============ Supplemental disclosure of non-cash activities Capitalized lease obligations incurred .... $ 256,719 $ 146,379 $ 728,219 Liabilities assumed in connection with purchase of property and equipment .... 28,816,329 5,352,347 -- Liabilities assumed in connection with debt issuance costs .... -- 3,840,000 -- Liabilities assumed in connection with microwave relocation .... -- 3,578,155 -- -------------- ------------- ------------ $ 29,073,048 $ 12,916,881 $ 728,219 ============== ============= ============ The accompanying notes are an integral part of the consolidated financial statements. F-15 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS 1. ORGANIZATION AND BUSINESS OPERATIONS Alamosa PCS Holdings, Inc. ("Holdings") through its subsidiaries provides wireless personal communications services, commonly referred to as PCS, in the Southwestern and Midwestern United States. Holdings, a Delaware corporation, was formed in October 1999 to operate as a holding company in anticipation of an initial public offering as described in Note 2. Immediately prior to the offering in February 2000, shares of Holdings were exchanged for Alamosa PCS LLC's ("Alamosa") membership interests, and Alamosa became wholly owned by Holdings. These financial statements are presented as if the reorganization had occurred as of the beginning of the periods presented. Holdings and its subsidiaries are collectively referred to in these financial statements as the "Company." As further described below, in 2001, through a series of transactions, Holdings' name was changed to Alamosa (Delaware), Inc. In 1998, Alamosa was formed and subsequently entered into affiliation agreements with Sprint PCS, the PCS Group of Sprint Corporation. These affiliation agreements provided the Company with the exclusive right to build, own and manage a wireless voice and data services network in markets with over 5.2 million residents located in Texas, New Mexico, Arizona and Colorado under the Sprint PCS brand. The Company amended its affiliation agreements with Sprint PCS in December 1999 to expand its services network so that it includes 8.4 million residents. The Company is required to build out the wireless network according to Sprint PCS specifications. If the Company does not meet the build-out schedule as specified in the Sprint management agreement, the Company could be in breach of its agreement with Sprint and subject to penalties. The affiliation agreements are in effect for a term of 20 years with three 10-year renewal options unless terminated by either party under provisions outlined in the affiliation agreements. The affiliation agreements include indemnification clauses between the Company and Sprint PCS to indemnify each other against claims arising from violations of laws or the affiliation agreements, other than liabilities resulting from negligence or willful misconduct of the party seeking to be indemnified. On July 31, 2000, the Company signed

definitive agreements to merge two Sprint PCS affiliates, Roberts Wireless Communications, L.L.C ("Roberts") and Washington Oregon Wireless, LLC ("WOW") into its operations. On December 14, 2000, Holdings formed a new holding company pursuant to a merger under Section 251(g) of the Delaware General Corporation Law whereby Holdings was merged with a direct wholly owned subsidiary of a new holding company, which was a direct wholly owned subsidiary of Holdings. Each share of the former Alamosa PCS Holdings was converted into one share of the new holding company and the former public company became a wholly owned subsidiary of the new holding company. The Section 251(g) transaction did not require any vote of the Alamosa PCS Holdings stockholders. Upon effectiveness of the Section 251(g) transaction, Holdings' name was changed to Alamosa (Delaware), Inc. and the new holding company's name was changed to Alamosa PCS Holdings, Inc. On February 14, 2001, the new Alamosa PCS Holding became a wholly owned subsidiary of a new holding company, Alamosa Holdings, Inc. ("Superholdings"). Each share of the new Alamosa PCS Holdings' common stock issued and outstanding immediately prior to the merger was converted into the right to receive one share of Superholdings' common stock. Superholdings' common stock is quoted on The Nasdaq National Market under the same symbol previously used by Alamosa PCS Holdings, "APCS." 2. INITIAL PUBLIC OFFERING On October 29, 1999, Holdings filed a registration statement with the Securities and Exchange Commission for the sale of 10,714,000 shares of its common stock (the "Stock Offering"). The Stock Offering became effective and the shares were issued on February 3, 2000 at the initial price of $17.00 per share. Subsequently, the underwriters exercised their over-allotment option of 1,607,100 shares. Holdings received net proceeds of $194.3 million after commissions of $13.3 million and expenses of approximately F-16 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) $1.0 million. The proceeds of the Stock Offering are to be used for the build out of the system, to fund operating capital needs and for other corporate purposes. 3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES PRINCIPLES OF CONSOLIDATION -- The consolidated financial statements include the accounts of the Company and its subsidiaries. All intercompany accounts and transactions are eliminated. CASH AND CASH EQUIVALENTS -- Cash and cash equivalents include cash, money market funds, and commercial paper with minimal interest rate risk and original maturities of three months or less at the date of acquisition. The carrying amount approximates fair value. SHORT-TERM INVESTMENTS -- The Company invests in highly liquid debt instruments with strong credit ratings. Commercial paper investments with a maturity greater than three months, but less than one year, at the time of purchase are considered to be short-term investments The carrying amount of the investments approximates fair value due to their short maturity. The Company maintains cash and cash equivalents and short-term investments with certain financial institutions. The Company performs periodic evaluations of the relative credit standing of those financial

institutions that are considered in the Company's investment strategy. INVENTORY -- Inventory consists of handsets and related accessories. Inventories purchased for resale are carried at the lower of cost or market using the first-in first-out method. Market is determined using replacement cost. PROPERTY AND EQUIPMENT -- Property and equipment are reported at cost less accumulated depreciation. Cost incurred to design and construct the wireless network in a market are classified as construction in progress. When the wireless network for a particular market is completed and placed into service, the related costs are transferred from construction in progress to property and equipment. Repair and maintenance costs are charged to expense as incurred; significant renewals and betterments are capitalized. When depreciable assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the respective accounts, and any gains or losses on disposition are recognized in income. If facts or circumstances support the possibility of impairment, the Company will prepare a projection of future operating cash flows, undiscounted and without interest. If based on this projection, the Company does not expect to recover its carrying cost, an impairment loss equal to the difference between the fair value of the asset and its carrying value will be recognized in operating income. Property and equipment are depreciated using the straight-line method based on estimated useful lives of the assets. Asset lives are as follows: Buildings .... 20 years Network equipment .... 5-10 years Vehicles .... 5 years Furniture and office equipment .... 5-7 years Leasehold improvements are depreciated over the shorter of the remaining term of the lease or the estimated useful life of the improvement. Interest will be capitalized in connection with the construction of the wireless network. The capitalized interest will be recorded as part of the asset to which it relates and will be amortized over the asset's estimated useful life. No interest was capitalized in 2000. Total interest capitalized was $656,985 as of December 31, 1999. Microwave relocation includes costs and the related obligation incurred to relocate incumbent microwave frequencies in the Company's service area. Microwave relocation costs are amortized on a F-17 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) straight-line basis over 20 years beginning upon commencement of services in respective markets. The amortization of microwave relocation costs was $273,453 and $84,312 for the years ended December 31, 2000 and 1999, respectively. SOFTWARE COSTS -- In accordance with Statement of Position ("SOP") 98-1, "Accounting for Costs of Computer Software Developed or Obtained for Internal Use," certain costs related to the development or purchase of internal-use software are capitalized and amortized over the estimated useful life of the software. During fiscal 2000 and 1999, the Company capitalized approximately $2,037,000 and $411,000, respectively, in software costs under SOP 98-1, which are being amortized over a five-year life. The Company amortized computer software costs of approximately $265,000 and $40,000 during 2000 and 1999, respectively. START-UP COSTS --

In April 1998, the American Institute of Certified Public Accountants ("AICPA") issued Statement of Position ("SOP") 98-5, "Reporting on the Costs of Start-Up Activities." This statement became effective January 1, 1999 and required that costs of start up activities and organization costs be expensed as incurred. ADVERTISING COSTS -- Advertising costs are expensed as incurred. Advertising expenses totaled $18,964,068 and $3,663,893 during 2000 and 1999, respectively. INCOME TAXES. -- The Company presents income taxes pursuant to Statement of Financial Accounting Standards No. 109. "Accounting for Income Taxes" ("FAS 109"). FAS 109 uses an asset and liability approach to account for income taxes, wherein, deferred taxes are provided for book and tax basis differences for assets and liabilities In the event differences between the financial reporting basis and the tax basis of the Company's assets and liabilities result in deferred tax assets, an evaluation of the probability of being able to realize the future benefits indicated by such assets is required. A valuation allowance is provided for a portion or all of the deferred tax assets when there is sufficient uncertainty regarding the Company's ability to recognize the benefits of the assets in future years. REVENUE RECOGNITION -- In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 ("SAB 101"), "Revenue Recognition in Financial Statements." SAB 101 summarizes certain of the staff's interpretations in applying generally accepted accounting principles to revenue recognition. The provisions of SAB 101 were required to be adopted during the quarter ending December 31, 2000 effective as of January 1, 2000. Pursuant to SAB 101, the company began deferring customer activation fee revenue and an equal amount of customer acquisition related expenses in October 2000 when the Company began charging these fees. These deferred amounts are amortized over a three-year period, which approximates the average life of a customer. For the year ended December 31, 2000, the Company had deferred $1,180,413 of activation fee revenue and acquisition related expenses and had amortized $77,012. At December 31, 2000, $735,593 of the remaining deferral was classified as long-term. The Company recognizes revenue as services are performed. Sprint PCS handles the Company's billings and collections and retains 8% of collected service revenues from Sprint PCS subscribers based in the Company's territories and from non-Sprint PCS subscribers who roam onto the Company's network. The amount retained by Sprint PCS is recorded in Cost of Service and Operations. Revenues generated from the sale of handsets and accessories and from roaming services provided to Sprint PCS customers who are not based in the Company's territories are not subject to the 8% retainage. Sprint PCS pays the Company a Sprint PCS roaming fee for each minute that a Sprint PCS subscriber based outside of the Company's territories roams on the Company's portion of the Sprint PCS network. Revenue from these services will be recognized as the services are performed. Similarly, the Company will pay Sprint PCS roaming fees to Sprint PCS, when a Sprint PCS subscriber based in the Company's territories roams on the Sprint PCS network outside of the Company's territories. These costs will be included as cost of service when incurred. F-18 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO

ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Product revenues consisting of proceeds from sales of handsets and accessories are recorded net of an allowance for sales returns. The allowance is estimated based on Sprint PCS' handset return policy that allows customers to return handsets for a full refund within 14 days of purchase. When handsets are returned to the Company, the Company may be able to reissue the handsets to customers at little additional cost. However, when handsets are returned to Sprint PCS for refurbishing, the Company will receive a credit from Sprint PCS, which will be less than the amount the Company originally paid for the handset. For the years ended December 31, 2000 and 1999, respectively, product revenue was $9,200,669 and $2,450,090. The cost of products sold includes the total cost of accessories and handsets sold through our retail stores (including sales to local indirects) and totaled $20,524,427 and $5,938,838 for the years ending December 31, 2000 and 1999, respectively. There were no product revenues or related costs for the period from inception to December 31, 1998. The costs of handsets exceeds the retail sales price because we subsidize the price of handsets for competitive reasons. STOCK BASED COMPENSATION -- The Company has elected to follow Accounting Principles Board Opinion ("APB") No. 25, "Accounting for Stock Issued to Employees" and related interpretations in accounting for its employee stock options. The non-cash compensation expense relates to three employees whose cash compensation is recorded in cost of service and operations and general and administrative expenses. The Company has implemented the disclosure-only provisions of Statement of Financial Accounting Standards ("SFAS") No. 123, "Accounting for Stock Based Compensation." See Note 13. EARNINGS (LOSS) PER SHARE -- Basic earnings (loss) per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings (loss) per share is computed using the weighted average number of common and potential dilutive common shares during the period, except those that are antidilutive. During the fiscal year ended December 31, 2000, options to purchase approximately 6,788,752 shares were outstanding but are not included in the computation because they are antidilutive. USE OF ESTIMATES -- The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities on the date of the financial statements and the reported amounts of expenses during the reporting period. Actual results could differ from those estimates. RISKS AND UNCERTAINTIES -- We estimate that we will require approximately $223 million to complete the current build-out plan and fund working capital losses through March 2002. This includes our acquisitions of Roberts and WOW, as described in Note 17. 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. Failure to obtain additional capital, if needed to complete the build-out of our portion of the Sprint PCS network, could cause delay or abandonment of our

development plans. CONCENTRATION OF RISK -- The Company maintains cash and cash equivalents in accounts with financial institutions in excess of the amount insured by the Federal Deposit Insurance Corporation. The Company monitors the financial stability of this institution regularly and management does not believe there is significant credit risk associated with deposits in excess of federally insured amounts. RECLASSIFICATION -- Certain reclassifications have been made to prior year balances to conform to current year presentations. EFFECTS OF RECENT ACCOUNTING PRONOUNCEMENTS -- In June 1998 and June 1999, the Financial Accounting Standards Board ("FASB"), issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities -- F-19 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Deferral of the Effective Date of FASB Statement No. 133." These statements require companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedging accounting. SFAS No. 133 will be effective for the Company's fiscal year ending December 31, 2001. Management believes that the adoption of these statements will not have a significant impact on the Company's financial results. 4. NOTES RECEIVABLE ROBERTS -- On July 31, 2000, Alamosa Operations, Inc. ("Operations") entered into a loan agreement with Roberts Wireless Communications, L.L.C. ("Roberts") whereby Operations agreed to lend up to $26.6 million to be used only for the purpose of funding Roberts' working capital needs from July 31, 2000 through the completion of the Roberts merger, as described Note 1. Also on July 31, 2000, Operations entered into a loan agreement with the owners of Roberts for $15 million. As of December 31, 2000, approximately $37 million had been funded under the loan agreements. The loans bear interest at the prime rate and are due 6 months after the termination of the Roberts reorganization agreement, upon acceleration or upon demand. WOW -- Also, on July 31, 2000, WOW and Operations entered into a loan agreement whereby Operations agreed to lend up to $11 million to WOW to be used only for the purposes of (a) satisfying certain capital contribution requirements under WOW's operating agreement, and (b) funding WOW's working capital needs from July 31, 2000 through the completion of the WOW merger. As of December 31, 2000, approximately $10 million had been funded under the loan agreement. The loan bears interest at the prime rate and is due 30 days after the termination of the WOW reorganization agreement or upon demand. The loan is guaranteed by certain members of WOW Holdings. The mergers of Roberts and WOW into the Company were completed in February, 2001. 5. UNAUDITED PRO FORMA INFORMATION The unaudited pro forma information reflects certain assumptions regarding transactions and their effects that occurred as a result of the reorganization described in Note 1. UNAUDITED PRO FORMA INCOME INFORMATION

-- The unaudited pro forma information as shown on the statements of operations is presented to show the effects of income taxes related to the Company's subsequent termination of its limited liability company status. The unaudited pro forma income tax adjustment is presented as if the Company had been a C Corporation subject to federal and state income taxes at an effective tax rate of 34% for the period from inception through December 31, 1998 and the year ended December 31, 1999. Application of the provisions of SFAS No. 109, "Accounting for Income Taxes" would have resulted in a deferred tax asset primarily from temporary differences related to the treatment of start-up costs and from net operating loss carryforwards. The deferred tax asset would have been offset by a full valuation allowance, as there is not currently sufficient positive evidence as required by SFAS No. 109 to substantiate recognition of the asset. The pro forma information is presented for informational purposes only and is not necessarily indicative of operating results that would have occurred had the Company elected to terminate its limited liability company status as of the beginning of 1999, nor are they necessarily indicative of future operating results. UNAUDITED PRO FORMA NET LOSS PER SHARE -- Pro forma net loss per share is calculated by dividing pro forma net loss by the weighted average number of shares of common stock which would have been outstanding before the initial public offering after giving effect to the reorganization of the Company described in Note 1. F-20 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) UNAUDITED PRO FORMA WEIGHTED AVERAGE SHARES OUTSTANDING -- Unaudited pro forma weighted average shares outstanding is computed after giving effect to the reorganization of the Company described in Note 1. The calculation was made in accordance with SFAS No. 128, "Earnings Per Share." Diluted weighted average shares outstanding at December 31, 1999 exclude 141,042 incremental potential common shares from stock options because inclusion would have been antidilutive. 6. PROPERTY AND EQUIPMENT Property and equipment consist of the following: DECEMBER 31, 2000 DECEMBER 31, 1999 ------------------- ------------------ Land and building .... $ 5,668,180 $ 2,762,357 Network equipment .... 159,982,079 72,518,897 Vehicles .... 1,584,286 430,753 Furniture and office equipment .... 10,129,708 2,266,966 ------------- ------------ 177,364,253 77,978,973 Accumulated depreciation .... (15,290,044) (2,974,674) ------------- ------------ Subtotal .... 162,074,209 75,004,299 Microwave relocation costs .... 4,103,214 3,578,155 Accumulated amortization .... (273,453) (84,312) ------------- ------------ Subtotal .... 3,829,761 3,493,843 Construction in progress: Network equipment .... 60,596,869 4,825,288 Leasehold improvements .... 2,482,030 1,390,294 ------------- ------------ Subtotal .... 63,078,899 6,215,582 ------------- ------------ Total .... $ 228,982,869 $ 84,713,724 ============= ============ 7. LEASES OPERATING LEASES -- The Company has various operating leases, primarily related to

rentals of tower sites and offices. Rental expense was $6,177,267 and $1,924,848 for 2000 and 1999, respectively. At December 31, 2000, the aggregate minimum rental commitments under noncancelable operating leases for the periods shown are as follows: YEARS -------------------------- 2001 .... $ 8,700,345 2002 .... 8,684,484 2003 .... 8,682,799 2004 .... 8,661,004 2005 .... 8,535,777 Thereafter .... 35,025,779 ----------- Total .... $78,290,188 =========== CAPITAL LEASES -- Capital leases consist of leases for rental of retail space and switch usage. The net present value of the leases was $1,074,392 and $848,842 at December 31, 2000 and 1999, respectively, and was included in property and equipment. Amortization recorded under these leases was $133,724 for the year ended December 31, 2000 and was $30,894 during 1999. At December 31, 2000, the future payments under capital lease obligations, less imputed interest, are as follows: F-21 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) YEARS ----- 2001 .... $ 148,280 2002 .... 149,131 2003 .... 149,999 2004 .... 159,135 2005 .... 160,788 Thereafter .... 1,181,166 ---------- Total minimum lease payments .... 1,948,499 Less: imputed interest .... 874,107 ---------- Present value of minimum lease payments .... 1,074,392 Less: current installments .... 35,778 ---------- Long-term capital lease obligations at December 31, 2000 .... $1,038,614 ========== 8. BANK LINE OF CREDIT The Company had a $500,000 revolving line of credit with a bank that expired June 9, 2000. The line of credit had a variable interest rate of 9.25% at December 31, 1999. Proceeds from this line of credit were used to purchase vehicles for service representatives. This loan has not renewed and there is no amount outstanding at December 31, 2000 As of December 31, 1999, $363,665 was outstanding on the line of credit. 9. LONG-TERM DEBT Long-term debt consists of the following: DECEMBER 31, 2000 DECEMBER 31, 1999 ------------------- ------------------ Debt outstanding under credit facilities: Senior Discount Notes .... $209,279,908 $ -- EDC Credit Facility .... 54,524,224 71,876,379 Bank line of credit .... -- 363,665 ------------ ----------- Total debt .... 263,804,132 72,240,044 Less current maturities .... -- 363,665 ------------ ----------- Long-term debt, excluding current maturities .... $263,804,132 $71,876,379 ============ =========== SENIOR DISCOUNT NOTES -- On December 23, 1999, Alamosa (Delaware), Inc. filed a registration statement with the Securities and Exchange Commission for the issuance of $350 million face amount of Senior Discount Notes (the "Notes Offering"). The Notes Offering was completed on February 8, 2000 and generated net proceeds of approximately $181 million after underwriters' commissions and expenses of approximate $6.1 million. The Senior Discount Notes ("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 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 Notes Offering are to be 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. Significant terms of the Notes include: o RANKING -- The 2000 Senior Discount Notes are senior unsecured obligations of Alamosa (Delaware), Inc., equal in right of payment to all future senior debt of Alamosa (Delaware), Inc. and senior in right of payment to all future subordinated debt of Alamosa (Delaware), Inc.; F-22 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) o GUARANTEES -- The 2000 Senior Discount Notes are unsecured obligations and will rank equally with all existing and future senior debt and senior to all existing and future subordinate debt. The Notes are fully and unconditionally, jointly and severally guaranteed on a senior subordinated, unsecured basis, by all the existing and any future restricted subsidiaries of Alamosa (Delaware), Inc. with the exception of Alamosa Operations, Inc., a wholly owned subsidiary of Alamosa (Delaware), Inc. The financial statements of Alamosa (Delaware), Inc. and financial information related to its guarantor subsidiaries are included in Alamosa (Delaware), Inc.'s Form 10-K. o OPTIONAL REDEMPTION -- During the first thirty six (36) months after the 2000 Senior Discount Notes offering, we may use net proceeds of an equity offering to redeem up to 35% of the accreted value of the notes at a redemption price of 112 7/8%; o CHANGE OF CONTROL -- Upon a change of control as defined by the 2000 Senior Discount Notes offering, we will be required to make an offer to purchase the notes at a price equal to 101% of the accreted value (original principal amount plus accrued interest) before February 15, 2005, or 101% of the principal amount at maturity thereafter; and o RESTRICTIVE COVENANTS -- The indenture governing the 2000 Senior Discount Notes contains covenants that, among other things and subject to important exceptions, limit our ability and the ability of our subsidiaries to incur additional debt, issue preferred stock, pay dividends, redeem capital stock or make other restricted payments or investments as defined by the Notes Offering, create liens on assets, merge, consolidate or dispose of assets, or enter into transactions with affiliates and change lines of business. NORTEL/EDC CREDIT FACILITY -- The Company entered into a credit facility effective June 10, 1999 with Nortel for $123.0 million. On February 8, 2000 the Company entered into an Amended and Restated Credit Agreement with Nortel Networks Inc., and on June 23, 2000, Nortel assigned the entirety of its loans and commitments under the Amended and Restated Credit Agreement to Export Development Corporation (the "Nortel/EDC Credit Facility"). The proceeds of the Nortel/EDC Credit Facility are used to purchase equipment, to fund the construction of the Company's portion of the Sprint PCS network, and to pay associated financing costs. The financing terms permitted the Company to borrow $250 million (which was subsequently reduced to $175 million as a result of the prepayment of $75 million outstanding) under

three commitment tranches through February 18, 2002, and requires minimum equipment purchases. The Nortel/EDC Credit Facility is collateralized by all of the Company's current and future assets and capital stock. The Company is required to maintain certain financial ratios and other financial conditions including minimum levels of revenue and wireless subscribers. In addition, the Company is required to maintain a $1.0 million cash balance as collateral against the facility. At December 31, 1999, the Company was not in compliance with this agreement; however, a waiver of this requirement was obtained from Nortel. Alamosa may borrow money under the Nortel/EDC Credit Facility as either a base rate loan with an interest rate of prime plus 2.75%, or a Eurodollar loan with an interest rate of the London interbank offered rate, commonly referred to as LIBOR, plus 3.75%. The LIBOR interest rate was 6.199% at December 31, 2000. In addition, an annual unused facility fee of 0.75% will be charged beginning August 8, 2000 on the portion of the available credit that has not been borrowed. Interest accrued through the two-year anniversary from the closing date can be added to the principal amount of the loan. Thereafter, interest is payable monthly in the case of base rate loans and at the end of the applicable interest period, not to exceed three months, in the case of Eurodollar loans. Interest expense for the period ended December 31, 2000 totaled $1,332,392. Principal is payable in 20 quarterly installments beginning September 30, 2002. Alamosa may voluntarily prepay any of the loans at any time, but any amount repaid may not be reborrowed since there are no revolving credit features. Alamosa must make F-23 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) mandatory prepayments under certain circumstances, including 50% of the excess cash flow, as computed under the Nortel/EDC Credit Facility, after March 31, 2002 and any amount in excess of $250,000 received for asset sales outside the ordinary course of business or insurance proceeds, to the extent not reinvested in property or assets within a stated period of time. All prepayments are applied to the outstanding loan balances pro rata in the inverse order of maturity, except where there is a borrowing base shortage, in which case prepayments are first applied there, and then pro rata among all three commitment tranches. The original commitment terms provided for warrants representing 2% of the outstanding common stock of Holdings. These warrants were eliminated, by prior agreement, when the Company used $75 million of the equity contribution from Holdings to prepay, in February 2000, amounts previously borrowed under the Nortel/EDC Credit Facility. In addition to the $75 million prepayment, in conjunction with the closing of the new facility, the Company also paid accrued interest of approximately $852,500 and origination fees and expenses of $3,995,000. As a condition of the financing, Sprint PCS has entered into a consent and agreement with Nortel that modifies Sprint PCS' rights and remedies under its affiliation agreements with the Company. Among other things, Sprint PCS consented to the pledge of substantially all of the Company's assets to Nortel, including the affiliation agreements. In addition, Sprint PCS may not terminate the affiliation agreements with the Company and must maintain 10 MHz

of PCS spectrum in the Company's markets until the Nortel/EDC Credit Facility is satisfied or the Company's assets are sold pursuant to the terms of the consent and agreement with Nortel. Alamosa incurred approximately $8,256,000 of costs associated with obtaining the Nortel/EDC Credit Facility. Those costs consisted of loan origination fees, legal fees and other debt issuance costs that have been capitalized and are being amortized to interest expense using the straight-line method over the term of the Nortel/EDC Credit Facility. Terms and conditions of the Nortel/EDC Credit Facility after the assignment on June 23, 2000 are essentially the same as before the assignment. However, the Company is no longer required to maintain a $1 million cash balance as collateral against the Nortel/EDC Credit Facility 10. INCOME TAXES Deferred taxes are provided for those items reported in different periods for income tax and financial reporting purposes.The net deferred tax asset has been fully reserved because of uncertainty regarding the Company's ability to recognize the benefit of the asset in future years. Prior to February 1, 2000, the Company's predecessor operated as a Limited Liability Company ("LLC") under which losses for income tax purposes were utilized by the LLC members on their income tax returns. Subsequent to January 31, 2000, the Company became a C-Corp for federal income tax purposes and therefore subsequent losses became net operating loss carryforwards of the Company. The tax effects of temporary differences that give rise to significant portions of the deferred tax assets and deferred tax liabilities are presented below: F-24 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) DECEMBER 31, 2000 ---------------- Deferred tax assets: Net operating loss carryforwards .... $ 25,625,914 Original issue discount .... 7,690,882 Non-cash compensation .... 2,067,209 Start-up expenses .... 1,006,690 Deferred rent .... 588,000 Bad debt allowance .... 442,577 Other .... 600,517 ------------- Gross deferred tax assets .... 38,021,789 Deferred tax liabilities: Depreciation .... 10,995,932 Other .... 40,532 ------------- Net deferred tax assets .... 26,985,325 Valuation allowance .... (26,985,325) ------------- Deferred tax balance .... $ -- ============ The provision for income taxes is different than the amount computed using the applicable statutory federal income tax rate with the differences summarized below: DECEMBER 31, 2000 ------------ Federal tax benefit at statutory rate .... (35%) --- Predecessor Limited Liability Company .... 1.45% Adjustment due to increase in valuation allowance .... 33.40% Other .... .15% ----- Provision for income taxes .... 0.00% ===== As of December 31, 2000, the Company has available net operating loss carryforwards totaling approximately $73,217,000 which expire beginning in 2020. Utilization of net operating loss carryforwards may be limited by ownership changes which may have occurred or could occur in the future. 11. RELATED PARTY TRANSACTIONS NOTE RECEIVABLE -- On April 23, 1999, the Company entered into a $100,000 loan agreement

with an officer of the Company. The loan was fully repaid on April 10, 2000. AGREEMENTS WITH CHR SOLUTIONS, INC. -- Alamosa has entered into a number of agreements with CHR Solutions, Inc. ("CHR") to perform various consulting and engineering services. CHR resulted from a merger between Hicks & Ragland Engineering Co., Inc., and Cathey, Hutton & Associates, Inc. effective as of November 1, 1999. David Sharbutt, the Company's Chairman and Chief Executive Officer, was at the time the agreements were executed, the President and Chief Executive Officer of Hicks & Ragland. As of December 2000, Mr. Sharbutt resigned his position on the Board of CHR, and is no longer an employee of CHR. Total amounts paid under the above agreements totaled $6,334,259 and $3,841,793 for the years ended December 31, 2000 and 1999, respectively. Amounts included in accounts payable for the above agreement totaled $1,489,358 and $893,764 for the years ended December 31, 2000 and 1999, respectively. F-25 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) AGREEMENT WITH AMERICAN TOWER CORPORATION -- In August 1998, the Company entered into a master site development and lease agreement with Specialty Capital Services, Inc. ("Specialty"), a subsidiary of Specialty Teleconstructors, Inc. ("Teleconstructors"), that has since merged with American Tower Corporation ("American"). Pursuant to the agreement, Specialty arranges for collocation of equipment or constructs new facilities in area identified for build-out. Specialty provides site acquisitions, leasing and construction services, and secures zoning, permitting and surveying approvals and licenses for each base station. This initial term master agreement expires in August 2003, with automatic renewal for three additional terms of five years each. The agreement provides for monthly payments subject to an annual adjustment based on the Consumer Price Index. Prior to October 1, 1999, Specialty was related to the Company through one of the Company's directors who owned interests in both the Company and Teleconstructors and was an employee and officer of Specialty and Teleconstructors. In addition, another individual who was one of the Company's directors at the time the agreement was entered into is a manager of Longmont PCS, LLC, one of the Company's former members. This individual was also a stockholder of Teleconstructors and acted as a vice president of American, which acquired Teleconstructors. The two individuals completed the disposition of their ownership interests in American by September 30, 1999 and are no longer associated with American. No amounts were paid or outstanding under this agreement during 1998. Through September 30, 1999, $165,300 was paid under this agreement. AGREEMENTS WITH TECH TELEPHONE COMPANY -- Alamosa entered into a telecommunications service agreement with Tech Telephone Company Limited Partnership, an affiliate of CHR, to install and provide DSI telecommunications lines between sprint PCS and the Company's Lubbock-based operations and between the Company's Lubbock-based operations and other markets The original term of the agreement is three years, but the agreement automatically renews upon expiration for additional successive 30-day terms by either party. The

Company has also entered into a distribution agreement with Tech Telephone, authorizing it to become a third party distributor of Sprint PCS products and services for the Company in Lubbock. Total amount paid for these contracts was $1,707,074 and $212,687 during the years ended December 31, 2000 and 1999 respectively. The amounts included in accounts payable for the same periods were $147,387 and $288,461, respectively OTHER RELATED PARTY TRANSACTIONS -- In November 1998, the Company entered into an agreement to lease space for telephone switching equipment in Albuquerque with SASR Limited Partnership, 50% owned by one of the Company's directors and a manager of West Texas PCS, LLC, and Budagher Family LLC, two of the Company's interest holders. The lease has a term of five years with two optional five-year terms. The lease provides for monthly payments aggregating to $18,720 a year with 10% increase at the beginning of the two option periods, as well as a pro rata portion of real estate taxes on the property. In connection with the Company's distribution and sales of Sprint PCS wireless communications equipment, on December 28, 1998, the Company entered into a long-term agreement to lease space for a retail store in Lubbock, Texas with Lubbock HLH, Ltd., principally owned by one of Holding's directors and the general manager of South Plains Advance Communications & Electronics, Inc. ("SPACE"). SPACE is a stockholder of the Company. This lease has a term of 15 years and provides for monthly payments aggregating to approximately $110,000 a year, subject to adjustment based on the Consumer Price Index on the first day of the sixth lease year and on the first day of the eleventh lease year. No amounts were paid or outstanding under this lease at December 31, 1998. During 1999, $73,233 was paid under this lease. No amount was payable at December 31, 1999. During 2000, $100,833 was paid under this lease. No amount was payable at December 31, 2000. 12. EMPLOYEE BENEFITS Effective November 13, 1998, the Company elected to participate in the NTCA Savings Plan, a defined contribution employee savings plan sponsored by the National Telephone Cooperative Associa- F-26 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) tion under Section 401(k) of the Internal Revenue Code. No employer contributions were made to this plan for the period ended December 31, 1999 and 1998. During 2000, the Company made employer contributions of $187,555. Effective October 1, 1999, the Company entered into a three-year employment agreement with its Chief Executive Officer ("CEO"), the Company's chairman. In addition, in December 1999, the Company granted options to the CEO to acquire 242,500 common shares at an exercise price of $1.15 per share which vested immediately prior to the completion of the initial public offering and 1,455,000 shares at an exercise price equal to the initial public offering price which vest 33% per year beginning September 30, 2000. The options expire January 5, 2009. The Company will recognize compensation expense of $3,116,125 related to the 242,500 options issued with an exercise price below the initial public offering price over the options vesting period. Compensation expense recorded for the year ended December 31, 2000 and 1999 was

$2,764,797 and $351,328, respectively. On October 2, 1998, the Company entered into an employee agreement with its Chief Operating Officer ("COO"). The agreement provides for the granting of stock options in three series. The initial exercise price was determined based on the following formula: $48,500,000, committed capital at September 30, 1998, multiplied by the percentage interest represented by the option exercised. The exercise price for each series increased by an annual rate of 8%, 15% or 25% compounded monthly beginning at the date of grant as specified by the agreement. Options may be exercised any time from January 1, 2004 to January 5, 2008. The options vest over a three-year period. During 1998, one option from each series was granted under this agreement. The options to acquire membership interests described above were to be exchanged for options in Holdings to acquire an equivalent number of common shares: 242,500 at $1.08 per share, 242,500 at $1.15 per share and 242,500 at $1.25 per share. Effective December 1999, the Company amended his options such that each of his three series of original options were exchanged for two options to acquire a total of 1,697,500 shares of common stock. The first option to acquire 242,500 shares of common stock has a fixed exercise price of $1.15 per share and vested immediately prior to completion of the initial public offering. The second option to acquire 1,455,000 shares of common stock has an exercise price equal to the initial public offering price and vests 25% per year beginning September 30, 2000. The expiration date of all of the COO's options was extended from January 5, 2008 to January 5, 2009. These amendments resulted in a new measurement date. The Company will record compensation expense totaling $9,341,100 in connection with these options. Compensation expense recorded for the years ended December 31, 2000 and 1999 was $1,639,532 and $6,588,755, respectively. Effective December 1, 1999, the Company entered into a five-year employment agreement with its Chief Financial Officer ("CFO"). In addition, the Company granted the CFO options to purchase 1,455,000 shares at the initial public offering price and that will expire January 5, 2009. There is no compensation cost related to these options. On October 14, 1998, the Board of Members of the Company approved an Incentive Ownership Plan. The plan consisted of 3,500 units comprised of 1,200 Series 8, 1,150 Series 15 and 1,150 Series 25 units. The exercise price for each series was based on a pre-defined strike price which increased by an annual rate of 8%, 15% or 25% compounded monthly beginning July 1, 2000. The initial exercise prices were $564.79, $623.84 and $711.88 for Series 8, Series 15 and Series 25 options, respectively. Each unit provided the holder an option to purchase an interest in the Company. Vested units could have been exercised any time from July 1, 2000 to December 31, 2006. On October 29, 1998, under an employment agreement with the Company's Chief Technology Officer, 300 units were granted under this plan. The options to acquire membership interests described above were to be exchanged for options to acquire an equivalent number of common shares: 48,500 at $1.13 per share, 48,500 at $1.25 per share and 48,500 at $1.42 per share. Effective as of the IPO, these options were converted into options of Holdings and were amended such that his original options with exercise prices that increased by an

annual rate of 8%, 15%, or 25% F-27 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (compounded monthly beginning July 1, 2000) were exchanged for options to purchase an equivalent number of common shares at fixed exercise prices equal to $1.13, $1.25 and $1.42 per share, which will not increase over the term of the options. These amendments resulted in a new measurement date. The Company recorded compensation expense totaling $2,095,723 in connection with these options. Compensation expense recorded for the year ended December 31, 2000 and 1999 was $836,296 and $1,259,427, respectively. 13. STOCK-BASED COMPENSATION Holdings adopted an Incentive Stock Option Plan (the "Plan") effective November 12, 1999, which provides for the granting of either incentive stock options or nonqualified stock options to purchase shares of Holdings' common stock and for other stock-based awards to officers, directors and key employees for the direction and management of the Company and to non-employee consultants and independent contractors. At December 31, 2000, 7,000,000 shares of common stock were reserved for issuance under the Plan. The compensation committee of the board of directors administers the Plan and determines grant prices and vesting periods. Generally, the options under each plan vest in varying increments over a three to five-year period, expire ten years from the date of grant and are issued at exercise prices no less than 100% of the fair market value of common stock at the time of the grant. The Company applies APB No. 25, "Accounting for Stock Issued to Employees" and related interpretation, in accounting for its employee stock options. In accordance with APB No. 25, no compensation expense or unearned compensation was recorded as of December 31, 1998. The Company has recorded unearned compensation of $14,962,949. This amount is being recognized over the vesting period in accordance with FASB Interpretation No. 28 when applicable. For the year ended December 31, 2000 and 1999, non-cash compensation of $5,650,625 and $8,199,511 has been recognized, respectively. As discussed in Note 3, the Company has adopted the disclosure-only provisions of SFAS No. 123. Had compensation cost for the Company's stock option plans been determined based on the fair value provisions of SFAS No. 123, the Company's net loss and net loss per share would have been decreased to the pro forma amounts indicated below: FOR THE PERIOD FROM JULY 16, 1998 YEAR ENDED YEAR ENDED (INCEPTION) DECEMBER 31, DECEMBER 31, THROUGH 2000 1999 DECEMBER 31, 1998 ----------------- ----------------- ------------------- Net loss - as reported .... $ (80,188,100) $ (32,835,859) $ (923,822) Net loss - pro forma .... $ (80,188,100) $ (32,835,859) $ (997,531) Net loss per share - as reported .... Basic and Diluted .... $ (1.33) $ (.68) $ (.02) Net loss per share - pro forma .... Basic and Diluted .... $ (1.33) $ (.68) $ (.02) The pro forma disclosures provided are not likely to be representative of the effects on reported net income or loss for future years due to future grants and the vesting requirements of the Company's stock option plans. The weighted-average fair value for all stock options granted in 1998, 1999 and 2000 was $0.46, $13.04, and

$12.18, respectively. The fair value of each stock option granted is estimated on the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: F-28 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) FOR THE PERIOD FROM JULY 16, 1998 YEAR ENDED YEAR ENDED (INCEPTION) DECEMBER 31, DECEMBER 31, THROUGH 2000 1999 DECEMBER 31, 1998 -------------- ------------- ------------------- Dividend yield .... 0% 0% 0% Expected volatility .... 72% 70% 70% Risk-free rate of return .... 6.3% 5.5% 5.5% Expected life .... 4.07 years 5.53 years 0.3 years The following summarizes activity under the Company's stock option plans: WEIGHTED-AVERAGE EXERCISE NUMBER OF OPTIONS PRICE PER SHARE ----------------------------- --------------------------- YEAR ENDED YEAR ENDED YEAR ENDED YEAR ENDED DECEMBER 31, DECEMBER 31, DECEMBER 31, DECEMBER 31, 2000 1999 2000 1999 -------------- -------------- -------------- ------------- Options outstanding at beginning of the period 5,282,000 873,000 $ 12.47 $ 1.18 Granted .... 2,131,750 5,282,000 17.17 12.47 Exercised .... (538,750) -- (1.48) -- Canceled/forfeited .... (86,248) (873,000) (12.35) (1.18) --------- --------- -------- ------- Options outstanding at the end of the period .. 6,788,752 5,282,000 $ 16.87 $ 12.47 ========= ========= ======== ======= Options exercisable at end of the period ...... 1,615,502 48,498 $ 16.75 $ 1.27 The following table summarizes information for stock options at December 31, 2000: OUTSTANDING EXERCISABLE -- ------------------------- WEIGHTED REMAINING AVERAGE NUMBER OF EXERCISE CONTRACTURAL NUMBER OF EXERCISE RANGE OF EXERCISE PRICE OPTIONS PRICE LIFE OPTIONS PRICE ------------------------- ----------- ---------- -------------- ----------- ----------- $1.13 - $10.74.......... 57,002 $ 10.21 8.8 57,002 $ 10.21 $10.75 - $15.67.......... 620,100 $ 13.82 9.7 9,000 $ 15.67 $16.81 - $24.56.......... 6,029,650 $ 17.11 8.3 1,549,500 $ 17.00 $26.25 - $35.63.......... 82,000 $ 27.11 9.6 -- N/A --------- ------- --- --------- --------- $1.13 - $35.63.......... 6,788,752 $ 16.87 8.5 1,615,502 $ 16.75 ========= ========= 14. FAIR VALUE OF FINANCIAL INSTRUMENTS The carrying amounts of cash, accounts payable, and accrued expenses approximate fair value because of the short maturity of these items. The carrying amount of the debt issued pursuant to the Company's credit agreement with EDC is expected to approximate fair value because the interest rate changes with market interest rates. The Company utilizes interest rate cap agreements to limit the impact of increases in interest rates on its floating rate debt. The interest rate cap agreements require premium payments to counterparties based upon a notional principal amount. Interest rate cap agreements entitle the Company to receive from the counterparties the amounts, if any, by which the selected market interest rates exceed the strike rates stated in the agreements. The fair value of the interest rate cap agreements is estimated by obtaining quotes from brokers and represents the cash requirement if the existing contracts

had been settled at the balance sheet dates. F-29 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Selected information related to the Company's senior discount notes is a follows: DECEMBER 31, DECEMBER 31, 2000 1999 -------------- ------------- Book value .... $209,279,908 $ -- Fair value .... 215,558,305 -- ------------ ---------- Net unrecognized gain .... $ 6,278,397 $ -- ============ ========== Selected information related to the Company's interest rate cap agreements is as follows: DECEMBER 31, DECEMBER 31, 2000 1999 ------------- -------------- Notional amount .... $2,300,000 $35,607,000 ---------- ----------- Fair value .... 439 125,815 Carrying amount .... 20,550 282,958 ---------- ----------- Net unrecognized gain (loss) .... $ (20,111) $ (157,143) ========== =========== These fair value estimates are subjective in nature and involve uncertainties and matters of considerable judgment and therefore, cannot be determined with precision. Changes in assumptions could significantly affect these estimates. 15. COMMITMENTS AND CONTINGENCIES On December 21, 1998, the Company entered into a three-year agreement with Nortel to purchase network equipment and infrastructure. Pursuant to that agreement, Nortel also agreed to provide installation and optimization services, such as network engineering and radio frequency engineering, for the equipment and to grant the Company a nonexclusive license to use the software associated with the Nortel equipment. The Company has committed to purchase $82.0 million worth of equipment and services from Nortel. Under the agreement, the Company will receive a discount on the network equipment and services because of the Company's affiliation with Sprint PCS, but must pay a premium on any equipment and services financed by Nortel. If the Company's affiliation with Sprint PCS ends, Nortel has the right to either terminate the agreement or, with the Company's consent, modify the agreement to establish new prices, terms and conditions. the Company entered into a modification of the agreement with Nortel after December 31, 1999 as described in Note 9. F-30 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) 16. QUARTERLY RESULTS OF OPERATIONS (UNAUDITED) The quarterly results of operations (unaudited) for 1998, 1999, and 2000 per quarter are as follows: QUARTER ENDED -- MARCH 31 JUNE 30 SEPTEMBER 30 DECEMBER 31 ------------ ----------- ------------- ------------ (IN THOUSANDS, EXCEPT PER SHARE AMOUNT) 1998: Net sales .... $ -- $ -- $ -- $ -- Operating loss .... -- -- (401) (558) Net loss .... -- -- (400) (523) Basic and diluted pro forma net loss per share .... $ -- $ -- $ (.01) $ (.01) 1999: Net sales .... $ -- $ 35 $ 1,965 $ 6,984 Operating loss .... (1,963) (4,005) (11,279) (13,425) Net loss .... (1,745) (4,018) (11,926) (15,147) Basic and diluted proforma net loss per share .... $ (.02) $ (.08) $ (.25) $ (.31) 2000: Net sales .... $ 11,880 $ 17,553 $ 23,203 $ 30,064 Operating loss ....

(13,114) (10,744) (14,621) (30,418) Net loss .... (15,580) (12,908) (17,470) (34,230) Basic and diluted net lossper share .... $ (0.27) $ (0.21) $ (0.28) $ (0.57) Beginning the fourth quarter of 2000, the Company began recording bad debt expense as a component of selling and marketing. Quarterly net sales have been adjusted to reflect the reclassification of bad debt expense to selling and marketing expense. The effect amounted to $194,722, $319,590 and $219,871 for each of the first three quarters in the year ended December 31, 2000. 17. SUBSEQUENT EVENTS 2001 SENIOR NOTES On January 31, 2001, Alamosa (Delaware) consummated the offering (the "2001 Notes Offering") of $250 million aggregate principal amount of senior notes (the "2001 Senior Notes"). The 2001 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. The net proceeds from the sale of the 2001 Senior Notes were approximately $241 million, after deducting the discounts and commission to the initial purchasers and estimated offering expenses. Approximately $59.0 million of the proceeds of the 2001 Senior 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 2001 Senior Notes and the 2000 Senior Discount Notes, and the balance will be used for general corporate purposes of Alamosa (Delaware), including, accelerating coverage within the existing territories of Alamosa (Delaware); 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. F-31 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Significant terms of the 2001 Senior Notes include: RANKING -- The 2001 Senior Notes are senior unsecured obligations of Alamosa (Delaware), rank equally with all its existing and future senior debt and rank senior to all its existing and future subordinated debt. GUARANTEES -- The 2001 Senior Notes are fully and unconditionally, jointly and severally guaranteed on a senior subordinated basis by the current subsidiaries and future restricted subsidiaries of Alamosa (Delaware). SECURITY AGREEMENT -- Concurrently with the closing of the 2001 Senior Notes, Alamosa (Delaware) deposited $59.0 million with the collateral agent, to secure on a pro rata basis the payment obligations of Alamosa (Delaware) under the 2001 Senior Notes and the 2000 Senior Discount Notes. The amount deposited in the security account, together with the proceeds from the investment thereof, will be sufficient to pay when due the first four interest payments on the 2001 Senior Notes. Funds will be released from the security account to make interest payments on the 2001 Senior Notes or the 2000 Senior Discount Notes as they become due, so long as there does not exist an event of default with respect to the 2001 Senior Notes or the 2000 Senior Discount Notes. OPTIONAL REDEMPTION -- During the first thirty six (36) months after the 2001 Notes Offering, Alamosa (Delaware) may use net proceeds of an equity offering to redeem up to 35% of the accreted value of the notes at a

redemption price of 112.5%. CHANGE OF CONTROL -- Upon a change of control as defined by the 2001 Notes Offering, Alamosa (Delaware) will be required to make an offer to purchase the 2001 Senior Notes at a price equal to 101% of the principal amount together with accrued and unpaid interest. RESTRICTIVE COVENANTS -- The indenture governing the 2001 Senior Notes contains covenants that, among other things and subject to important exceptions, limit the ability of Alamosa (Delaware) and the ability of the subsidiaries of Alamosa (Delaware) to incur additional debt, issue preferred stock, pay dividends, redeem capital stock or make other restricted payments or investments as defined by the 2001 Notes Offering, create liens on assets, merge, consolidate or dispose of assets, or enter into transactions with affiliates and change lines of business. REGISTRATION RIGHTS -- In connection with the 2001 Senior Notes Offering, Alamosa (Delaware) entered into a registration rights agreement, where Alamosa (Delaware) and the guarantors of the 2001 Senior Notes agreed, (i) to file a registration statement within 90 days of the closing of the 2001 Senior Notes Offering which, when effective, will enable holders of the 2001 Senior Notes to exchange the privately placed 2001 Senior Notes for publicly registered notes. The publicly registered notes will have terms substantially identical to those of the privately placed notes, except that the new notes will be freely transferable; and (ii) to use reasonable best efforts to cause the registration statement to become effective under the Securities Act within 180 days after the closing of the 2001 Senior Notes Offering. SENIOR SECURED CREDIT FACILITY On February 14, 2001, Superholdings, Alamosa (Delaware) and Alamosa Holdings, LLC, as borrower; entered into the $280.0 million 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. F-32 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) The following is a summary of the principal terms of the Senior Secured Credit Facility. The Senior Secured Credit Facility consists of: o a 7-year senior secured 12-month delayed draw term loan facility in an aggregate principal amount of up to $293.0 million; and o 7-year senior secured revolving credit facility (the "Revolving Credit Facility") in an aggregate principal amount of up to $40.0 million, part of which will be available in the form of letters of credit. Under the Senior Secured Credit Facility, interest will accrue, at Alamosa Holdings, LLC's option: (i) at the London Interbank Offered Rate adjusted for any statutory reserves ("LIBOR"), or (ii) the base rate which is generally the higher of the administrative agent's base rate, the federal funds effective rate plus 0.50% or the administrative agent's base CD rate plus 0.50%, in each case plus an interest margin which is initially 4.00% for LIBOR borrowings and 3.00% for base rate borrowings. The applicable interest margins are subject to reductions under a pricing grid based on ratios of Alamosa Holdings, LLC's total debt to its earnings before interest, taxes, depreciation and amortization ("EBITDA").

The interest rate margins will increase by an additional 200 basis points in the event Alamosa Holdings, LLC fails to pay principal, interest or other amounts as they become due and payable under the Senior Secured Credit Facility. The interest rate on the outstanding loans is 9.4375% Alamosa Holdings, LLC is also required to pay quarterly in arrears a commitment fee on the unfunded portion of the commitment of each lender. The commitment fee accrues at a rate per annum equal to (i) 1.50% on each day when the utilization (determined by dividing the total amount of loans plus outstanding letters of credit under the Senior Secured Credit Facility by the total commitment amount under the Senior Secured Credit Facility) of the Senior Secured Credit Facility is less than or equal to 33.33%, (ii) 1.25% on each day when utilization is greater than 33.33% but less than or equal to 66.66% and (iii) 1.00% on each day when utilization is greater than 66.66%. Alamosa Holdings, LLC is also required to pay a separate annual administration fee and a fee on the aggregate face amount of outstanding letters of credit, if any, under the new revolving credit facility. On February 14, 2001, Alamosa Holdings, LLC borrowed $150.0 million under the Senior Secured Credit Facility while an additional $90.0 million in term debt will be available for multiple drawings in amounts to be agreed for a period of 12 months thereafter. Any amount outstanding at the end of the 12-month period will amortize quarterly in amounts to be agreed beginning May 14, 2004. The Revolving Credit Facility of $40.0 million will be available for multiple drawings prior to its final maturity, provided that no amounts under the new revolving credit facility will be available until all amounts under the new term facility have been fully drawn. The Revolving Credit Facility will begin reducing quarterly in amounts to be agreed beginning May 14, 2004. All advances under the Senior Secured Credit Facility are subject to usual and customary conditions, including actual and pro forma covenant compliance and the requirement that the ratio of senior debt to net property, plant and equipment for the most recent fiscal quarter will not exceed 1:1. Loans under the new term loan portion of the Senior Secured Credit Facility will be subject to mandatory prepayments from 50% of excess cash flow for each fiscal year commencing with the fiscal year ending December 31, 2003, 100% of the net cash proceeds (subject to exceptions and reinvestment rights of asset sales or other dispositions, including insurance and condemnation proceeds) of property by Alamosa (Delaware) and its subsidiaries, and 100% of the net proceeds of issuances of debt obligations of Alamosa (Delaware) and its subsidiaries (subject to exceptions). After the term loans are repaid in full, mandatory prepayments will be applied to permanently reduce commitments under the revolving credit portion of the Senior Secured Credit Facility. F-33 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) All obligations of Alamosa Holdings, LLC under the Senior Secured Credit Facility are unconditionally guaranteed on a senior basis by Superholdings, the Company, Alamosa (Delaware) and, subject to certain exceptions, by each current and future direct and indirect subsidiary of Alamosa (Delaware), including Alamosa PCS, Inc., Roberts and WOW. The Senior Secured Credit Facility is secured by a

first priority pledge of all of the capital stock of Alamosa Holdings, LLC and subject to certain exceptions, each current and future direct and indirect subsidiary of Alamosa (Delaware), as well as a first priority security interest in substantially all of the assets (including all of the Sprint affiliation agreements with the Company, Roberts and WOW) of Alamosa (Delaware) and, subject to certain exceptions, each current and future direct and indirect subsidiary of Alamosa (Delaware). The Senior Secured Credit Facility contains customary events of default, including, but not limited to: o the non-payment of the principal, interest and other obligations under the new Senior Secured Credit Facility; o the inaccuracy of representations and warranties contained in the credit agreement or the violation of covenants contained in the credit agreement; o cross default and cross acceleration to other material indebtedness; o bankruptcy; o material judgments and certain events relating to compliance with the Employee Retirement Income Security Act of 1974 and related regulations; o actual or asserted invalidity of the security documents or guaranties of the Senior Secured Credit Facility; o the occurrence of a termination event under the management, licenses and other agreements between any of the Company, WOW, Roberts and their subsidiaries and Sprint PCS or a breach or default under the consent and agreement entered into between Citicorp USA, Inc., as administrative agent for the lenders, and Sprint PCS; o loss of rights to benefit of or the occurrence of any default under other material agreements that could reasonably be expected to result in a material adverse effect on Alamosa Holdings, LLC; o the occurrence of a change of control; o any termination, revocation or non-renewal by the FCC of one or more material licenses; and o the failure by Alamosa (Delaware) to make a payment, if that could reasonably be expected to result in the loss, termination, revocation, non-renewal or material impairment of any material licenses or otherwise result in a material adverse affect on Alamosa Holdings, LLC. The Senior Secured Credit Facility contains numerous affirmative and negative covenants customary for credit facilities of a similar nature, including, but not limited to, negative covenants imposing limitations on the ability of Alamosa (Delaware), Alamosa Holdings, LLC and their subsidiaries, and as appropriate, Superholdings, to, among other things, (i) declare dividends or repurchase stock; (ii) prepay, redeem or repurchase debt; (iii) incur liens and engage in sale-leaseback transactions; (iv) make loans and investments; (v) incur additional debt, hedging agreements and contingent obligations; (vi) issue preferred stock of subsidiaries; (vii) engage in mergers, acquisitions and asset sales; (viii) engage in certain transactions with affiliates; (ix) amend, waive or otherwise alter material agreements or enter into restrictive agreements; and (x) alter the businesses they conduct. F-34 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) Alamosa (Delaware) is also subject to the following financial covenants, which will apply until June 30, 2002: o minimum numbers of Sprint PCS subscribers; o providing coverage to a minimum number of residents; o minimum service revenue; o maximum negative EBITDA or minimum EBITDA; o ratio of senior debt to total capital; o ratio of total debt to total

capital; and o maximum capital expenditures. After June 30, 2002, the financial covenants will be the following: o ratio of senior debt to EBITDA; o ratio of total debt to EBITDA; o ratio of EBITDA to total fixed charges (the sum of debt service, capital expenditures and taxes); o ratio of EBITDA to total cash interest expense; and o ratio of EBITDA to pro forma debt service. Unless waived by the Senior Secured Credit Facility lenders, the failure of Superholdings, Alamosa Holdings, LLC and their subsidiaries to satisfy or comply with any of the financial or other covenants, or the occurrence of an event of default under the Senior Secured Credit Facility, will entitle the lenders to declare the outstanding borrowings under the Senior Secured Credit Facility immediately due and payable and exercise all or any of their other rights and remedies. Any such acceleration or other exercise of rights and remedies would likely have a material adverse effect on Superholdings, the Company, Alamosa (Delaware), Alamosa Holdings, LLC and their subsidiaries. CONSENT AND AGREEMENT FOR THE BENEFIT OF THE HOLDERS OF THE SENIOR SECURED CREDIT FACILITY Sprint PCS entered into a consent and agreement with Citicorp, that modifies Sprint PCS' rights and remedies under our affiliation agreements with Sprint PCS, for the benefit of Citicorp and the holders of the Senior Secured Credit Facility and any refinancing thereof.The consent and agreement with Citicorp generally provide, among other things, Sprint PCS' consent to the pledge of substantially all of our assets, including our rights in our affiliation agreements with Sprint PCS, and that our affiliation agreements with Sprint PCS generally may not be terminated by Sprint PCS until the Senior Secured Credit Facility is satisfied in full pursuant to the terms of the consents and agreement. Subject to the requirements of applicable law, so long as the Senior Secured Credit Facility remains outstanding, Sprint PCS has the right to purchase our operating assets or the or the partnership interests, membership interests or other equity interests of our operating subsidiaries, upon its receipt of notice of an acceleration of the Senior Secured Credit Facility, under certain terms. If Sprint PCS does not purchase our operating assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries after an acceleration of the obligations under the Senior Secured Credit Facility, then the administrative agent may sell the operating assets or the partnership interests, membership interests or other equity interests of our operating subsidiaries. MERGERS WITH ROBERTS WIRELESS COMMUNICATIONS, L.L.C. AND WASHINGTON OREGON WIRELESS, LLC On July 31, 2000, Holdings signed definitive agreements to merge two Sprint PCS affiliates, Roberts Wireless Communications, L.L.C. ("Roberts") and Washington Oregon Wireless, LLC ("WOW") into its F-35 ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) operations. Roberts has a management agreement with Sprint PCS to provide personal communications services to approximately 2.5 million residents primarily in the states of Missouri, Kansas and Illinois. WOW has a similar management agreement with Sprint PCS to provide services to approximately 1.5 million people primarily in Washington and Oregon. These

mergers occurred on February 14, 2001. It is anticipated that both of these transactions will be accounted for under the purchase accounting method. The consummation of these transactions contemplates a merger of the Company, pursuant to which the Company, Roberts and WOW became subsidiaries of a new holding company, Superholdings, and the Company's stockholders became stockholders of Superholdings. Roberts is a wholly owned subsidiary of Roberts Wireless Holdings, L.L.C. ("Roberts Holdings"). Pursuant to the Roberts merger agreement, the members of Roberts Holdings received 13.5 million shares of Superholdings and approximately $4.0 million in cash. Superholdings will assume the net debt of Roberts in the transaction, which amounted to approximately $56.0 million as of December 31, 2000. WOW is a wholly owned subsidiary of WOW Holdings, LLC ("WOW Holdings"). Pursuant to the WOW merger agreement, the members of WOW Holdings received 6.05 million shares of Superholdings and $12.5 million in cash. Superholdings will assume the net debt of WOW in the transaction, which amounted to approximately $31 million as of December 31, 2000. Prior to consummating the mergers, on July 31, 2000, Operations entered into services agreements with Roberts and WOW, effective July 31, 2000 and September 1, 2000, respectively, whereby Operations began to manage the operations of Roberts and WOW, pending completion of the mergers. Operations provides various services in connection with the operation of Robert's and WOW's businesses, including (a) all network management services, (b) management of all sales and marketing services, (c) through the management agreements with Sprint PCS, customer card, billing, and other services, and (d) certain general and administrative, executive, financial and accounting, human resources, legal and other professional and forecasting services. Under the terms of the agreement, Roberts and WOW each paid Operations a management fee of $100,000 per month for the services provided by Operations and each reimbursed Operations for certain costs and expenses incurred or paid by Operations in providing these services. The terms of the Roberts and WOW services agreements began on July 31, 2000 and September 1, 2000, respectively, and ended upon the completion of the respective mergers. MERGER WITH SOUTHWEST PCS On March 9, 2001, Superholdings announced the signing of a definitive agreement to merge Sprint PCS network partner, Southwest PCS Holdings, Inc. ("Southwest") into our operations. Southwest shareholders will exchange 100 percent of their common shares of Southwest for 11.1 million shares of our common stock and $5 million in cash. The transaction will be structured as a merger. The acquisition is subject to certain conditions including expiration of the statutory waiting period under federal anti-trust laws. We expect to complete the acquisition at the end of the first quarter of 2001. Southwest has a management agreement with Sprint PCS to service more than 2.8 million residents with the exclusive right to market 100 percent digital and wireless products and services under the Sprint and Sprint PCS brand names. The Southwest territories covers markets in Texas, Oklahoma and Arkansas, encompassing over 2,100 heavily traveled highway miles. As of December 31, 2000, Southwest had launched service in 18 markets covering approximately 1.5

million residents and had approximately 40,000 customers. F-36 REPORT OF INDEPENDENT ACCOUNTANTS ON FINANCIAL STATEMENT SCHEDULE To the Board of Directors of Alamosa Holdings, Inc. (successor to Alamosa PCS Holdings, Inc.) Our audits of consolidated financial statements referred to in our report dated February 19, 2001, except for Note 17 as to which the date is March 9, 2001, appearing in the 2000 annual report on Form 10-K of Almosa Holdings, Inc. also included an audit of the financial statement schedule listed in item 14(a)(2) of this Form 10-K. In our opinion, this financial statement schedule presents fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. PricewaterhouseCoopers LLP Dallas, Texas February 19, 2001 F-37 SCHEDULE II ALAMOSA HOLDINGS, INC. (SUCCESSOR TO ALAMOSA PCS HOLDINGS, INC.) CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS FOR THE PERIOD JULY 16, 1998 (INCEPTION) THROUGH DECEMBER 31, 2000 (IN THOUSANDS) ADDITIONS BALANCE AT CHARGED TO BEGINNING OF COSTS AND BALANCE AT CLASSIFICATION PERIOD EXPENSES DEDUCTIONS END OF PERIOD --- -------------- ----------- ------------ -------------- December 31, 1998 Allowance for doubtful accounts .... $ -- $ -- $-- $ -- December 31, 1999 Allowance for doubtful accounts .... $ -- $ 162 $-- $ 162 December 31, 2000 Allowance for doubtful accounts .... $162 $1,341 $-- $1,503 This schedule should be read in conjunction with the Company's audited consolidated financial statements and related notes thereto that appear in this prospectus. F-38 INDEPENDENT AUDITOR'S REPORT Members Roberts Wireless Communications, LLC We have audited the accompanying consolidated balance sheets of Roberts Wireless Communications, LLC (the Company) as of December 31, 2000 and 1999, and the related consolidated statement of income, members' equity and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Roberts Wireless Communications, LLC as of December 31, 2000 and 1999, and the results of their operations and their cash flows for the year then ended, in accordance with generally accepted accounting principles. MELMAN, ALTON & CO., L.L.C. March 24, 2001 F-39 ROBERTS WIRELESS COMMUNICATIONS, LLC AND SUBSIDIARY CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2000 AND 1999 2000 1999 --------------- ---------------

ASSETS Current Assets Cash .... $ -- $ 3,144,756 Accounts Receivable .... 3,704,786 389,951 Inventory .... 1,156,207 226,968 Prepaid Rent .... 364,296 120,000 Note Receivable .... 16,375,106 -- ------------- ------------ Total Current Assets .... 21,600,395 3,881,675 ------------- ------------ Fixed Assets Land and Buildings .... 1,329,270 216,335 Communication Equipment .... 71,429,741 14,208,718 Furniture & Fixtures .... 996,812 191,207 Vehicles .... 113,553 170,000 ------------- ------------ Total Cost .... 73,869,376 14,786,260 Less: Accumulated depreciation .... (6,732,648) (1,454,939) Total Fixed Assets .... 67,136,728 13,331,321 ------------- ------------ Intangible Assets (net of amortization) .... 6,378,893 10,129,487 Debt Issuance Costs (net of amortization) .... 1,849,450 -- Other Noncurrent Assets .... 24,879 -- ------------- ------------ Total Assets .... $ 96,990,345 $ 27,342,483 ============= ============ LIABILITIES AND MEMBERS' EQUITY Current Liabilities Accounts Payable and Accrued Expenses .... $ 18,616,283 $ 2,371,177 Note Payable and Other Current Liability .... 37,320,272 -- Total Current Liabilities .... 55,936,555 2,371,177 ------------- ------------ Long Term Liabilities Notes Payable .... 56,000,000 25,011,439 ------------- ------------ Total Liabilities .... 111,936,555 27,382,616 ------------- ------------ Commitments and Contingencies .... Members Equity .... (14,946,210) (40,133) ------------- ------------ Total Liabilities and Equity .... $ 96,990,345 $ 27,342,483 ============= ============ See accompanying notes and accountant's report. F-40 ROBERTS WIRELESS COMMUNICATIONS, L.L.C. CONSOLIDATED STATEMENTS OF OPERATIONS DECEMBER 31, 2000 DECEMBER 31, 1999 ------------------ ------------------ Revenues: Subscriber revenues .... $ 8,492,521 $ 2,025,110 Roaming and travel revenues .... 4,920,614 469,328 ------------- ------------ Service revenues .... 13,413,135 2,494,438 Product sales .... 1,315,616 379,259 ------------- ------------ Total Revenue .... 14,728,751 2,873,697 ------------- ------------ Cost and expenses: Cost of services and operations .... 10,004,526 1,748,565 Cost of products sold .... 2,493,853 834,236 Selling and marketing .... 6,975,964 2,025,429 General and administrative expenses .... 2,507,262 702,829 Depreciation and amortization .... 5,671,944 1,799,281 ------------- ------------ Total costs and expenses .... 27,653,549 7,110,340 ------------- ------------ Loss from operations .... (12,924,798) (4,236,643) Interest and other income .... 98,085 65,739 Interest expense .... (3,279,364) (417,337) ------------- ------------ Net Loss .... $ (16,106,077) $ (4,588,241) ============= ============ See accompanying notes and accountant's report. F-41 ROBERTS WIRELESS COMMUNICATIONS, LLC AND SUBSIDIARY CONSOLIDATED STATEMENTS OF MEMBERS'

EQUITY (DEFICIT) YEARS ENDED DECEMBER 31, 2000 AND 1999 CONTRIBUTED CONTRIBUTED CAPITAL ACCUMULATED CAPITAL MEMBERS RELATED ENTITIES DEFICIT MEMBERS' EQUITY ---------------- ------------------ ---------------- ---------------- Members' Equity (Deficit) - December 31, 1998 .... $1,176,200 $3,709,129 $ (3,632,381) $ 1,252,948 Contributed Capital - Members .... 2,903,000 2,903,000 Contributed Capital - Related Entities .... 392,160 392,160 Net Loss .... (4,588,241) (4,588,241) ------------- ------------- Members Equity (Deficit) - December 31, 1999 .... $4,079,200 $4,101,289 $ (8,220,622) $ (40,133) Contributed Capital - Members .... 1,200,000 1,200,000 Net Loss .... (16,106,077) (16,106,077) ------------- ------------- Members Equity (Deficit) - December 31, 2000 .... $5,279,200 $4,101,289 $ (24,326,699) $ (14,946,210) ========== ========== ============ ============= See accompanying notes and accountant's report. F-42 ROBERTS WIRELESS COMMUNICATIONS, LLC AND SUBSIDIARY CONSOLIDATED STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2000 AND 1999 2000 1999 ----------------- ---------------- Cash Flows From Operating Activities: Net Loss .... $ (16,106,077) $ (4,588,241) Adjustments to reconcile net loss to net cash used in operating activities: Depreciation and amortization .... 5,671,944 1,799,281 Change in assets and liabilities: Increase in accounts receivable .... (3,314,835) (1,073,722) Increase in inventory .... (929,239) (226,968) Increase in accounts payable and accrued expenses .... 14,995,688 2,371,177 (Increase) decrease in deposits .... (24,879) 1,000,000 Increase in prepaid expenses .... (244,296) (120,000) ------------- ------------- Net Cash Provided by (Used in) Operating Activities .... 48,306 (838,473) ------------- ------------- Cash Flows From Investing Activities Additions to fixed assets and operating rights .... (55,612,297) (22,489,025) ------------- ------------- Net Cash Used in Investing Activities .... (55,612,297) (22,489,025) ------------- ------------- Cash Flows From Financing Activities: Increase in loan costs .... (714,492) (1,521,841) Proceeds from contributed capital .... 1,200,000 2,903,000 Proceeds from debt .... 51,613,455 25,011,439 ------------- ------------- Net Cash Provided by Financing Activities .... 52,098,963 26,392,598 ------------- ------------- Net Increase (Decrease) in Cash .... (3,465,028) 3,065,100 Cash and cash equivalents at Beginning of Year .... 3,144,756 79,656 ------------- ------------- Cash (Bank Overdraft) at End of Year .... $ (320,272) $ 3,144,756 ============ ============= Supplemental Disclosure .... Cash Paid for Interest .... $ 1,697,952 $ -- ============ ============= See accompanying notes and accountant's report. F-43 ROBERTS WIRELESS COMMUNICATIONS, LLC AND SUBSIDIARY CONSOLIDATED NOTES TO FINANCIAL

STATEMENTS DECEMBER 31, 2000 AND 1999 1. ORGANIZATION AND BUSINESS POLICIES NATURE OF OPERATIONS -- Roberts Wireless Communications, LLC (The Company) was formed May, 1998 as a limited liability company, to engage in the business of wireless communications and is currently operating as a Sprint PCS affiliate. INTERIM NETWORK OPERATING AGREEMENT/ASSET PURCHASE -- On January 21, 1999, Sprint PCS assigned the Columbia, MO Basic Trading Area ("BTA") and the Jefferson City, MO BTA service areas to the Company through a purchase agreement. This assignment included an agreement whereby the Company receives 92% of billed revenue generated by subscribers in these markets. At the time of this assignment, the Company was in the process of building its master switching center, thus not capable of operating the network. The Company and Sprint entered into an Interim Network Operating Agreement whereby the twenty-three cell sites located in the Columbia and Jefferson City, MO service areas would remain on the Sprint PCS St. Louis switch, and, Sprint PCS would continue to maintain such properties until: a) all leases for cell sites in both service areas had been transferred from Sprint PCS to the Company and b) The Company paid Sprint PCS in full for the "Asset Purchase". On September 8, 1999, the Asset Purchase was consummated although three of the total twenty-three leases had not been transferred. From January 21, 1999 through April 4, 2000, the Company incurred Interim Network Operating fees of varying amounts based upon the number of cell site leases not transferred. On May 19, 2000, all cell sites in the Columbia and Jefferson City service areas were transferred off the Sprint PCS switch and connected to the Company's switch. The purchase price for the operating rights and related equipment totaled $12.9 million. The fair value of the equipment was $4 million. The remaining $8.9 million was recorded as an intangible asset and is being amortized over the remaining life of the Sprint Agreement of 18 years. WHOLLY-OWNED SUBSIDIARY -- The Company owns 100% of Roberts Wireless Properties, LLC. This subsidiary is inactive. 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES USE OF ESTIMATES -- Management uses estimates and assumptions in preparing financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosure of any contingent assets and liabilities, and the reported revenues and expenses. INVENTORY -- Inventory consists of handsets and related accessories. Inventories purchased for resale will be carried at the lower of cost (first-in, first-out), or market. Market will be determined using replacement cost. PROPERTY AND EQUIPMENT -- Property and equipment are reported at cost less accumulated depreciation. Repair and maintenance costs are charged to expense as incurred; significant renewals and betterments are capitalized. When depreciable assets are retired or otherwise disposed of, the related costs and accumulated depreciation are removed from the respective accounts, and any gains or losses on disposition are recognized in income. Property and equipment are depreciated using the straight-line method based on estimated useful lives of the assets. Asset lives are as follows: Buildings .... 39 years Furniture and Fixtures .... 5-7 years Communication Equipment ....

5-15 years Vehicles .... 5 years F-44 ROBERTS WIRELESS COMMUNICATIONS, LLC AND SUBSIDIARY CONSOLIDATED NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS -- The Company does not believe that any recently issued accounting pronouncements will have a material impact on its financial position, results of operations or cash flows. REVENUE RECOGNITION -- The Company recognizes revenue as services are performed. Sprint PCS handles the Company's billings and collections and retains 8% of collected service revenues from Sprint PCS subscribers based in the Company's territory and from non-Sprint PCS subscribers who roam onto the Company's network. The amount retained by Sprint PCS is recorded as an operating expense. Revenues generated from the sale of handsets and accessories and from roaming services provided to Sprint PCS customers who are not based in the Company's territory are not subject to the 8% retainage. ADVERTISING COSTS -- Advertising costs are expensed as incurred. Advertising expenses totaled approximately $3,143,566 during 2000 and $565,751 during 1999. ACCRUAL BASIS OF ACCOUNTING -- Assets and liabilities and income and expenses are recognized on the accrual basis of accounting. CONCENTRATION OF CREDIT RISK -- The Company maintains deposits in excess of federally insured limits. Statement of Financial Accounting Standards No. 105 identifies these items as a concentration of credit risk requiring disclosure, regardless of the degree of risk. The risk is managed by maintaining all deposits in high quality financial institutions. ACCOUNTS RECEIVABLE -- The Company uses the allowance method for recognizing bad debts. AMORTIZATION -- Loan costs are capitalized and amortized over the term of the loan on a straight-line basis over eight years. INCOME TAXES -- No income tax provision has been included in the financial statements, since income or loss of the limited liability company is reported by the members on their individual tax returns. 3. NOTE PAYABLE AND OTHER CURRENT LIABILITY Note Payable -- Alamosa $ 37,000,000 Origination Date: July 31, 2000 Collateral: Membership Interest Maturity Date: At merger closing Interest Rate: 9.5% Balance December 31, 2000 $ 37,000,000 Bank Overdraft 320,272 ------------ $ 37,320,272 ============ The note payable was paid off February 14, 2001, when the merger with Alamosa was completed. 4. LONG TERM DEBT Note payable -- DLJ Origination date: September 8, 1999 Collateral: All assets owned by the company. Maturity Date: September 8, 2007 $56,000,000 =========== The Company entered into a credit agreement with Lucent. The financing terms permit the Company to borrow $56 million through three commitment tranches to finance the costs of equipment and services purchased from Lucent. In exchange for Lucent base stations purchased by the Company in connection with the swap-out of 23 Nortel base stations, Lucent agreed to give the Company credits amounting to F-45 ROBERTS WIRELESS COMMUNICATIONS, LLC AND SUBSIDIARY CONSOLIDATED NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 $2,061,428 to be used for future purchases of Lucent products. This loan was paid off on February 14, 2001, when the merger with Alamosa was completed. The loan

shall bear interest at the alternate base rate (ABR), plus the applicable margin set forth as follows: The applicable margin for ABR Borrowings is a percentage per annum based on the ratio of total debt to annualized earnings before interest, taxes, depreciation, and amortization ("EBITDA") of the Borrower as of the prior fiscal quarter (calculated on a rolling 12-month basis) as follows: APPLICABLE MARGIN FOR LEVERAGE ABR BORROWINGS -- ---------------------- (greater than) 10 x 3.50% = or (less than) 10 x but (greater than) 6 x 3.25% = or (less than) 6 x but (less than) 4 x 3.00% = or (less than) 4 x 2.75% The interest rate at December 31, 2000 approximated 11.5%. Maturities of long-term debt for the years succeeding December 31, 2000 were scheduled as follows: This note was paid off on February 14, 2001 (Note 7). Year Amount ---------------------------- ------- 2001 .... $ 0 2002 .... 0 2003 .... 5,002,288 2004 .... 5,002,288 2005 .... 5,002,288 Thereafter .... 40,993,136 ------------ $ 56,000,000 ============ 5. RELATED PARTY TRANSACTIONS AND LEASE COMMITMENTS Capital has been contributed by related entities of the Company. Capital was contributed in the form of expenditures paid by related entities. During the year 2000, the Company entered into a loan agreement with Roberts Tower Company. At December 31, 2000, the amount outstanding was $16,375,106. The loan was fully repaid on February 14, 2001. Roberts Tower Company is a corporation owned by the members of the Company. Agreements with Affiliates - The Company has entered into an agreement with Roberts Tower Company for the rental of broadcasting equipment. Amounts paid / accrued under the agreement totaled $293,494 and $0 for the years ended December 31, 2000 and 1999, respectively. The Company also has entered into an agreement with Roberts Brothers Properties, LLC for the rental of office facilities. Amount paid / accrued under the agreement totaled $128,334 and $0 for the years ended December 31, 2000 and 1999, respectively. Roberts Brothers Properties, LLC is a limited liability company owned by the members of the Company. The Company has various operating leases, primarily related to rentals of tower sites and office facilities. At December 31, 2000, the aggregate minimum rental commitments under noncancellable operating leases for the periods shown are as follows: F-46 ROBERTS WIRELESS COMMUNICATIONS, LLC AND SUBSIDIARY CONSOLIDATED NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 Year Amount ---------------------------- -------- 2001 .... $ 1,236,000 2002 .... 1,273,080 2003 .... 1,311,272 2004 .... 1,350,611 2005 .... 1,391,129 Thereafter .... 5,994,564 ------------ $ 12,556,656 ============ 6. COMMITMENTS AND CONTINGENCIES o The Company is a defendant in a lawsuit . The plaintiff is seeking $300,000. The Company has filed a motion to dismiss the suit on the basis that it fails to state any legal claim on which relief can be granted by the court as a matter of loss. If the motion to dismiss is denied, the Company intends to vigorously defend the suit. The ultimate resolution of this matter is not ascertainable at this time. No

provision has been made in the financial statements related to this claim. 7. SUBSEQUENT EVENTS On February 14, 2001, the Company combined its operations with Alamosa PCS Holdings, Inc. in a reorganization transaction in which the Company and Alamosa PCS Holdings, Inc. each became a wholly-owned subsidiary of Alamosa Holding, Inc. The members' of the Company received 13,500,000 shares of Alamosa PCS Holdings, Inc. stock and $4,000,000 in cash. As part of the reorganization, the Company transferred to the members', Roberts Tower Company or other entities controlled by them, certain assets amounting to $7,095,293 that include real estate, towers, Nortel base stations and retail store sites that were funded directly or indirectly with capital contributions to the Company by the members'. On February 14, 2001, Alamosa, as borrower; entered into a $280.0 million 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 National Bank, as documentation agent; and a syndicate of banking and financial institutions. The following is a summary of the principal terms of the new credit facility. The new credit facility consists of: o a 7-year senior secured 12-month delayed draw term loan facility in an aggregate principal amount of up to $255.0 million; and o 7-year senior secured revolving credit facility in a aggregate principal amount of up to $40.0 million, part of which will be available in the form of letters of credit. Under the new credit facility, interest will accrue, at Alamosa's option: (i) at the London Interbank Offered Rate adjusted for any statutory reserves ("LIBOR")., or (ii) the base rate which is generally the higher of the administrative agent's base rate, the federal funds effective rate plus 0.50% or the administrative agents's base CD rate plus 0.50%, in each case plus an interest margin which is initially 4.00% for LIBOR borrowings and 3.00% for base rate borrowings. The applicable interest margins are subject to reductions under a pricing grid based on ratios of Alamosa's total debt to its earnings before interest, taxes, depreciation and amortization ("EBITDA"). The interest rate margins will increase be any additional 200 basis points in the event Alamosa fails to pay principal, interest or other amounts as they become due and payable under the new credit facility. This secured credit facility with Citicorp USA was used to pay off DLJ (Note 4). F-47 ROBERTS WIRELESS COMMUNICATIONS, LLC AND SUBSIDIARY CONSOLIDATED NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 8. RECLASSIFICATIONS Certain items in the December 31, 1999 report have been reclassified to conform to current year classifications. Such reclassifications had no effect on previously reported net income. F-48 INDEPENDENT AUDITOR'S REPORT Board of Managers Washington Oregon Wireless, LLC Lake Oswego, Oregon We have audited the accompanying balance sheets of Washington Oregon Wireless, LLC (a limited liability company) as of December 31, 2000 and 1999, and the related statements of income, members' equity, and cash flows for the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with generally

accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion. In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of Washington Oregon Wireless, LLC as of December 31, 2000 and 1999, and the results of its operations, members' equity, and cash flows for years then ended in conformity with generally accepted accounting principles. Aldrich, Kilbride & Tatone LLP February 28, 2001 Salem, Oregon F-49 BALANCE SHEETS DECEMBER 31, 2000 AND 1999 2000 1999 ---------------- --------------- ASSETS Current assets: Cash and cash equivalents .... $ 8,441,896 596,445 Accounts receivable less allowance for doubtful accounts of zero .... 552,018 -- Inventory .... 510,089 -- Prepaid expenses and other current assets .... 273,632 -- ------------- ------- Total current assets .... 9,777,635 596,445 Property, plant, and equipment, net (Note 5) .... 36,686,735 10,413,155 Deferred financing costs (Note 10) .... 1,479,324 -- Other assets .... 149,232 -- ------------- ---------- $ 48,092,926 11,009,600 ============= ========== LIABILITIES AND MEMBERS' EQUITY Current liabilities -- accounts payable and accrued expenses .... $ 7,825,710 8,206,097 ------------- ---------- Long-term liabilities: Note payable CoBank (Note 9) .... 30,960,318 -- Note payable Alamosa (Note 2) .... 9,865,233 -- ------------- ---------- Total long-term liabilities .... 40,825,551 -- ------------- ---------- Members' equity (deficit) (Note 1): Capital contributed .... 15,573,311 3,829,120 Accumulated deficit .... (15,381,646) (1,025,617) Capital acquisition costs .... (750,000) -- ------------- ---------- Total members' equity (deficit) .... (558,335) 2,803,503 ------------- ---------- $ 48,092,926 11,009,600 ============= ========== The accompanying notes are an integral part of the financial statements. F-50 STATEMENTS OF INCOME YEARS ENDED DECEMBER 31, 2000 AND 1999 2000 1999 ---------------- ------------- Revenues: Subscriber revenue .... $ 806,850 -- Travel and roaming revenues .... 1,016,635 -- ------------- --------- Total service revenues .... 1,823,485 -- Product sales .... 682,576 -- ------------- --------- Total revenues .... 2,506,061 -- ------------- --------- Costs and expenses: Cost of services and operations .... 4,373,599 -- Cost of products sold .... 1,750,059 -- Selling and marketing expenses .... 4,106,230 -- General and administrative expenses .... 4,377,348 986,210 Depreciation and amortization 1,432,661

923 ------------ ------- Total costs and expenses .... 16,039,897 987,133 ------------ ------- Loss from operations .... (13,533,836) (987,133) ------------ -------- Other income (expense): Interest and other income .... 155,966 6,992 Interest expense .... (978,159) -- ------------ -------- Total other income (expense) .... (822,193) 6,992 ------------ -------- Net Loss .... $ (14,356,029) (980,141) ============ ======== The accompanying notes are an integral part of the financial statements. F-51 STATEMENTS OF MEMBERS' EQUITY YEARS ENDED DECEMBER 31, 2000 AND 1999 CAPITAL TOTAL CAPITAL ACCUMULATED ACQUISITION MEMBERS' CONTRIBUTED DEFICIT COST EQUITY (DEFICIT) ------------- -------------- ------------- ----------------- Members' equity (deficit), December 31, 1998 .... $ 33,000 (45,476) -- (12,476) Capital contributions .... 3,796,120 -- -- 3,796,120 Net loss .... -- (980,141) -- (980,141) ---------- -------- -- --------- Members' equity (deficit), December 31, 1999 .... 3,829,120 (1,025,617) -- 2,803,503 Capital contributions .... 11,744,191 -- -- 11,744,191 Net loss .... -- (14,356,029) -- (14,356,029) Capital acquisition costs .... -- -- (750,000) (750,000) ----------- ----------- -------- ----------- Members' equity (deficit), Decmber 31, 2000 .... $15,573,311 (15,381,646) (750,000) (558,335) =========== =========== ======== =========== The accompanying notes are an integral part of the financial statements. F-52 STATEMENTS OF CASH FLOWS YEARS ENDED DECEMBER 31, 2000 AND 1999 2000 1999 ----------------- -------------- Cash flows from operating activities: Net loss .... $ (14,356,029) (980,141) Contributed services .... 200,000 100,000 Depreciation and amortization .... 1,432,661 923 Adjustments to reconcile net loss to net cash used by operating activities: Changes in assets and liabilities: Accounts receivable .... (552,018) -- Inventory .... (510,089) -- Prepaid expenses and other current assets .... (273,632) -- Accounts payable and accrued expenses .... 5,377,452 25,060 ------------- -------- Net cash used by operating activities .... (8,681,655) (854,158) ------------ -------- Cash flows from investing activities: Capital expenditures .... (33,326,508) (2,249,596) Purchase of other assets .... (149,232) -- ------------ ---------- Net cash used by investing activities .... (33,475,740) (2,249,596) ------------ ---------- Cash flows from financing activities: Member capital contributions .... 11,544,191 3,696,120 Proceeds from note payable -- Alamosa .... 9,865,233 -- Proceeds from note payable -- CoBank .... 30,960,318 -- Loan financing costs .... (1,616,896) -- Capital acquisition costs .... (750,000) -- ------------- ---------- Net cash provided by financing activities .... 50,002,846 3,696,120 ------------ ---------- Net increase in cash and cash equivalents .... 7,845,451 592,366 Cash and cash equivalents, beginning .... 596,445 4,079 ------------ ---------- Cash and cash equivalents, ending .... $ 8,441,896

596,445 ============ ========= The accompanying notes are an integral part of the financial statements. F-53 STATEMENTS OF CASH FLOWS, CONTINUED YEARS ENDED DECEMBER 31, 2000 AND 1999 2000 1999 --------------- --------------- Cash paid during the year for interest .... $ 1,011,142 -- =========== == Non-cash investing activities: Additions to communications network and construction in progress .... $ 24,807,257 10,399,330 Equipment additions .... 1,172,999 14,748 Leasehold improvements .... 1,588,413 -- Equipment purchases included in accounts payable: Beginning .... 8,164,482 -- Ending .... (2,406,643) (8,164,482) ------------ ---------- Net cash additions to fixed assets .... $ 33,326,508 2,249,596 The accompanying notes are an integral part of the financial statements. F-54 NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 1. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES BUSINESS ACTIVITY Washington Oregon Wireless, LLC (the Company) (WOW) operates as an Oregon Limited Liability Company comprised of 27 members as of December 31, 2000. As an LLC, the members of the Company have limited personal liability for the obligations and debts of the entity. The Company was formed in 1998 for the purpose of building out and operating personal communications services (PCS) networks in Washington and Oregon, to provide other wireless telephone services, and construct other infrastructure, towers, and networks as the members may approve. AFFILIATION AGREEMENT In February 1999, the Company entered into an "Affiliation Agreement" with Sprint PCS (Sprint). As a Sprint PCS affiliate, WOW has the exclusive right to provide digital PCS services under the Sprint and Sprint PCS brand name in its service areas in rural portions of Oregon and Washington for a period of up to 50 years. Under the Agreement, WOW is responsible for designing, building, owning, and managing a communications network in its service area to the standards established by Sprint, which will operate as a single-integrated system with other Sprint PCS service areas. As part of the Sprint PCS Agreement, WOW has contracted with Sprint PCS to provide back office services such as customer activation, handset logistics, billing, customer service, and network monitoring. MEMBERSHIP All members are required to own a membership interest in the Company. Each member of the Company has subscribed to a minimum of $100,000 cash (or contributed services, see Note 4) to be admitted in the LLC. Only one class of members exists and the entity's life shall exist indefinitely until dissolved as provided by the operating agreement. New members may be admitted with the approval of members comprising 67% of the ownership rights. Each member of the Company entered into the Amended and Restated Operating Agreement of Washington Oregon Wireless, LLC that covered the amount and timing of its contributions to the LLC. Actual capital calls were made at the discretion of the Board of Managers of the Company. The original subscription agreements have been superseded by the Amended and Restated Operating Agreement. Member capital calls were suspended after the first quarter 2000 due

to the proposed merger (see Note 2). As a result of the merger closing in 2001, there are no capital subscriptions receivable at December 31, 2000. CASH AND CASH EQUIVALENTS The Company considers all highly liquid investments purchased with a maturity of three months or less to be cash equivalents. The Company maintains its cash in bank deposit accounts that, at times, may exceed federally insured limits. The Company has not experienced any losses in such accounts and believes it is not exposed to any significant credit risk on cash and cash equivalents. INVENTORY Inventory consists of handsets and phone accessories at retail store locations. Inventory is stated at the lower of cost, determined using the first-in, first-out method, or market. Market is determined using replacement cost in accordance with industry standards. F-55 NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 (CONTINUED) FIXED ASSETS Fixed assets include communication network, office equipment, leasehold improvements, and construction in progress. Office equipment and leasehold improvements are recorded at cost and depreciated on a straight-line basis over the estimated life of the assets (10 years for the communication network and 5 years for other equipment), or the term of the lease as appropriate. The communication network and construction in progress consists of the costs of acquiring wireless communication sites for the placement of base stations, purchases of the related equipment, and construction of a mobile switching center in Beavercreek, Oregon. INCOME TAXES The Company is not a taxpaying entity for federal income tax purposes, and thus, no income tax expense has been recorded in the statements. Income (loss) of the Company is included in the members' tax returns. ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. ACCOUNTING FOR START-UP COSTS The Company accounts for start-up related costs in accordance with AICPA Statement of Position 98-5, Reporting on the Costs of Start-Up Activities. The Company expensed start-up costs as incurred unless the costs qualify for capitalization under other generally accepted accounting principles. ACCOUNTING FOR APPRECIATION RIGHTS The Company accounts for its Value Appreciation Rights Plan (see Note 7) in accordance with Statement of Financial Accounting Standards No. 123, Accounting for Stock Based Compensation. Statement No. 123 established fair value as the measurement basis for accounting for employee stock option plans and similar equity instruments. INTEREST CAPITALIZATION The Company follows the policy of capitalizing interest as a component of the cost of property, plant, and equipment constructed for its own use. For the year ended December 31, 2000, total interest incurred was $1,567,398 (including $87,044 of amortization of deferred financing costs), of which $589,239 has been capitalized and $978,159 expensed. The Company incurred no interest for the year ended December 31, 1999. ADVERTISING Advertising costs, which are expensed to operations when

incurred, amounted to $884,428 in 2000 (none in 1999).
F-56 NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 (CONTINUED) 2. REORGANIZATION On July 31, 2000, the Company entered into a definitive agreement to merge with Sprint PCS affiliate Alamosa PCS Holdings, Inc. (Alamosa). Pursuant to the Reorganization Agreement, the members of the Company will receive 6,050,000 shares of Alamosa stock and $12.5 million in cash in exchange for 100% of the ownership of the Company. The merger was completed on February 14, 2001. Upon closing of the merger, all units granted under the VAR Plan (see Note 7) became fully vested, and the units were valued as of such closing. The valuation is based on the Company's total equity value as reflected in the merger (including stock and cash received by the members of the Company), without deduction of the cost of such merger and without reducing the value of stock the members of the Company receive, by a discount for any "lock-up" period applicable to such stock. All amounts owed under the plan were either paid directly by the members out of the proceeds received under the merger or assumed by Alamosa as described below. The Company incurred no liability related to the plan. As described in the Agreement and Plan of Reorganization, on the closing date Alamosa, or an affiliate of Alamosa, assumed the obligations owed under the VAR Plan to the Company's employees whom Alamosa or its affiliates elected to employ and assumed the obligations owed to the CEO of the Company under the VAR Plan. In addition, on July 31, 2000, the Company entered into a services agreement with Alamosa Operations, Inc. (Operations), a subsidiary of Alamosa, effective September 30, 2000, whereby Operations began to manage the operations of the Company pending the outcome of the merger. Operations provides various services in connection with the operation of the Company's business, including: (a) all network management services, (b) management of all sales and marketing services, (c) through the management agreements with Sprint PCS, customer care, billing, and other services, and (d) certain general and administrative, executive, financial and accounting, human resources, legal, and other professional, and forecasting services. Under the terms of the agreement, the Company pays Operations a management fee of $100,000 per month for the services provided by Operations and reimburses Operations for certain costs and expenses incurred by or paid by Operations in providing these services. Also on July 31, 2000, the Company and Operations entered into a loan agreement whereby Operations will lend up to $11 million to the Company to be used only for the purposes of: (a) satisfying certain capital contribution requirements under the Company's operating agreement, and (b) funding the Company's working capital needs from July 31, 2000 through completion of the merger. As of December 31, 2000, $9,865,233 has been funded under the loan agreement. The loan bears interest at the prime rate and, prior to the merger closing, was due 30 days after the termination of the Reorganization Agreement or upon demand. The loan was guaranteed by certain members of the Company. Upon the merger closing, the amounts due to Operations by the Company under the Loan Agreement remained a debt obligation of the Company, subject to a subordination agreement in favor of the senior lender to

Alamosa. In addition, upon the merger closing, Alamosa received funds under a $280 million credit facility from Citibank, a portion of which were used to pay off any amounts outstanding on the Company's Senior Secured Credit Facility with CoBank (see Note 9). F-57 NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 (CONTINUED) 3. DEVELOPMENT STAGE OPERATIONS Since its formation in July 1998, the operations of the Company have been devoted to raising capital, design and development related to construction of facilities, acquisition of wireless communication sites, construction of base stations, and administrative functions. Beginning in the second quarter of 2000, certain tower sites became operational, and the Company began earning revenue on roaming traffic through its network. In September and throughout the fourth quarter of 2000, additional tower sites became operational, began operation of six retail stores, and the Company is no longer considered in the development stage. 4. RELATED PARTY TRANSACTIONS A member of the Company, Western Independent Network, Inc. (WIN), rents switching facilities and provides certain management and administrative services to WOW. Payments to WIN for these services totaled $158,649 and $205,675 for the years ended December 31, 2000 and 1999, respectively. WIN also received $200,000 in contributed capital in 2000 ($100,000 in 1999) for management services for a total membership interest of $300,000. Another member of the Company, Duncan, Tiger, and Tabor, provided legal services to the Company. Payments for these services totaled $94,248 and $80,657 for years ended December 31, 2000 and 1999, respectively. In addition, organizations affiliated with JMW Wireless Acquisition Company, LLC, a member of the Company, have provided various professional services including assistance in obtaining debt and equity financing for the Company. Payments for these services were approximately $898,268 (including $750,000 of capital acquisition costs) and $84,624 for the years ended December 31, 2000 and 1999, respectively. 5. PROPERTY, PLANT, AND EQUIPMENT Property, plant, and equipment consists of the following: 2000 1999 -------------- ------------ Network equipment .... $32,875,762 -- Office equipment .... 1,187,747 14,748 Leasehold improvements .... 1,588,413 -- Construction in progress .... 2,330,825 10,399,330 ----------- ---------- 37,982,747 10,414,078 ----------- ---------- Accumulated depreciation .... 1,296,012 923 ----------- ---------- $36,686,735 10,413,155 ----------- ---------- 6. COMMITMENTS The Company designed and engineered the wireless network it will build and has developed an estimate of the cost to construct. The Company has entered into various agreements related to building out the network. These agreements cover the purchase of switching and other equipment, construction of base stations, and the construction of a mobile switching center. Based on the system design, the estimated costs that WOW will incur to build the network, including the commitments already made, are as follows: F-58 NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 (CONTINUED) 2001 .... $ 8,590,000 2002 .... 2,110,000 2003 .... 1,230,000 2004 .... 1,950,000 2005 .... 1,230,000 ------------ $ 15,110,000 In addition, the

Company has entered into lease agreements for the use of towers. The lease agreements differ in amount based on whether the tower is a build-to-suit or a co-locate. The leases commence when a tower is ready for use and began in 2000. The Company currently has signed lease agreements on 114 sites (90 of which had commenced at December 31, 2000) with annual lease payments totaling $2,790,000. An additional 38 sites are expected to commence in 2001 for a total of 152 sites. The minimum lease payments on all sites are estimated to be as follows: 2001 .... $ 3,015,000 2002 .... 3,550,000 2003 .... 3,550,000 2004 .... 3,600,000 2005 .... 3,650,000 ----------- $ 17,365,000 The Company has leases for building, office and retail space, vehicles, and office equipment under operating leases expiring through 2005. Future minimum payments under these leases are: 2001 .... $ 433,400 2002 .... 433,400 2003 .... 317,400 2004 .... 226,700 2005 .... 88,000 ----------- $ 1,498,900 The Company has entered into an agreement to sublease office space in 2001. Total future minimum lease payments above have not been reduced by the $571,839 of sublease rental to be received in the future under the non-cancellable sublease. 7. VALUE APPRECIATION RIGHTS PLAN The Company established a "Value Appreciation Rights" plan for the benefit of selected management executives effective September 1, 1999. The plan shall remain in effect until it is otherwise terminated by the Board. A "Value Appreciation Right" (VAR) is the grant by WOW, to an executive, of "Units" whose value is tied to the value of the Company, together with the right to be paid an amount at some time in the future equal to the value of the Units plus or minus the difference between the value of the Units on the Grant Date and the value on the date the VAR is exercised. VARs are granted to executives at the discretion of the Board. The actual benefit available at the time benefits become payable will depend on the future financial performance of the Company. The Plan requires a third party valuation firm to annually determine the market value of the Company based on its financial statements. As of December 31, 2000, the Board has granted 337,012 units in accordance with this Plan. As discussed in Note 2, the units became fully vested upon the merger with Alamosa closing on February 14, 2001 and all obligations under the Plan were paid or assumed outside the Company. As a result, these F-59 NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2000 AND 1999 (CONTINUED) financial statements do not include any costs or liability related to the Plan. The Plan terminated subsequent to December 31, 2000, as part of the merger. 8. RETIREMENT SAVINGS PLAN Effective May 1, 2000, the Company began sponsoring a defined contribution employee retirement savings plan. Employees, age 21 and over, who have been employed at least one month are eligible to participate in the plan on the first day of the next calendar quarter. Employees may contribute from 1% to 15% of their eligible compensation on a pre-tax basis up to a maximum of $10,500 per calendar year. Employer contributions are at the discretion of the Company and are currently 50% of employees' contributions up to the first 6% of an employee's eligible compensation deferred under the Plan. Employees must provide 1,000 hours of service in the plan year to be eligible for employer matching

contributions. Contributions to the Plan in 2000 amounted to $26,437. The Plan also allows for potential profit sharing contributions at the discretion of the Company. 9. SENIOR SECURED CREDIT FACILITY In April 2000, the Company obtained long-term financing from CoBank in the amount of $45,000,000. Interest rates are determined at the time of each advance based on the Company's election between either a base rate (the higher of the prime rate or the sum of the Federal Funds Rate plus .50%) or LIBOR, plus an applicable margin based on the leverage ratio as defined in the agreement. As of December 31, 2000, the Company has borrowed $30,960,318 on this credit facility, with interest rates ranging from 9.14% to 10.05%. The loan is secured by a first superior continuing security interest in all assets of the Company. As discussed in Note 2, the CoBank credit facility was paid in full by Alamosa upon the merger closing in 2001. The amount included in the financial statements related to CoBank is classified as a long-term liability as it is not the intent of Alamosa to require repayment of this obligation during 2001. 10. DEFERRED FINANCING COSTS Deferred financing costs consist of loan fees paid to CoBank and legal fees and other expenses incurred to obtain debt financing. The costs are being amortized over the life of the loan. Amortization for the year ended December 31, 2000 amounted to $137,572 (none in 1999). F-60 REPORT OF INDEPENDENT ACCOUNTANTS To the Board of Directors and Stockholders of Alamosa Holdings, Inc.: In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of operations, mandatorily redeemable member's deficit and members' deficit and cash flows present fairly, in all material respects, the financial position of SWPCS Holdings, L.L.C. (the "Company") at December 31, 2000, and the results of its operations and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America. These financial statements are the responsibility of the Company's management; our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit of these statements in accordance with auditing standards generally accepted in the United States of America, which require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion. PricewaterhouseCoopers LLP Dallas, Texas April 27, 2001 F-61 SWPCS HOLDINGS, L.L.C. CONSOLIDATED BALANCE SHEET DECEMBER 31, 2000 --------------- ASSETS Current assets: Cash and cash equivalents .... $ 837,285 Accounts receivable, net of allowance for doubtful accounts of $561,046.. 5,357,377 Inventory .... 703,548 Prepaid expenses .... 50,518 Other assets .... 44,474 ------------- Total current assets

.... 6,993,202 Property and equipment, net .... 64,773,196 Financing costs, net .... 4,735,649 Other assets .... 176,335 ------------- Total assets .... $ 76,678,382 ============= LIABILITIES, MANDATORILY REDEEMABLE MEMBER'S DEFICIT AND MEMBERS' DEFICIT Current liabilities: Accounts payable- trade .... $ 15,261,229 Accrued equipment purchases .... 1,059,577 Accounts payable - related parties .... 769,135 Deferred revenue .... 884,145 Accrued interest payable .... 1,377,592 Accrued liabilities - other .... 314,281 ------------- Total current liabilities .... 19,665,959 Long-term debt, net of discount .... 71,556,437 Warrant and option liabilities .... 18,025,470 Mandatorily redeemable member's deficit .... (9,008,409) Members' deficit .... (23,561,075) ------------- Total liabilities, mandatorily redeemable member's deficit and members' deficit .... $ 76,678,382 ============= The accompanying notes are an integral part of these financial statements. F-62 SWPCS HOLDINGS, L.L.C. CONSOLIDATED STATEMENT OF OPERATIONS YEAR ENDED DECEMBER 31, 2000 ------------------ Revenues: Subscriber revenue .... $ 15,476,568 Roaming revenue .... 11,652,876 Product sales .... 2,731,731 ------------- Total revenues .... 29,861,175 Cost and expenses: Network operations .... 10,297,643 Cost of product sold .... 8,819,132 Selling and marketing .... 17,084,857 General and administrative .... 4,379,329 Customer service .... 2,127,857 Depreciation and amortization .... 7,500,760 ------------- Total cost and expenses .... 50,209,578 Loss from operations .... (20,348,403) ------------- Operating income (expense): Interest expense .... (7,059,737) Interest income .... 98,339 ------------- Net loss .... $ (27,309,801) ============= The accompanying notes are an integral part of these financial statements. F-63 SWPCS HOLDINGS, L.L.C. CONSOLIDATED STATEMENT OF MANDATORILY REDEEMABLE MEMBER'S DEFICIT AND MEMBERS' DEFICIT MANDATORILY REDEEMABLE MEMBER'S EQUITY (DEFICIT) MEMBERS' DEFICIT --------------- -- CENTRAL PIONEER TOTAL MASS SOUTHWEST CELLULAR TELECOMMUNICATIONS, MEMBERS' MUTUAL PCS, L.L.C. INC. INC. DEFICIT ---------------- --------------- --------------- -------------------- ---------------- Balance at December 31, 1999 ..... $ 1,915,511 $ (7,403,279) $ (1,014,988) $ (1,014,988) $ (9,433,255) Members' contribution .... 2,258,061 $ 2,258,061 Net loss .... (10,923,920) (11,470,117) (2,457,882) (2,457,882) (16,385,881) ------------- ------------ ------------ ------------ ------------- Balance at December 31, 2000 ..... $ (9,008,409) $ (16,615,335) $ (3,472,870) $ (3,472,870) $

(23,561,075) ============ ============ ============ ============ ============ The accompanying notes are an integral part of these financial statements. F-64 SWPCS HOLDINGS, L.L.C. CONSOLIDATED STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2000 ----------------- Cash flows from operating activities: Net loss .... $ (27,309,801) Adjustments to reconcile net loss to cash flows used in operations activities: Depreciation and amortization .... 7,500,760 Change in fair value of warrant and option liabilities .... 1,015,470 Amortization of discount on long term debt .... 134,399 Changes in operation assets and liabilities: Accounts receivable - trade .... (4,306,005) Inventory .... 682,548 Prepaid expenses .... 124,091 Other assets .... (116,912) Accounts payable - trade .... 12,420,832 Accounts payable - related parties .... 535,472 Deferred revenue .... 758,040 Accrued interest payable .... 879,200 Accrued liabilities - other .... 123,871 ------------ Net cash used in operating activities .... (7,558,035) Cash flows from investing activities: Purchase of property and equipment .... (26,671,888) ------------ Net cash used in investing activities .... (26,671,888) ------------ Cash flows from financing activities: Net proceeds from revolving credit facility .... 8,000,000 Proceeds from long-term debt .... 17,000,000 Payments of financing costs .... (1,111,145) Contributions of members' equity .... 2,258,061 ------------ Net cash provided by financing activities .... 26,146,916 ------------ Decrease in cash and cash equivalents .... (8,083,007) Cash and cash equivalents at beginning of period .... 8,920,292 ------------ Cash and cash equivalents at end of period .... $ 837,285 ============= Supplemental schedule of noncash investing and financing activities: Accrued equipment purchases .... $ 1,059,577 ============= Supplemental cash flow information: Cash paid during the period for interest .... $ 6,186,136 ============= The accompanying notes are an integral part of these financial statements. F-65 SWPCS HOLDINGS, L.L.C. CONSOLIDATED NOTES TO FINANCIAL STATEMENT 1. ORGANIZATION AND BUSINESS OPERATIONS On June 4, 1998 Southwest PCS, L.L.C., Central Cellular, Inc. ("Central") and Pioneer Telecommunications, Inc. ("Pioneer") (collectively, the "Initial Members") formed Southwest PCS, LP, (the "Partnership"). In July 1998, the Partnership entered into a Management Agreement with Sprint Spectrum, L.P. and Sprint COM, Inc. (collectively "Sprint") (the "Sprint Agreement"). Under the Sprint Agreement, the Partnership

will design, construct, and manage wireless personal communication services, commonly referred to as PCS, in parts of Oklahoma, Kansas, Arkansas and Texas. The Partnership is required to build out its wireless network according to Sprint specifications. Under the Sprint Agreement, the Partnership uses Sprint's licensed spectrum, the Sprint PCS brand name and Sprint's national advertising. In return, the Partnership pays Sprint 8% of subscriber revenues. In addition, Sprint provides, for a fee, back office support, billing and collection, customer activation, and customer service. The Sprint Agreement has an initial 20-year term and has three 10 year renewal options. Upon termination of the Sprint Agreement, the Partnership will either sell its operations to Sprint or purchase up to 10 megahertz of spectrum from Sprint. The Sprint Agreement includes indemnification clauses between the Partnership and Sprint PCS to indemnify each other against claims arising from violations of laws or the affiliation agreements, other than liabilities resulting from negligence or willful negligence or willful misconduct of the party seeking to be indemnified. On April 30, 1999 the Initial Members of the Partnership changed the Partnership structure and formed SWPCS Holdings, L.L.C. (the "Company") an Oklahoma limited liability company, SWGP, L.L.C. ("SWGP") and SWLP, L.L.C. ("SWLP"). Further on April 30, 1999, Southwest PCS, L.L.C. contributed 100% of its 70% general partner interest in the Partnership to SWGP in return for a 100% ownership interest in SWGP. Also on April 30, 1999, Central and Pioneer each contributed 100% of their respective 15% limited partnership interests in the Partnership to SWLP in exchange for 50% interests in SWLP. Subsequent to these contribution transactions, SWGP became the general partner of the Partnership and SWLP became the limited partner of the Partnership owning 70% and 30% of the Partnership, respectively. After the contribution of its general partner interest in the Partnership to SWGP, Southwest PCS, L.L.C. contributed its 100% ownership interest in SWGP to the Company and Central and Pioneer contributed their respective 50%, ownership interest in SWLP to the Company. Simultaneously, Mass Mutual Life Insurance Company and Mass Mutual High Yield Partners II L.L.C. (collectively "Mass Mutual") contributed $8,000,000 and $4,000,000, respectively to the Company. Based on these contribution transactions, the ownership interests in the Company at April 30, 1999 and December 31, 2000 is as follows: Southwest PCS, L.L.C., managing member interest .... 42.00% Mass Mutual Life Insurance Company .... 26.67% Mass Mutual High Yield Partners II L.L.C. .... 13.33% Central .... 9.00% Pioneer .... 9.00% The Regulations of the Company, as amended, (the "Regulations") provide for the governance and administration of the Company's business, allocation of profits and losses, tax allocations, transactions with members, disposition of ownership interest and other matters. The Regulations establish two classes of membership interests. The above mentioned members' ownership interests are evidenced by Class A Shares. Class A shareholders are entitled to vote on all matters to be voted on by the members. The Company's Regulations also allow for Class B shareholders. Class B shareholders are allowed limited voting rights, including the right to vote on

amendments to the Regulations which adversely affect the F-66 SWPCS HOLDINGS, L.L.C. CONSOLIDATED NOTES TO FINANCIAL STATEMENT rights of the holders of Class B Shares to vote to dissolve the Company, and to vote on mergers, consolidations and recapitalizations pursuant to which members holding Class B Shares would get securities different from those being received by holders of Class A Shares. As of December 31, 2000, there were no Class B shareholders. 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES PRINCIPLES OF CONSOLIDATION The accompanying consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries, SWGP, SWLP, and Southwest PCS, LP. All significant intercompany transactions have been eliminated. CASH AND CASH EQUIVALENTS The company considers all investments with a maturity of three months or less when purchased to be cash equivalents. CONCENTRATION OF CREDIT RISK Financial instruments that potentially subject the Company to a concentration of credit risk principally consist of cash and cash equivalents and trade accounts receivable. At times, the Company may have cash balances in financial institutions in excess of federally insured limits. The Company does not believe the cash balances are exposed to any significant risk. The Company sells its products and services to businesses and individuals in one geographical service area. Credit terms are short-term in nature and generally uncollateralized although the Company may take deposits from some customers. INVENTORY Inventory consists of handsets and related accessories. Inventories purchased for resale are carried at the lower of cost or market using the first-in first-out method. Market is determined using replacement cost. PROPERTY AND EQUIPMENT Property and equipment are recorded at cost. Property and equipment are depreciated over the estimated useful lives of the assets using the straight-line method. Costs incurred to design and construct the wireless network in a market, including related interest costs, are classified as construction in progress until the network for the related market is placed into service, at which time the amount is transferred to property and equipment. Repairs and maintenance are expensed as incurred; significant renewals and betterments are capitalized. The cost and related accumulated depreciation of assets sold or retired and removed from the accounts and the resulting gains or losses are recorded in the period incurred. IMPAIRMENT OF LONG-LIVED ASSETS The Company evaluates its long lived assets for impairment when events or change in circumstances indicate, in management's judgment, that the carrying value of such assets may not be recoverable. The determination of whether an impairment has occurred is based on management's estimate of undiscounted future cash flows before interest attributable to the assets as compared to the net carrying value of the assets. If an impairment has occurred, the amount of the impairment recognized is determined by estimating the fair value of the assets based on estimated discounted future cash flows and recording a provision for loss if the carrying value is greater than fair value. The net carrying value of assets identified to be disposed of in the future is compared to the estimated fair value less the cost to sell to determine if an impairment is required. Until the assets are disposed of, an estimate of the

fair value is redetermined when related events or circumstances change. F-67 SWPCS HOLDINGS, L.L.C. CONSOLIDATED NOTES TO FINANCIAL STATEMENT FINANCING COSTS Financing costs are capitalized and amortized using the straight-line basis over the life of the loan. For the year ended December 31, 2000, the Company incurred financing costs associated with the senior term loan C of $1,111,144. As of December 31, 2000, the total amount of capitalized financing costs was $5,891,349. Cumulative amortization of financing costs was $1,155,700. DISCOUNT ON SUBORDINATED DEBT The Company amortizes the discount on the senior subordinated note and junior subordinated debentures over the life of the instruments under the effective interest method. Amortization of the discount on the subordinated debt is reflected as a component of interest expense. Amortization for the year ended December 31, 2000 was $134,399. REVENUE RECOGNITION In December 1999, the Securities and Exchange Commission issued Staff Accounting Bulletin No. 101 "Revenue Recognition in Financial Statements," ("SAB 101"), which provides guidance on the recognition, presentation and disclosure of revenue in financial statements. SAB 101 outlines the basic criteria that must be met to recognize revenue and provides guidance for disclosure related to revenue recognition policies. In accordance with SAB 101, the Company defers customer activation fee revenue and an equal amount of customer acquisition related expenses. These deferred amounts are amortized over a three-year period, which approximates the average life of a customer. For the year ended December 31, 2000, the Company had deferred $68,428 of activation fee revenue and acquisition related expenses and had amortized $16,128. The Company recognizes revenue as services are performed. Sprint PCS handles the Company's billings and collections and retains 8% of collected service revenues from Sprint PCS subscribers based in the Company's territory and from non-Sprint PCS subscribers who roam onto the Company's network. The amount retained by Sprint PCS is recorded as an operating expense in network operations. Revenues generated from the sale of handsets and accessories and from roaming services provided to Sprint PCS customers who are not based in the Company's territory are not subject to the 8% retainage. Sprint PCS pays the Company a Sprint PCS roaming fee for each minute that a Sprint PCS subscriber outside of the Company's territory uses the Company's portion of the Sprint PCS network. Revenue from these services is recognized as the services are performed. Similarly, the Company pays Sprint PCS roaming fees, when a Sprint PCS subscriber based in the Company's territory uses the Sprint PCS network outside of the Company's territory. These costs are included as marketing and sales when incurred. Product revenues consisting of proceeds from sales of handsets and accessories are recorded net of an allowance for sales returns. The allowance is estimated based on Sprint PCS's handset policy, which allows customers to return handsets for a full refund within 15 days of purchase. When handsets are returned to the Company, the Company may reissue the handsets to customers at little additional cost. However, when handsets are returned to Sprint PCS for refurbishing, the Company receives a credit from Sprint PCS, which is

less than the amount the Company originally paid for the handset. For the year ended December 31, 2000, product revenue was $2,731,731. The cost of these products was $8,819,132 which was classified as cost of products sold. The costs of handsets exceed the retail sales price because the Company subsidizes the price of handsets for competitive reasons. ADVERTISING COSTS Advertising costs are expensed as incurred. Advertising expenses totaled $4,011,443 for the year ended December 31, 2000. F-68 SWPCS HOLDINGS, L.L.C. CONSOLIDATED NOTES TO FINANCIAL STATEMENT INCOME TAXES The Company does not pay federal or state income taxes. The Company's taxable income or loss is passed through to the members. Accordingly, no provision for income taxes is provided for in these financial statements. USE OF ESTIMATES The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. EFFECTS OF RECENT ACCOUNTING PRONOUNCEMENTS In June 1998 and June 1999, the Financial Accounting Standards Board ("FASB"), issued Statement of Financial Accounting Standard ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities" and SFAS No. 137, "Accounting for Derivative Instruments and Hedging Activities-Deferral of the Effective Date of FASB Statement No. 133." These statements require companies to record derivatives on the balance sheet as assets or liabilities, measured at fair value. Gains or losses resulting from changes in the values of those derivatives would be accounted for depending on the use of the derivative and whether it qualifies for hedging accounting. SFAS No. 133 will be effective for the Company's fiscal year ending December 31, 2001. Management believes that the adoption of these statements will not have a significant impact on the Company's financial results. 3. PROPERTY AND EQUIPMENT Property and equipment consists of the following at December 31, 2000: ESTIMATED USEFUL LIVE 2000 --------------- -------------- Cell site equipment .... 8 years $ 54,478,185 Switch equipment .... 8 years 6,987,518 Leasehold improvements .... 8 years 1,970,748 Office equipment and furniture .... 8 and 3 years 1,979,935 Vehicles .... 5 years 66,421 Construction in progress .... 7,958,584 ------------ 73,441,391 Accumulated depreciation .... (8,668,195) ------------ $ 64,773,196 ============ Depreciation expense was $6,728,812 for the year ended December 31, 2000. Interest expense capitalized into construction in progress aggregated approximately $1,155,469 during 2000. 4. LONG-TERM DEBT Long-term debt consists of the following at December 31, 2000: F-69 SWPCS HOLDINGS, L.L.C. CONSOLIDATED NOTES TO FINANCIAL STATEMENT Senior term loan A .... $15,000,000 Senior term loan B .... 15,000,000 Senior term loan C .... 15,000,000 Revolving credit facilities ....

8,000,000 Senior subordinated notes, less unamortized discount of $803,451..... 11,696,549 Junior subordinated debentures, less unamortized discount of $640,112... 6,859,888 ----------- $71,556,437 =========== On April 30, 1999, the Partnership entered into a credit agreement with a syndication of banks and investment companies. On September 22, 2000, the credit agreement was amended. The amended credit agreement includes; a $15,000,000 revolving credit facility, senior term loans A, B and C each in the amount of $15,000,000, $1,000,000 swingline loan commitment, and $1,000,000 in letter of credit availability. Borrowings under the swingline loan or issued letters of credit result in a ratable reduction in the availability under the revolving credit facility. The credit agreement requires that the Partnership meet certain levels of revenues and subscriber additions, capital expenditures limitations, limitation on annual expenses from operating lease agreements, and maintain certain financial ratios. Additionally, the credit agreement restricts the Partnerships from paying dividends, with the exception of a dividend payment for up to 40% of the Partnership's taxable income in any year to be used by the members to pay their federal income tax obligations. The credit agreement generally restricts the Partnership and the Company from incurring additional indebtedness, except for indebtedness from capital leases for up to $1,000,000 in any one-year or $2,000,000 in the aggregate. All borrowings under this credit agreement are senior to other borrowings and are collateralized by substantially all the assets of the Partnership. The Company has guaranteed the borrowings by the Partnership under the credit agreement. The $15,000,000 revolving credit facility and any borrowings under the swingline loan commitment bear interest at variable rates based on either the London interbank Eurodollar rate plus 3.75% or the greater of the prime rate of J.P. Morgan Chase & Co. or 0.5% above the federal funds rate, plus 2.75%, as elected periodically by the Partnership. The agreement allows for a reduction in the spread on the variable interest rates of up to 1.0% based on the Partnership reaching certain leverage ratios. Interest is payable monthly or quarterly depending on the Partnership's interest rate election. At December 31, 2000, the variable rate in effect under the revolving credit facility was 10.68%. Quarterly commitment reductions on the revolving credit facility begin March 31, 2004 and end March 31, 2005 when the facility matures. The commitment may also be reduced by proceeds from the issuance of additional debt and equity instruments in excess of the then outstanding borrowings on the revolving credit facility or swingline loans during the year ended December 31, 2000. The $15,000,000 senior term loan A bears interest at variable rates based on either the London interbank Eurodollar rate plus 3.75% or the greater of prime rate of J.P. Morgan Chase & Co. or 0.5% above the federal funds rate, plus 2.75%, as elected periodically by the Partnership. The agreement allows for a reduction in the spread on the variable interest rates of up to 1.0%, based on the Partnership reaching certain leverage ratios. At December 31, 2000, the variable rate in effect under the senior term loan A was 10.45%. Interest is payable monthly or quarterly depending on the Partnership's interest rate election. Principal is payable quarterly

beginning June 30, 2003 until March 31, 2005 when the loan matures. The Partnership is required to make additional mandatory repayments from the proceeds from the issuance of additional debt and equity instruments on a pro-rata basis with the then outstanding borrowings under senior term loan B and C, limited to the then outstanding borrowings under senior term loan A. The $15,000,000 senior term loan B bears interest at variable rates based on either the London interbank Eurodollar rate plus 4.00% or the greater of prime rate of J.P. Morgan Chase & Co. or 0.5% above the federal funds rate, plus 3.00%, as elected periodically by the Partnership. The agreement allows F-70 SWPCS HOLDINGS, L.L.C. CONSOLIDATED NOTES TO FINANCIAL STATEMENT for a reduction in the spread on the variable interest rates of up to 1.0%, based on the Partnership reaching certain leverage ratios. At December 31, 2000, the variable rate in effect under the senior term loan B was 10.66%. Principal is payable quarterly beginning June 30, 2004 until March 31, 2006 when the loan matures. The Partnership is required to make additional mandatory repayments from the proceeds from the issuance of additional debt and equity instruments on a pro-rata basis with the then outstanding borrowings under senior term loan A and C, limited to the then outstanding borrowings under senior term loan B. The $15,000,000 senior term loan C bears interest at variable rates based on either the London interbank Eurodollar rate plus 4% or the greater of prime rate of J.P. Morgan Chase & Co. or 0.5% above the federal funds rate, plus 3.00%, as elected periodically by the Partnership. The agreement allows for a reduction in the spread on the variable interest rates of up to 1.0%, based on the Partnership reaching certain leverage ratios. At December 31, 2000, the variable rate in effect under the senior term loan C was 13.5%. Principal is payable quarterly beginning June 30, 2004 until March 31, 2006 when the loan matures. The Partnership is required to make additional mandatory repayments from the proceeds from the issuance of additional debt and equity instruments on a pro-rata basis with the then outstanding borrowings under senior term loan A and B, limited to the then outstanding borrowings under senior term loan C. On April 30, 1999, the Partnership issued $12,500,000 in senior subordinated notes net of a discount of $923,925 (See Note 6), resulting in proceeds to the Partnership of $11,576,075. The senior subordinated notes are guaranteed by the Company, SWGP and SWLP. The senior subordinated notes require that the Partnership meet certain levels of revenues and subscriber additions, capital expenditures limitations, limitation on annual expenses from operating lease agreements and maintain certain financial ratios. The senior subordinated notes mature March 31, 2007, have a stated interest rate of 12% and an effective interest rate of 13.517%. Interest on the senior subordinated notes is payable quarterly and principal is payable at maturity. Prepayment penalties on the senior subordinated notes range from 7% of the principal amount if repaid prior to May 4, 2000 to 1% of the principal amount if repaid prior to May 4, 2004. Subsequent to May 4, 2004 no prepayment penalties exist. The Partnership is required to make additional mandatory repayments from the proceeds from the issuance of additional debt and equity instruments to the extent the proceeds exceed the prepayment requirements under the senior credit agreement. On April

30, 1999, the Partnership issued $7,500,000 in junior subordinated debentures, net of a discount of $739,140 (See Note 6), resulting in proceeds to the Partnership of $6,760,860. The junior subordinated debentures are guaranteed by the Company, SWGP, and SWLP. The junior subordinated debentures require that the Partnership meet certain levels of revenues and subscriber additions, capital expenditures limitations, limitation on annual expenses from operating lease agreements, and maintain certain financial ratios. The junior subordinated debentures mature April 30, 2007, have a stated interest rate of 12% and an effective interest rate of 14.058%. Interest on the junior subordinated debentures is payable quarterly and principal is payable at maturity. Prepayment penalties on the junior subordinated debentures range from 7% of the principal amount if repaid prior to May 4, 2000 to 1% of the principal amount if repaid prior to May 4, 2004. Subsequent to May 4, 2004 no prepayment penalties exist on the debentures. On July 7, 1999, the Partnership entered into an interest rate cap agreement effectively capping the London interbank Eurodollar rate on $15,000,000 of debt at 6.5% until June 30, 2002 when the agreement expires. Future maturities of long-term debt as of December 31, 2000 are as follows: F-71 SWPCS HOLDINGS, L.L.C. CONSOLIDATED NOTES TO FINANCIAL STATEMENT YEARS ENDING 31, -------------------------- 2001 .... $ -- 2002 .... -- 2003 .... 4,500,000 2004 .... 18,500,000 2005 .... 12,000,000 Thereafter .... 38,000,000 ----------- Total .... $73,000,000 =========== As a result of the Company's merger with Alamosa Holdings, Inc. ("Alamosa") (See Note 11), the long-term debt of the Company was repaid in its entirety on March 30, 2001. 5. LEASES The Company has various operating lease agreements for retail store locations, site towers, equipment and vehicles. The Company incurred approximately $3,722,742 in rent expense during the year ended December 31, 2000. Minimum noncancelable lease payments under operating leases for the periods shown are as follows: 2001 .... $ 3,669,327 2002 .... 3,795,039 2003 .... 3,585,525 2004 .... 2,115,973 2005 .... 382,563 Thereafter .... 753,866 ----------- $14,302,293 =========== 6. WARRANT AND OPTION LIABILITIES On April 30, 1999, the Company entered into a warrant agreement with the holder of the senior subordinated debt. Under the agreement, the warrants are exercisable at any time through April 30, 2009 into 75,000 Class B Shares of the Company (7.5% ownership interest in the Company on a fully diluted basis) at an exercise price of $.001 per warrant share. The warrant agreement contains provisions under which the warrant holder may require the Company to purchase the warrants upon the earlier of an event allowing Mass Mutual to require the Company to purchase its ownership interest or the fourth anniversary of the warrant agreement (April 30, 2003). Under this warrant agreement, if required by warrant holder, the Company must pay the market price of a warrant share as of the repurchase date for each share repurchased. This put right expires upon the earlier of a qualified public offering by the Company and April 30, 2009. On April 30, 1999, the Company entered into an option agreement with the holder of the junior subordinated debentures. The option is exercisable on

or after April 30, 2003 into 60,000 Class B Shares of the Company (6.0% ownership interest in the Company on a fully diluted basis) at an exercise price of $100 and expires April 30, 2009. The option agreement contains provisions under which the option holder may require the Company to purchase the options on the earlier of an event allowing Mass Mutual to require the Company to purchase its ownership interest, or the fourth anniversary of the option agreement (April 30, 2003). Under this option agreement, if required by the option holders the Company must pay the market price of an option share as of the repurchase date for each share repurchased. This put right expires upon the earlier of qualified public offering by the Company and April 30, 2009. On June 29, 2000 the option was sold to Chickasaw Holding Company. F-72 SWPCS HOLDINGS, L.L.C. CONSOLIDATED NOTES TO FINANCIAL STATEMENT The option also contains call rights, which can be exercised by the Company to repurchase the option from the option holder. These call rights vest on April 30, 2005 and expire on the earlier of an initial public offering and April 30, 2009. To exercise the call rights, the Company must pay the market price of an option share as of the repurchase date for each share. The Company initially recorded the warrant and option agreements as a liability at their fair value with subsequent changes in the estimated fair value of the agreements recorded in operations. The Company allocated $923,925 of the proceeds from the sale of the senior subordinated notes to the warrants, which was the estimated fair value at the time the warrants were issued. The Company allocated $739,140 of the proceeds from the sale of the junior subordinate debentures to the options, which was the estimated fair value at the time the options were issued. For the year ended December 31, 2000, the Company recorded interest expense of approximately $1,015,470 related to the increased estimated fair value of the warrants and options. The estimated fair values of the warrants and the options at December 31, 2000, were $10,014,150 and $8,011,320, respectively. Estimated fair value was determined based upon details of the merger (see Note 11). Per the Regulations of SWPCS Holdings, LLC Agreement dated April 30, 1999, in the event that the warrant holders and/or the Option Holders fully exercise their respective warrants and the option, the initial members' respective Company shares will be diluted and adjusted as follows: PERCENTAGE COMPANY COMPANY INTEREST SHARES --- ------------ ------------ Southwest PCS, LLC .... 34.230% 342,300 Central .... 7.335% 73,350 Pioneer Telecommunications .... 7.335% 73,350 Massachusetts Mutual Life Insurance Company .... 7.833% 78,330.2 Massachusetts Mutual Life Insurance Company .... 17.234% 172,339.6 Mass Mutual High Yield Partners II, L.L.C. .... 12.533% 125,330.2 Option holder .... 7.500% 75,000 Warrant holder .... 6.000% 60,000 ------- --------- Totals .... 100.000% 1,000,000 ====== ========== 7. MANDATORILY REDEEMABLE MEMBER'S EQUITY Pursuant to the Regulations, Mass Mutual was given a put right allowing Mass Mutual to require the Company to purchase its ownership interest within 60 days of the occurrence of an event of change in control, as defined in the Regulations. The Company would

be required to repurchase those shares, if such notice presented, at the fair value on a fully diluted basis as determined by agreement of the parties or an independent financial expert. 8. EMPLOYEE BENEFITS Effective January 1, 1999, the Company adopted the Southwest PCS, LP 401(k) Plan ("the Plan"). All employees are eligible to participate in the Plan following the attainment of certain minimum eligibility requirements. Participants may elect to contribute up to 12% of their pre-tax compensation. The Company will match 100% of the employees' contributions up to 4% of the employees' pre-tax compensation. Additionally, the Plan allows the Company to make discretionary matching contributions F-73 SWPCS HOLDINGS, L.L.C. CONSOLIDATED NOTES TO FINANCIAL STATEMENT which are allocated to participants' accounts based upon the participant's contributions to total participant contributions. During the year ended December 31, 2000, the Company made $73,514 in matching contributions to the Plan. 9. FAIR VALUE OF FINANCIAL INSTRUMENTS The carrying amounts of cash and cash equivalents, accounts receivable, accounts payable and accrued interest and other accrued liabilities approximate fair value because of the short-term nature of these items. The carrying amounts of the senior secured term loans A, B, and C approximate their fair value as the interest rates vary with market interest rates. The fair values of the senior subordinated notes and the junior subordinated debentures at December 31, 2000 were approximately $8,692,754 and $5,117,110, respectively. The Company utilizes an interest rate cap agreement to limit the impact of increases in interest rates on $15 million of its floating rate debt. The interest rate cap agreement entitles the company to receive from the counter parties the amounts, if any, by which the selected market interest rate exceeds the strike rate stated in the agreement. Amounts in excess of the strike rate are accrued and recognized as an adjustment of interest accrued. The fair value of the interest rate cap agreement of $17,925 is estimated by obtaining quotes from brokers and represents the cash requirement if the existing contract had been settled at the balance sheet date. The Company acquired the interest rate cap for a payment of $171,852, which is being amortized as interest expensed ratably over the 36-month term of the agreement. The amortization for the year ended December 31, 2000 was $57,284. Estimates of fair value are made at a specific point in time, based on relevant market information and information about the financial instrument. Estimates of fair value are subjective in nature and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect these estimates. 10. RELATED PARTY TRANSACTION The Company leases office space, certain equipment, and vehicles from related parties. Rent paid under these agreements totaled $237,246 for the year ended December 31, 2000. The future minimum payment requirement under these related party leases have been included in the amounts stated in Note 5. A portion of the construction services related to the Company's network build-out were provided by related parties in the amount of $566,915 for the year ended December 31, 2000. The Company was charged for certain general and administrative expenses from related parties in the amount of $97,871 for the year ended

December 31, 2000. The Company was charged for Health insurance expenses from related parties in the amount of $345,372 for the year ended December 31, 2000. Certain leasehold improvements were charged to the Company by related parties in the amount of $275,216 for the year ended December 31, 2000. 11. SUBSEQUENT EVENT In January 2001, Southwest PCS, L.L.C., a related party, made its required capital contributions for 2001 in the amount of $408,606. No additional contribution is required. On March 9, 2001, the Company and Alamosa announced a signing of a definitive agreement to merge. In conjunction with the merger the Company was incorporated. The transaction was consummated on March 30, 2001. The Partnership shareholders exchanged 100 percent of their common shares of the Company for 11.1 million shares Alamosa common stock and $5 million in cash. F-74 30,649,990 SHARES OF COMMON STOCK [ALAMOSA LOGO] PROSPECTUS September 28, 2001