

AIRGATE PCS INC /DE/  
Form 425  
January 11, 2005

**David E. Sharbutt**

**Chairman & Chief Executive Officer**

**15th Annual Global Entertainment, Media &  
Telecommunications Conference**

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#### **Safe Harbor Provisions**

**This document contains forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Such statements include, but are not limited to, (1) statements about the benefits of the proposed merger between Alamosa Holdings, Inc. ("Alamosa") and AirGate PCS, Inc. ("AirGate"), including future financial and operating results; (2) statements with respect to Alamosa's plans, objectives, expectations and intentions and other statements that are not historical facts; and (3) other statements identified by words such as "believes," "expects," "anticipates," "estimates," "intends," "plans," "targets," "projects" and similar expressions. Such statements are based upon the current beliefs and expectations of Alamosa's and AirGate's management and are subject to significant risks and uncertainties. Actual results may differ from those set forth in the forward-looking statements.**

**The following factors, among others, could cause actual results to differ from those set forth in the forward-looking statements: (1) the businesses of Alamosa and AirGate may not be integrated successfully or such**

integration may be more difficult, time-consuming or costly than expected; (2) expected combination benefits from the Alamosa/AirGate transaction may not be fully realized or realized within the expected time frame; (3) the failure of AirGate and Alamosa stockholders to approve the merger and/or the failure to obtain approvals from regulators or other groups; (4) disruption from the merger making it more difficult to maintain relationships with clients, employees or suppliers; (5) Alamosa's and AirGate's dependence on their affiliation with Sprint; (6) shifts in populations or network focus; (7) changes or advances in technology; (8) changes in Sprint's national service plans or fee structure with Alamosa or AirGate; (9) change in population; (10) difficulties in network construction; (11) increased competition in Alamosa's and AirGate's markets; and (12) adverse changes in financial position, condition or results of operations. Additional factors that could cause Alamosa's and AirGate's results to differ materially from those described in the forward-looking statements can be found in the 2004 Annual Report on Form 10-K of AirGate and in the 2003 Annual Report on Form 10-K and in the Quarterly Reports on Form 10-Q of Alamosa filed with the Securities and Exchange Commission (the "Commission") and available at the Commission's internet site (<http://www.sec.gov>). The forward-looking statements in this document speak only as of the date of the document, and Alamosa and AirGate assume no obligation to update the forward-looking statements or to update the reasons why actual results could differ from those contained in the forward-looking statements.

**Safe Harbor Provisions (continued)**

**On December 22, 2004, Alamosa filed a registration statement with the Commission containing Alamosa's and AirGate's preliminary joint proxy statement/prospectus regarding the proposed merger with AirGate. Stockholders are urged to read the Preliminary joint proxy statement/prospectus regarding the proposed transaction, And the definitive joint proxy statement/prospectus when it becomes available Because it contains, or will contain, important information. Stockholders will**

**be able to obtain a free copy of the joint proxy statement/prospectus, as well as other filings containing information about Alamosa and AirGate, without charge, at the Securities and Exchange Commission's internet site (<http://www.sec.gov>). Copies of the joint proxy statement/prospectus and the filings with the Securities and Exchange Commission that will be incorporated by reference in the joint proxy statement/prospectus can also be obtained without charge, when they become available, by directing a request to Alamosa Holdings, Inc., 5225 S. Loop 289, Lubbock, Texas 79424, Attention: Jon Drake (806-722-1100); or AirGate PCS, Inc., Harris Tower, 233 Peachtree Street, N.E. Suite 1700, Atlanta, Georgia 30303, Attention: Bill Loughman (404-525-7272).**

**The respective directors and executive officers of Alamosa and AirGate and other persons may be deemed to be participants in the solicitation of proxies in respect of the proposed merger. Information regarding Alamosa's directors and executive officers is available in the proxy statement filed with the Securities and Exchange Commission by Alamosa on April 23, 2004, and information regarding**

**AirGate's directors and executive officers is available in the proxy statement filed with the Securities and Exchange Commission by AirGate on March 5, 2004. Other information regarding the participants in the proxy solicitation and a description of their direct and indirect interests, by security holdings or otherwise, are contained in the joint proxy statement/prospectus filed by Alamosa with the Securities and Exchange Commission on December 22, 2004, and other relevant materials to be filed with the Securities and Exchange Commission when they become available.**

**Investment Highlights-  
Why Wireless/Why Alamosa?**

**Wireless Industry**

**Current industry trends strong;  
Future industry trends also appear  
strong**

**Execution key to performance and  
cash flow**

**Attractive assets**

**Critical footprint to Sprint &  
attractive markets**

**Favorable Affiliation Agreements**

**Experienced management team**

**Strong financial position**

**Strong capital structure**

**Development of cash flow**

**Profitable growth strategy**

**Consolidation is now a Reality**

**15.8 million POPs**

**12.3 million covered POPs**

**15 states**

**74 cities**

**915,000 subscribers \***

**Less penetrated**

**Less competition**

**Favorable roaming position**

**Attractive demographics**

**Attractive Markets**

**Alamosa s Footprint**

Note: \* As of December 31, 2004

5

**Critical Footprint to Sprint**



**Experienced Management Team**

**Officer**

**Management**

**Experience**

**Years of**

**Experience**

**David Sharbutt**

**Chairman & CEO**

**SBC, telecom**

**consulting**

**32**

**Kendall Cowan**

**CFO**

**Coopers & Lybrand,**

**public accounting**

**30**

**Steven Richardson**

**COO**

**Cingular, SBC, PacBell**

**28**

**Anthony Sabatino**

**CTO**

**Sprint PCS**

**(national**

**RF director)**

**26**

**Loyd Rinehart**

**SVP**

**Corp. Fin**

**Various senior finance**

**positions**

**30**

**Margaret Couch**

**CIO (Integration)**

**Human resources**

**consulting**

**27**

**6**

**First Sprint PCS  
affiliate to achieve  
positive cash flow**

Successfully  
transformed  
capital structure

First to  
renegotiate Sprint  
agreements

Successfully  
integrated three  
acquisitions

**Strong Financial Position**

**Cash & Investments of \$160 million**

**Cash flow positive**

**No debt principal payments until  
2009**

**Cash flow increasing with subscriber  
growth and roaming revenue**

**Net debt declining**

7

**Strong Third Quarter 2004 Results-  
Executing with Excellence**

**Stable ARPU\*\* (w/o Roaming)  
\$57**

**Roaming Revenue increased  
14% (average \$24 per  
subscriber)**

**Stable Cash Cost Per User  
(CCPU)\*\* (w/ Roaming) \$45**

**Lower Cost Per Gross  
Addition (CPGA)\*\* \$351**

**Stable average monthly  
customer churn-2.4%**

**Better than expected level of net  
customer additions-53,000**

**Increased Sprint PCS Vision  
attachment rate (Q3 04) ~ 54%**

**Efficient fixed asset  
expenditures-\$22.8 million**

8

NOTES:

\*\* See appendix for reconciliation of Adjusted EBITDA, ARPU/CCPU

**Rapid Growth in Adjusted EBITDA\***

NOTES:

1 Excludes one-time access revenue adjustment of \$5.4 million.

\* See appendix for reconciliation of adjusted EBITDA

9

**Improving Profit Profile**

**Incremental Change (Svc. Revenue & Adj. EBITDA\*\* ( 03- 04))**

10

20%  
Margin

23%  
Margin

43%  
Margin

NOTES:

\*\* See appendix for reconciliation of Adjusted EBITDA, ARPU/CCPU

**Profitable Growth Strategy**

**Execute the Plan**

**Growth with right economics**

**Drive scale through business**

**Enhance Value of  
Customers**

**Increased distribution**

**Increased 2 year contracts**

**Expand Network Prudently**



**Roaming opportunities**

**In-market expansion**

11

**Service Revenues (\$ mm)**

**Prime Subscriber %**

**Monthly Churn %**

**Subscribers (000s)**

(at period end)

**2002**

*2003*

*2002*

*2003*

2003 Avg

2002 Avg

**Execute The Plan-  
Growth with Right Economics**

*2004*

*2004*

12

2004 Avg

**Execute the Plan-**

**Drive Scale through the Business**

**Per Subscriber Economics**

NOTES:

1

Excludes one-time access revenue adjustment of \$5.4 million.

2

Customer retention costs, reclassified to CCPU starting in 2002. Impact on periods prior to 2002 was immaterial.

3

See appendix for reconciliation/calculation of ARPU/CCPU

**2001**

**2002**

**2003**

2

**2004**

13

**Historical Roaming Trends**

**Numerous NPV-positive roaming sites identified**

**Fixed voice roaming rate with Sprint PCS \$0.058 per minute through 2006**

**Favorable Sprint PCS travel ratio (1.15 to 1.0 in Q3 04)**

**Additional future revenue from Qwest, Virgin Mobile and AT&T**

**2003**

**14**

**\$8**

**\$11**

**\$9**

**\$9**

**\$10**

**\$12**

**\$10**

**Expand Network Coverage Prudently-**

**Profitable Roaming Position**

**\$9.5**

15

**Expand the Network Prudently**  
**Expected Alamosa PCS Coverage 2004-2005**

**Wireless Consolidation-  
It is Now a Reality!**

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National

Affiliates

46 Million Customers

97 of Top 100  
Markets

35 Million Customers

\$34 Billion in LTM  
Revenues

23 Million Lic.  
Pops/19 Million  
Covered Pops

1.2MM Customers

Sprint-Nextel

**Overlap of Nextel/Nextel Partners with  
Alamosa (including AirGate)**



**Creation of the Premier  
Sprint Affiliate**

**Sector leading combination**

**Creation of the premier Sprint Affiliate**

**Over 23 million total POPs, 18 million covered POPs and 1.25 million  
subscribers**

**Pro forma size should appeal to a broader investor base**

**Alamosa is the strongest Sprint Affiliate**

**Consistently strong operating results - strongest balance sheet**

**Enables combined company to further rationalize pro forma capital  
structure to the benefit of each companies' shareholders**

**Management team with a proven track record of successful integrations of acquisitions**

**Integrated over \$690 million<sup>1</sup> of acquisitions since 2000**

**Earnings power better than sum of parts**

**Estimated annual operational synergies of approximately \$10.0 million**

**Additional scale benefits**

**Lower cost of capital**

**Platform for future organic and external growth**

**Pro forma company will be far and away the largest Sprint Affiliate on all metrics**

**Enhances relationship with Sprint**

Note:

1 Based on Alamosa's stock price prior to the announcement of each transaction

18

**Merger Beneficial to  
All Shareholders**

AirGate Shareholders

**Attractive valuation**

**Immediate increase in liquidity**

**Opportunity to receive a portion  
of proceeds in cash**

**Strong Alamosa currency  
offered**

**Most liquid stock in Sprint  
Affiliate sector**

**Largest market capitalization  
of the Sprint Affiliates**

**Best trading fundamentals of  
any Sprint Affiliate**

**Significant coverage from  
Wall Street research analysts**

Alamosa Shareholders

**Pro forma Company is better  
positioned to grow and create  
shareholder value**

**Accretive on all key metrics**

**POPs, Subscribers,  
EBITDA, FCF**

**Positions Alamosa as the  
sector consolidator**

**Proven track record of value  
creation through acquisitions**

**Roberts Wireless  
Communications**

**Washington Oregon  
Wireless**

**Southwest PCS**

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**Strong Pro Forma Footprint**

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**The pro forma Company will be the premier and largest Sprint  
Affiliate**

**Positioned for Sector Leadership**

**Industry leading combination with significantly increased scale**

**Net Adds (000s) Q3 04**

**Covered POPs (mm)**

**Total POPs (mm)**

**EOP Subscribers (000s) Q3 04**

Source: Alamosa's 2004 reported data and Company Guidance, Wall Street research and publicly reported data from AirGate PCS.

21

1,251

866

449

385

383

241

231

185

0

200

400

600

800

1,000

1,200

1,400

APCS +

PCSA

APCS

UNWR

PCSA

UPCS

IPCX

IWO

HZPS

62

53

18

9

8

7

5

(6)

-10

10

30

50

70

APCS +

PCSA

APCS

UPCS

PCSA

IPCX

UNWR

IWO

HZPS

23.2

15.8

11.3

10.0

7.8

7.5



7.4

6.3

0.0

4.0

8.0

12.0

16.0

20.0

24.0

APCS +

PCSA

APCS

UNWR

UPCS

IPCX

HZPS

PCSA

IWO

18.4

12.3

8.1

7.9

6.1

5.9

5.7

4.8

0.0

4.0

8.0

12.0

16.0

20.0

APCS +

PCSA

APCS

UNWR

UPCS

PCSA

IPCX

HZPS

IWO

**Positioned for Sector Leadership**

**Strong pro forma cash flow generation**

**Does not reflect pro forma impact of estimated annual synergies**

**LTM EBITDA (mm)**

**CY 2004 EBITDA (mm)**

**LTM EBITDA    Capex (mm)**

**CY 2004 EBITDA    Capex (mm)**

Source: Alamosa's 2004 reported data and Company Guidance, Wall Street research and publicly reported data from AirGate PCS.

\$136

\$90

\$48

\$46

\$44

\$17

\$0

\$50

\$100

\$150

APCS +

PCSA

APCS

UNWR

PCSA

UPCS

IPCX

\$133

\$86

\$60

\$47

\$31

\$24

\$0

\$50

\$100

\$150

APCS +

PCSA

APCS

UNWR

PCSA

UPCS

IPCX

\$227

\$166

\$79

\$63

\$62

\$36

\$28

\$0

\$50

\$100

\$150

\$200

\$250

APCS +

PCSA

APCS

UNWR

UPCS

PCSA<sup>1</sup>

IPCX

HZPS<sup>2</sup>

Notes:

1

Excludes \$11.7 million special settlement credit from the resolution of previous disputes with Sprint

2

Excludes effects of operation in NTELOS markets

\$247

\$180

\$76

\$71

\$67

\$32

\$27

\$0

\$50

\$100

\$150

\$200

\$250

APCS +

PCSA

APCS

UNWR

UPCS

PCSA

IPCX

HZPS?

**Transaction Terms**

**Q1 2005**

Expected Closing:

**Alamosa and AirGate shareholders**

**Sprint**

**Hart-Scott-Rodino antitrust approval**

Required Approvals:

**\$630 million, based on closing prices of Alamosa & AirGate on December 7, 2004**

**Includes assumption of approximately \$238 million of net debt**

**AirGate shareholders can elect cash consideration if desired**

**Based on Alamosa's trailing 10-day average price prior to closing**

**Cash consideration capped at \$100 million subject to proration**

**Restricted stock & options settled in cash**

**Election period from mailing of proxy to day prior to AirGate shareholder meeting**

Purchase Price:

Cash Election:

**2.87 Alamosa shares per AirGate share**

**\$33.01 per AirGate share based on Alamosa closing price of \$11.50 on December 7, 2004**

Consideration:

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**Implied Valuation**

**Assuming 100% stock consideration, AirGate shareholders will own approximately 18.1%<sup>1</sup> of the pro forma company**

**Alamosa would issue approximately 33.8 million shares<sup>2</sup> to AirGate shareholders**

**Implied valuation based on 12/7/04 Alamosa share price**

**Price per AirGate share of \$33.01**

**Equity value of \$392 million**

**Enterprise value of \$630 million**

**Implied market multiples:**

**Enterprise value / Total POPs = \$85**

**Enterprise value / Covered POPs = \$103**

**Enterprise value / LTM EBITDA = 10.1x**

**Enterprise value / LTM EBITDA - Capex = 13.6x**

Note:

- 1 Alamosa's convertible preferred stock included on an as-converted basis
- 2 Restricted stock units will receive cash consideration and in-the-money options outstanding will receive a cash payment equal to the excess of the per share price over the exercise price

24

**\$94.0**

**\$14.1 <sup>1</sup>**

**\$79.9**

**LTM Capex (mm)**

**\$227.1**

**\$61.5 <sup>1</sup>**

**\$165.5**

**LTM EBITDA (mm)**

**\$302.9**

**\$91.5**

**\$211.4**

**CY Q3 Total Revenue (mm)**

Combined

AirGate

Alamosa

**\$63.0**

**\$17.1**<sup>1</sup>

**\$45.9**

**CY Q3 EBITDA (mm)**

**\$1,085.6**

**\$336.1**

**\$749.5**

**LTM Total Revenue (mm)**

Financial:

**62.3**

**9.3**

**53.0**

**CY Q3 Net Additions (000s)**

**6.8%**

**6.2%**

**7.0%**

***Penetration of Covered POPs***

**1,250,537**

**384,537**

**866,000**

**EOP Subscribers (9/30/04)**

**18.9**

**6.1**

**12.8<sup>2</sup>**

**Covered POPs (mm)**

**23.2**

**7.4**

**15.8**

**Total POPs (mm)**

Operating:

**Historical Operating &  
Financial Highlights**

Notes:

1 Excludes an approximately \$10.9 million one time adjustment related to the settlement with Sprint

2 Based on 2004 Guidance from Alamosa

25

**Pro Forma Capitalization**

26

(\$ in millions)

\$0.0

**Max**

**9/30/2004**

**9/30/2004**

**Cash Scenario**

**Coupon**

**Maturity**

**Alamosa**

**AirGate**

**1**

**Adj.**

**Pro Forma**

**Cash & Equivalents**

**\$159.6**

**\$105.8**

**(\$123.1)**

**\$142.4**

Capital Lease

\$0.9

-

\$0.9

Senior Secured Floating Rate Notes

L+3.75

10/15/2011

-

\$175.0

175.0

Senior Subordinated Secured Notes

9.375%

9/1/2009

-

159.0

159.0

Senior Notes

8.500%

1/31/2012

250.0

-

250.0

Senior Notes

11.000%

7/31/2010

250.9

-

250.9

Senior Notes

12.500%

2/1/2011

11.6

-



11.6

Senior Notes

13.625%

8/15/2011

2.3

-

2.3

Senior Discount Notes

12.000%

7/31/2009

211.8

-

211.8

Senior Discount Notes

12.875%

2/15/2010

6.1

-

6.1

**Total Debt**

**\$733.7**

**\$334.0**

**\$1,067.7**

**Senior Secured Debt**

/ LTM EBITDA

0.0x

5.4x

1.5x

**Total Debt**

/ LTM EBITDA

4.4x

5.4x

4.7x

**Net Debt**

/ LTM EBITDA

3.5x

3.9x

4.1x

**LTM EBITDA**

**2**

**\$165.5**

**\$61.5**

**\$227.1**

Source: S-4, 12/22/04

Note:

1 Pro forma for offering of \$175 million Senior Secured Floating Rate notes.

Proceeds used to repay senior credit facility and redeem its existing 13.5% Senior Subordinated notes

2 Excludes \$11.7 million special settlement credit from the resolution of previous disputes with Sprint

### **Accretive Transaction**

**The transaction is EBITDA per share accretive to  
Alamosa's shareholders**

**17% accretive to 2004 EBITDA per share on a pro forma basis (all stock consideration)**

**Pro forma for the impact of estimated annual synergies**

Source: Alamosa's 2004 data per Company's guidance. AirGate's 2004 data per consensus Wall Street research

2004E EBITDA Accretion

Note:

1 Alamosa's convertible preferred stock included on an as converted basis

**Alamosa Pro Forma**

**Alamosa**

**Stock &**

**Stand Alone**

**All Stock**

**\$100mm Cash**

Pro Forma Shares Outstanding (mm)

153.3

187.1

178.4

**EBITDA**

2004E EBITDA (mm)

\$180.0

\$246.5

\$246.5

Operating Synergies

-

10.0

10.0

Pro Forma 2004E EBITDA (mm)

\$180.0

\$256.5

\$256.5

EBITDA / Share

1.17

1.37

1.44

**2004 EBITDA Accretion per Share**

-

**17%**

**22%**

27

**2004 GUIDANCE**

Full year 2004 Adjusted EBITDA\* of approximately \$180 million

Fixed asset additions of \$90 million

Penetration of Alamosa markets to be in the range of 7.1 to 7.4 percent by year-end 2004. Covered pops expected to be approximately 12.8 million

Full year churn of 2.4% percent or lower

**Summary**

29

**Wireless Industry**

**Current industry trends strong;  
Future industry trends also appear  
strong**

**Execution key to performance and  
cash flow**

**Attractive assets**

**Critical footprint to Sprint &  
attractive markets**

**Favorable Affiliation Agreements**

**Experienced management team**

**Strong financial position**

**Strong capital structure**

**Development of cash flow**

**Profitable growth strategy**

**Consolidation is now a Reality**



**Appendix**

**Calculation of Adjusted EBITDA\***

Adjusted earnings before interest, taxes, depreciation and amortization ( Adjusted EBITDA ) are defined as net loss plus taxes, net interest expense, depreciation expense, amortization expense and other non-cash expense items. Adjusted EBITDA is a measure used by the investment community in the telecommunications industry for comparability and is not intended to represent the results of our operations in accordance with GAAP.

30

**Q3 2004**

**Q2 2004**

Q1 2004

Q4 2003

Q3 2003

Q2 2003

Q1 2003

2002

2001

Net Income/Loss

\$2,168

(\$10,706)

(\$12,548)

(8,142)

\$

(17,510)

\$

(18,663)

\$

(30,531)

\$

(403,349)

\$

(147,423)

\$

Income tax benefit

-

240

317

(2,235)

(5,446)

(4,480)

(5,768)

(67,086)

(80,441)

**Net interest expense**

18,844

18,731

18,067

20,780

26,332

25,702

26,152

99,404

70,066

**Depreciation and amortization**

25,886

25,523

27,384

27,959

28,235

27,419

26,882

105,121

94,722

**Non-cash compensation**

30

25

26

251

45

199

41

29

(916)

**Gain (Loss) on derivative instruments**

(1,200)

11,926

(12,672)

(2,858)

-

-

-

-

-

**Impairment of goodwill**

-

-

-

-

-

-

-

291,635

-

**Impairment of property and equipment**

172

2,604

306

1,558

291

34

360

1,194

-

**Loss on debt extinguishment**

-

-

**13,101**

-

-

-

-

**5,472**

**Adjusted EBITDA**

**45,900**

**48,343**

**33,981**

**37,313**

**31,947**

**30,211**

17,136

26,948

(58,520)

**Provision for bad debts**

3,489

2,179

1,935

2,351

1,100

3,500

6,500

40,285

17,490

**Non-cash accretion of ARO**

48

46

45

41



524

-

-

-

-

**Debt exchange expenses**

-

-

-

**5,166**

**2,332**

**1,196**

-

-

-

**Non-cash interest items**

6,525

6,277

6,273

7,728

10,123

9,898

9,653

36,773

32,022

**Interest expense, net**

(18,844)

(18,731)

(18,067)

(20,780)

(26,332)

(25,702)

(26,152)

(99,404)

(70,066)

**Cash income taxes**

(240)

(317)

-

-

-

-

-

-

**Working capital changes**

(10,362)

3,615

(3,653)

(11,928)

(4,923)

(2,525)

(3,015)

(31,179)

(34,681)

**Cash flow from operating activities**

26,756

\$

41,489

\$

20,197

\$

19,891

\$

14,771

\$

16,578

\$

4,122

\$

(26,577)

\$

(113,755)

\$

**Calculation of ARPU/CCPU**

31

**Q3 2004**

**Q2 2004**

**Q1 2004**

**Q4 2003**

**Q3 2003**

**Q2 2003**

**Q1 2003**

**2002**

**2001**

**Net Income/Loss**

**\$2,168**

**(\$10,706)**

**(\$12,548)**

**(8,142)**

**\$**

**(17,510)**

**\$**

**(18,663)**

**\$**

**(30,531)**

**\$**

**(403,349)**

**\$**

**(147,423)**

**\$**

**Income tax benefit**

**-**

**240**

**317**

**(2,235)**

**(5,446)**

**(4,480)**

**(5,768)**

**(67,086)**

**(80,441)**

**Net interest expense**

**18,844**

**18,731**

**18,067**

**20,780**

**26,332**

**25,702**

**26,152**

**99,404**

**70,066**

**Depreciation and amortization**

25,886

25,523

27,384

27,959

28,235

27,419

26,882

105,121

94,722

**Non-cash compensation**

30

25

26

251

45

199



**41**

**29**

**(916)**

**Gain (Loss) on derivative instruments**

**(1,200)**

**11,926**

**(12,672)**

**(2,858)**

-

-

-

-

-

**Subscriber Revenue**

**143,623**

\$

133,569

\$

124,746

\$

117,157

\$

116,665

\$

114,550

\$

104,024

\$

391,927

\$

231,145

\$

**Travel Revenues**

59,106

51,705

43,153

42,816

**41,126**

**35,040**

**31,790**

**139,843**

**99,213**

**Total Service Revenues**

**202,729**

**\$**

**185,274**

**\$**

**167,899**

**\$**

**159,973**

**\$**

**157,791**

**\$**

**149,590**

**\$**

**135,814**

**\$**

**531,770**

\$

330,358

\$

**Average Subscribers**

839,000

794,000

748,000

707,000

685,000

665,000

635,000

566,500

315,000

**Average Revenue Per User (ARPU)**

57

\$

56

\$

56

\$

55

\$

57

\$

57

\$

55

\$

58

\$

61

\$

**ARPU with Roaming**

81

\$

78

\$

75

\$

75

\$

77

\$

75

\$

71

\$

78

\$

87

\$

**Costs**

**Cost of service and operations**

99,250

91,062

\$

86,216

\$

74,303

\$

83,313

\$

80,282

\$

79,317

\$

343,468

\$

237,843

\$

**Less: Roaming expense**

**(33,675)**

**(29,158)**

**(27,176)**

**(24,007)**

**(23,847)**

**(20,898)**

**(18,808)**

**(96,352)**

**(83,344)**

**General and administrative expenses**

**5,861**

**5,706**

**5,717**

3,786

4,084

4,722

3,665

15,243

13,853

**Debt exchange expenses**

-

-

-

5,166

2,332

1,196

-



-

-

**Upgrade costs in selling and marketing expenses**

**8,876**

**4,901**

**4,680**

**4,152**

**3,058**

**3,671**

**3,939**

**10,213**

-

**80,312**

**\$**

**72,511**

**\$**

**69,437**

**\$**

**63,400**

**\$**

**68,940**

**\$**

**68,973**

**\$**

**68,113**

**\$**

**272,572**

**\$**

**168,352**

**\$**

**Average Subscribers**

**839,000**

**794,000**

**748,000**

**707,000**

**685,000**

665,000

635,000

566,500

315,000

**Cash Cost Per User (CCPU)**

32

\$

30

\$

31

\$

30

\$

34

\$

35

\$

36

\$

40

\$

45

\$

**CCPU with Roaming**

45

\$

43

\$

43

\$

41

\$

45

\$

45

\$

46

\$

54

\$

67

\$

**Calculation of CPGA**

32

**Q3 2004**

**Q2 2004**

**Q1 2004**

**Q4 2003**

**Q3 2003**

**Q2 2003**

**Q1 2003**

**2002**

**2001**

**Selling & Marketing Expenses**

**40,090**

**31,839**

**30,993**

**28,095**

**29,801**

**26,584**

**28,146**

**119,059**

**110,052**

**Less Upgrade costs in selling & marketing**

**(8,876)**

**(4,901)**

**(4,680)**

**(4,152)**

**(3,058)**

**(3,671)**

**(3,939)**

**(10,213)**

**-**

**Cost of Products Sold**

**20,265**

**16,379**

**19,783**

**19,495**

**14,913**

**12,399**

**12,844**

**50,974**

53,911

**Product Sales Revenue**

(8,637)

(8,055)

(8,791)

(8,185)

(8,599)

(5,804)

(5,294)

(23,922)

(26,781)

**Total Cost of Acquisition**

42,842

35,262



**37,305**

**35,253**

**33,057**

**29,508**

**31,757**

**135,898**

**137,182**

**Gross Activation**

**122,000**

**97,000**

**104,000**

**93,000**

**81,000**

**79,000**

93,000

370,000

410,000

**Cost Per Gross Activation (CPGA)**

351

\$

364

\$

359

\$

379

\$

408

\$

374

\$

341

\$

367

\$

335

\$

**David E. Sharbutt**

**Chairman & Chief Executive Officer**

**15th Annual Global Entertainment, Media &  
Telecommunications Conference**

**January 9-12, 2005**

**Scottsdale, Arizona**