



Alltel Wireline Spin and Merger with VALOR Communications



Investor Briefing
December 9, 2005



“Safe Harbor” Statement and Regulation G Disclaimer

“Safe Harbor” Statement

This presentation includes statements about expected future events and future financial results that are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to uncertainties that could cause actual future events and results to differ materially from those expressed in the forward-looking statements. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events and results. Actual future events and results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors. Representative examples of these factors include (without limitation) adverse changes in economic conditions in the markets served by Alltel; the extent, timing, and overall effects of competition in the communications business; material changes in the communications industry generally that could adversely affect vendor relationships with equipment and network suppliers and customer relationships with wholesale customers; changes in communications technology; the risks associated with pending acquisitions and dispositions, including the pending acquisition of the Idaho markets and Midwest Wireless and the pending dispositions of Western Wireless' Kansas and Nebraska markets, the Austrian, Bolivian and Haitian operations, and the wireline business; the risks associated with the integration of acquired businesses, including the integration of Western Wireless; the uncertainties related to any discussions or negotiations regarding the sale of any of the international assets; adverse changes in the terms and conditions of the wireless roaming agreements of Alltel; the potential for adverse changes in the ratings given to Alltel's debt securities by nationally accredited ratings organizations; the availability and cost of financing in the corporate credit and debt markets necessary to consummate the disposition of the wireline business; the uncertainties related to Alltel's strategic investments; the effects of litigation; and the effects of federal and state legislation, rules, and regulations governing the communications industry. In addition to these factors, actual future performance, outcomes, and results may differ materially because of more general factors including (without limitation) general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes.

Regulation G Disclaimer

Today's presentation will include certain non-GAAP financial measures. I refer you to the Investor Relations section of Alltel's Web site where the company has posted additional information regarding these non-GAAP financial measures, including a reconciliation of each such measure to the most directly comparable GAAP measure. The company's Web site is located at www.alltel.com.



Transaction Summary



Scott Ford
President and CEO



Summary Highlights

Transaction Summary

- Tax-free spin-off of Alltel Wireline followed by tax-free merger with VALOR Communications Group (“NewCo”) :
 - Each Alltel shareholder to receive 1.05 shares of NewCo
 - Alltel shareholders to own 85% of NewCo

NewCo Capitalization/Dividend Policy

- Leverage: ~3.2x
- Dividend: \$1.00 per share (equivalent to \$1.05 per current Alltel share)
- Payout ratio: 65 - 70%

Wireless Capitalization/Dividend Policy

- Pro forma wireless Net Debt/OIBDA of ~0.5x⁽¹⁾
- \$4.2B of cash proceeds/debt reduction from wireline separation
- Plan to use proceeds and free cash flow for:
 - \$1B debt reduction
 - \$3B share repurchase program will extend for 2 years after spin-off
- Dividend: \$0.50 per share



Enhanced Scale and Attractive Synergies Through VALOR Combination

Merger With VALOR

- Highly complementary rural market footprint
- Ease of integration (VALOR uses Alltel billing system)
- ~\$40M synergy potential
- Optimizes wireline capital structure and allows for maximum shareholder value creation
- Significant tax assets at VALOR

Valuation

VALOR Price Per Share <i>VALOR Shares Issued to Alltel</i>	\$12.21 ⁽¹⁾ 403M
Implied Alltel Wireline Equity Value	\$4.9B
+ Debt	\$4.2B
<hr/> Total Transaction Value	\$9.1B → ~6.5x OIBDA ⁽²⁾

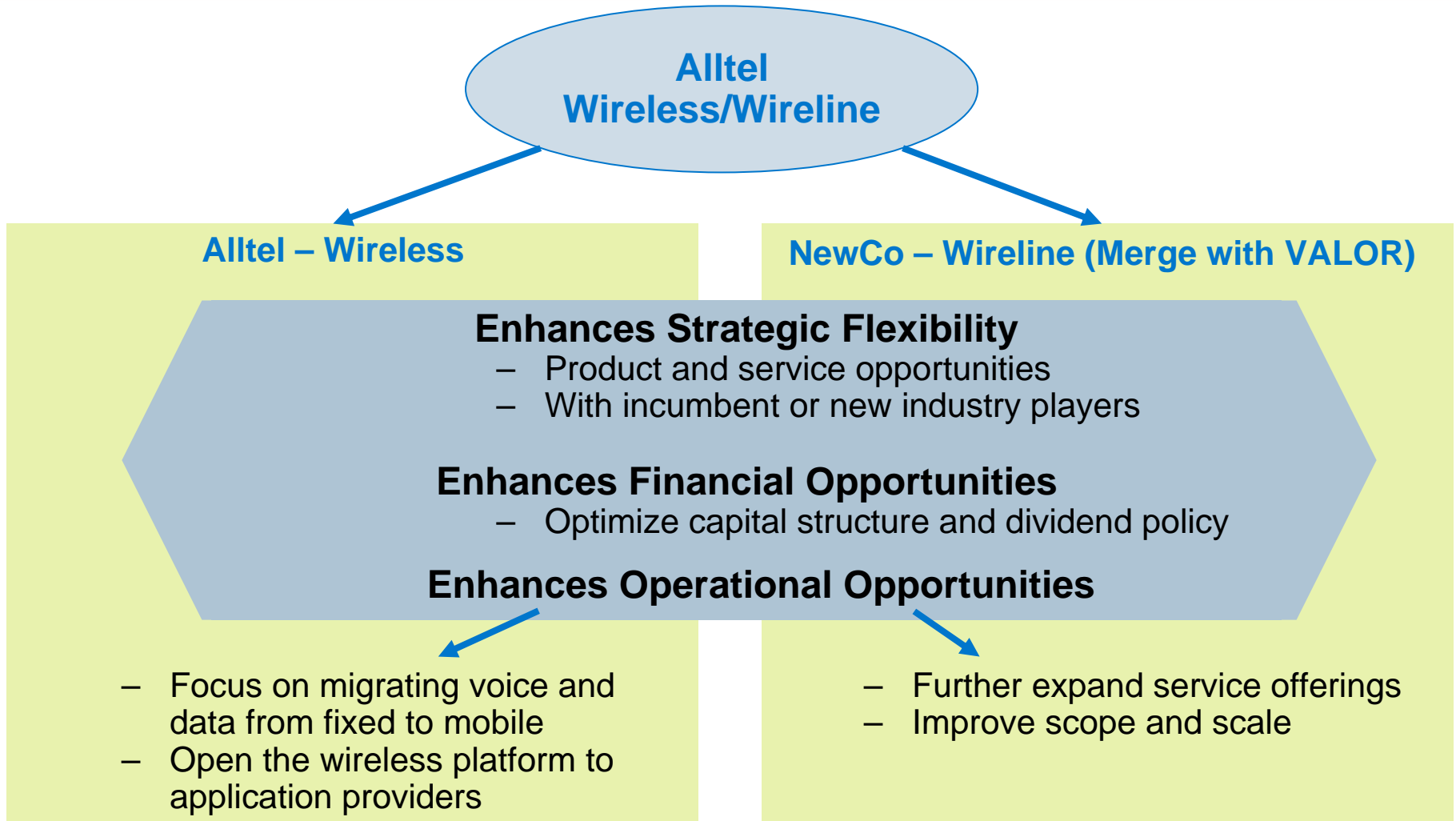
(1) Represents VALOR share price as of 12/2/05

(2) LTM 9/30/05 Alltel Wireline with Comm Support Services



Strategic Rationale for the Separation

Repositioning the Company Into Two Distinct Assets Divided Between Growth (Wireless) and Value (Wireline) Enhances the Overall Opportunities for Each





A Closer Look For Alltel Shareholders

Alltel Consolidated (pre-transaction)

Revenue ⁽¹⁾	\$10.1B
OIBDA ⁽¹⁾	\$4.0B
Net Debt	\$5.4B
Dividend	\$1.54 per Share
Shares Outstanding	383M

Alltel – Wireless

Revenue ⁽¹⁾	\$7.5B
OIBDA ⁽¹⁾	\$2.6B
Net Debt	\$1.2B
Dividend	\$0.50 per Share
Shares Outstanding	383M
Planned Share Repurchase	\$3.0B

NewCo – Wireline (Merge with VALOR)

Revenue ⁽¹⁾	\$3.4B
OIBDA ⁽¹⁾	\$1.7B
Net Debt	\$5.4B
Dividend ⁽²⁾	\$1.00 per Share
Shares Outstanding	474M

Collective Dividend Will Increase \$0.01 Per Share

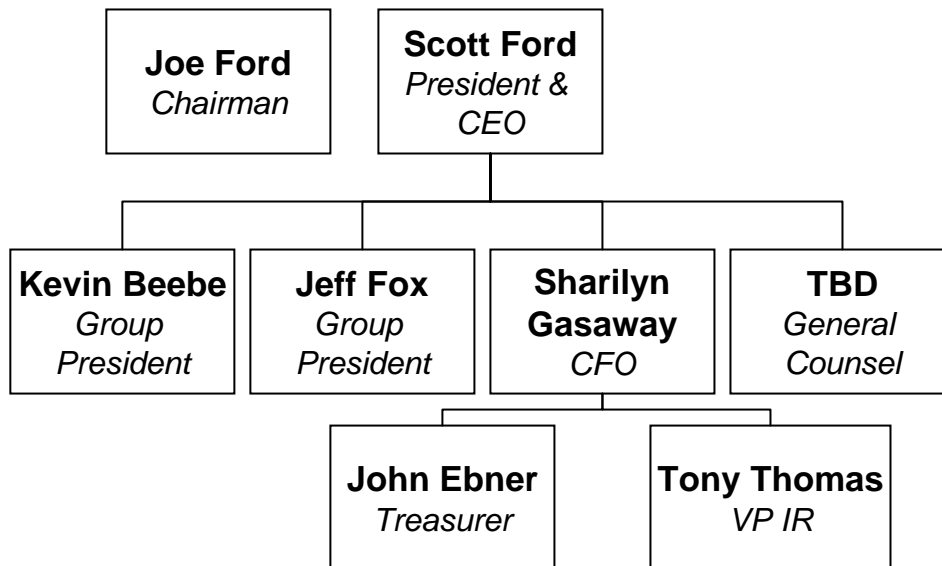
(1) LTM 9/30/05. Wireless Pro Forma to include Western Wireless, Midwest Wireless, and retained Comm Support Services. Wireline Pro Forma for VALOR merger

(2) NewCo dividend is equivalent to \$1.05 per current Alltel share

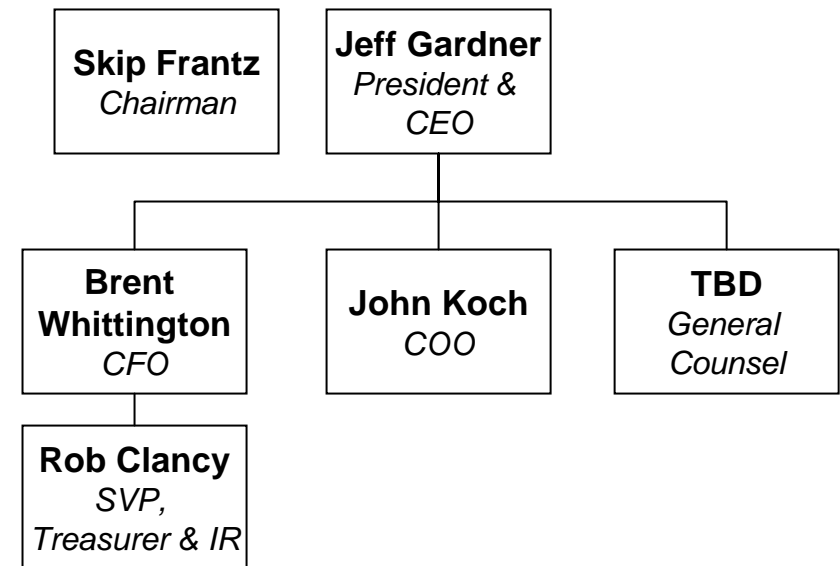


Overview of Management Teams

Alltel – Wireless



NewCo – Wireline





Wireless Business

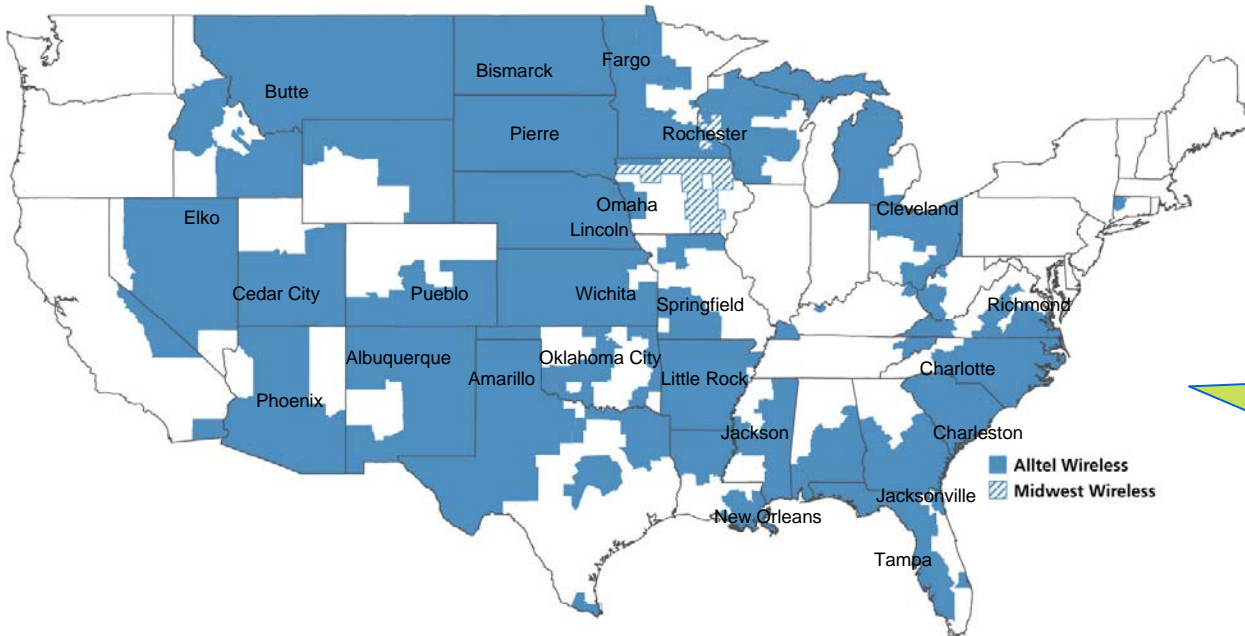


Scott Ford
President and CEO



Alltel – The Premier Rural Wireless Carrier

Continuing To Grow the Retail Business



Covered U.S. POPs ~75M
 Network Coverage >1M sq. mi.
 Spectrum Position Avg. ~30MHz
 (primarily in 850MHz band)

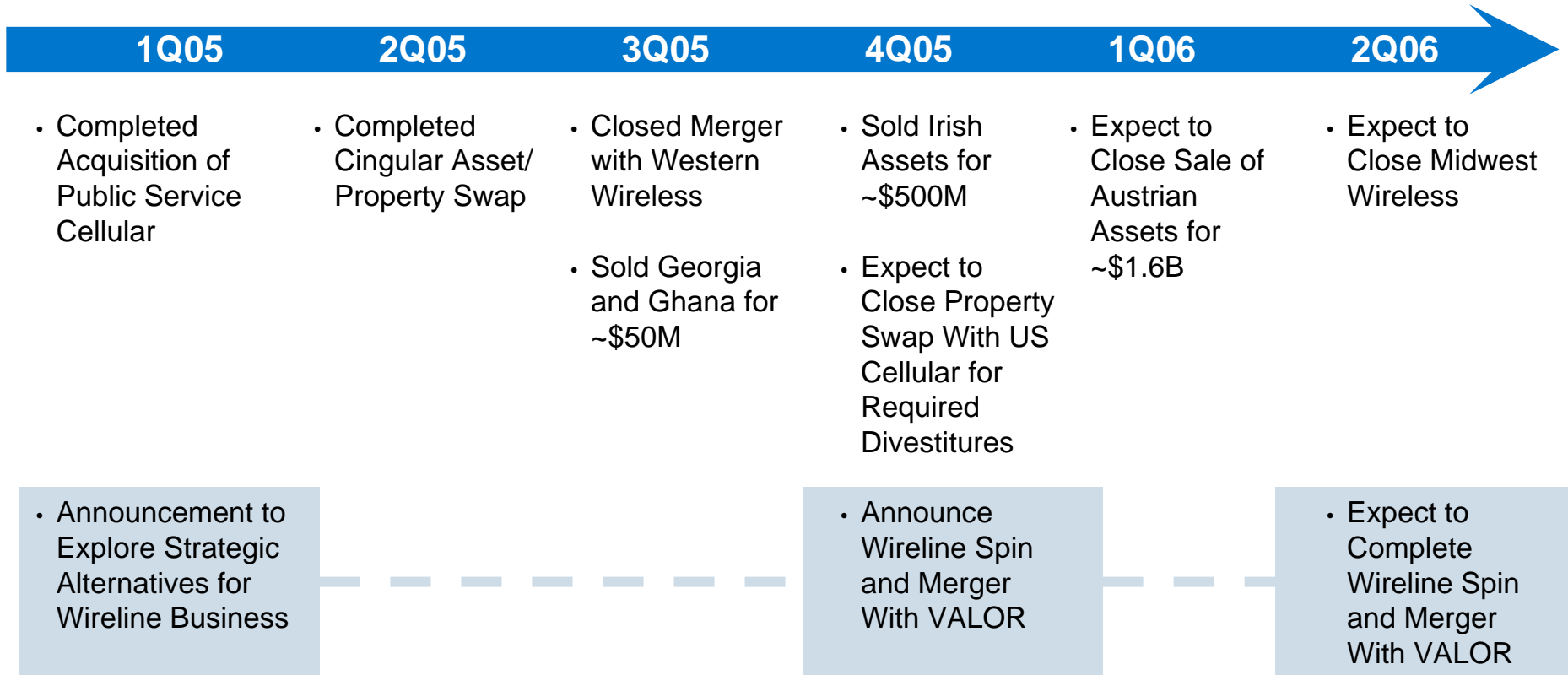
- Superior Growth Profile and Industry Leading Margins
- Significant Presence in Tier 2/3 Markets
- Leading Independent Roaming Partner to the 4 National Carriers

Alltel	
<i>(Dollars in Billions, Subs in Millions)</i>	
Customers	10.9
Revenue ⁽¹⁾	\$7.5
OIBDA ⁽¹⁾	\$2.6

(1) LTM 9/30/05. Pro Forma to include Western Wireless, Midwest Wireless, and retained Comm Support Services



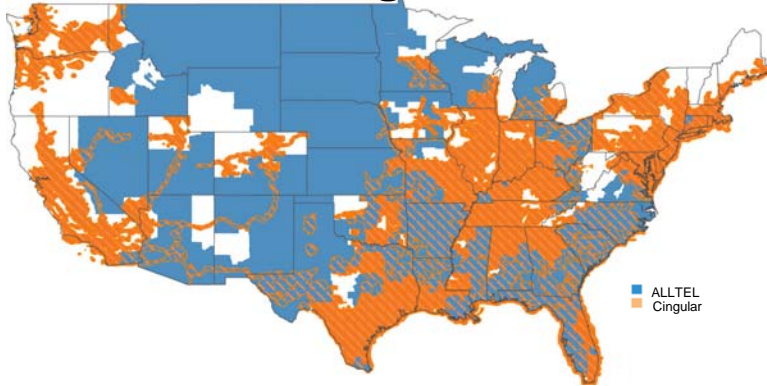
Update on Strategic Initiatives



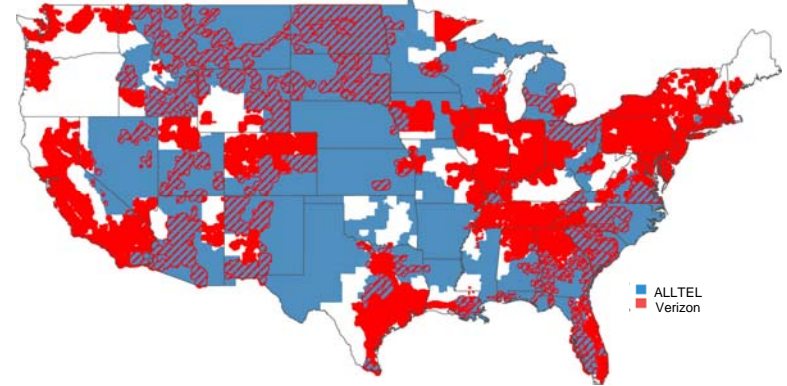
Continue to Grow Domestic Wireless Retail Business

Complementary Network Footprint with Meaningful Scale

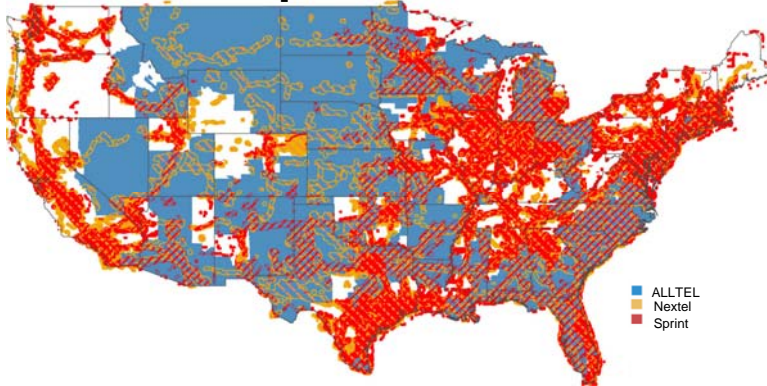
Cingular



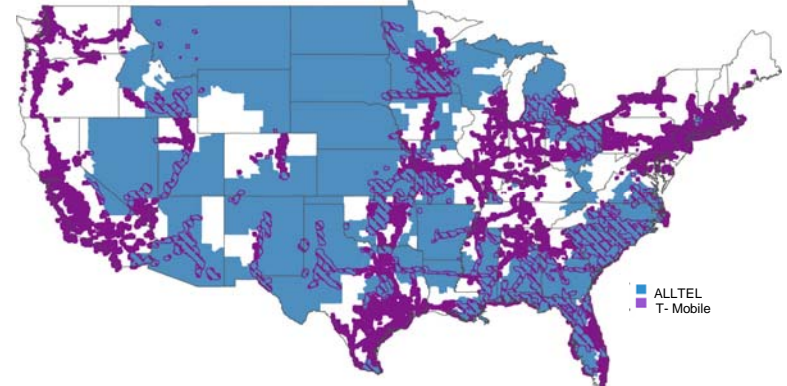
Verizon



Sprint/Nextel



T-Mobile



Well-Positioned to Grow the Wholesale Business



Wireless Capital Structure & Dividend Policy

- Current Alltel parent and Wireless debt expected to remain with Wireless entity
- Wireless entity to be very modestly levered and pay dividend appropriate for its capital structure and growth profile

Net Debt/OIBDA ⁽¹⁾	~0.5x
Dividend per Share	\$0.50

- Proceeds received from Wireline and free cash flow to be used for:

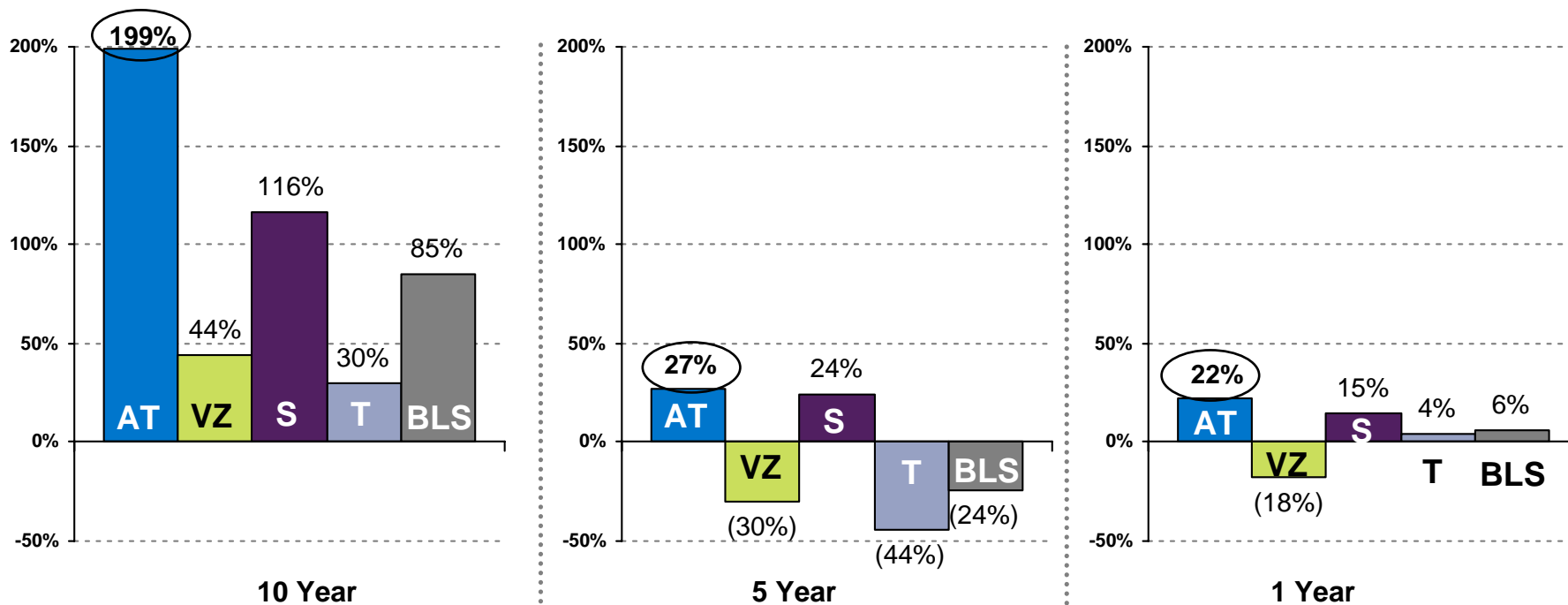
**\$1B planned
debt reduction**

**\$3B planned
share repurchase
program**



Shareholder Returns Compared to Peers⁽¹⁾

Stock Price Appreciation & Dividends



Rank ⁽²⁾	Alltel	Verizon	Sprint	AT&T	BellSouth
1	1	4	2	5	3
2	2	5	3	4	1
3	3	1	1	1	2
4	4	2	2	2	3
5	5	3	3	3	4

Note: (1) Total return based on stock price appreciation and dividends.
 (2) Based on the periods ending 11/28/05.

Source: FactSet database and Company reports



Opportunities in the Wireless Business

Opportunities

**Improve
Voice and Data
Penetration**

**Strategic
Opportunities**

Mobile VoIP

**Expand
Service
Offerings
(Data/Video)**

**Increase
Penetration of
POPs**



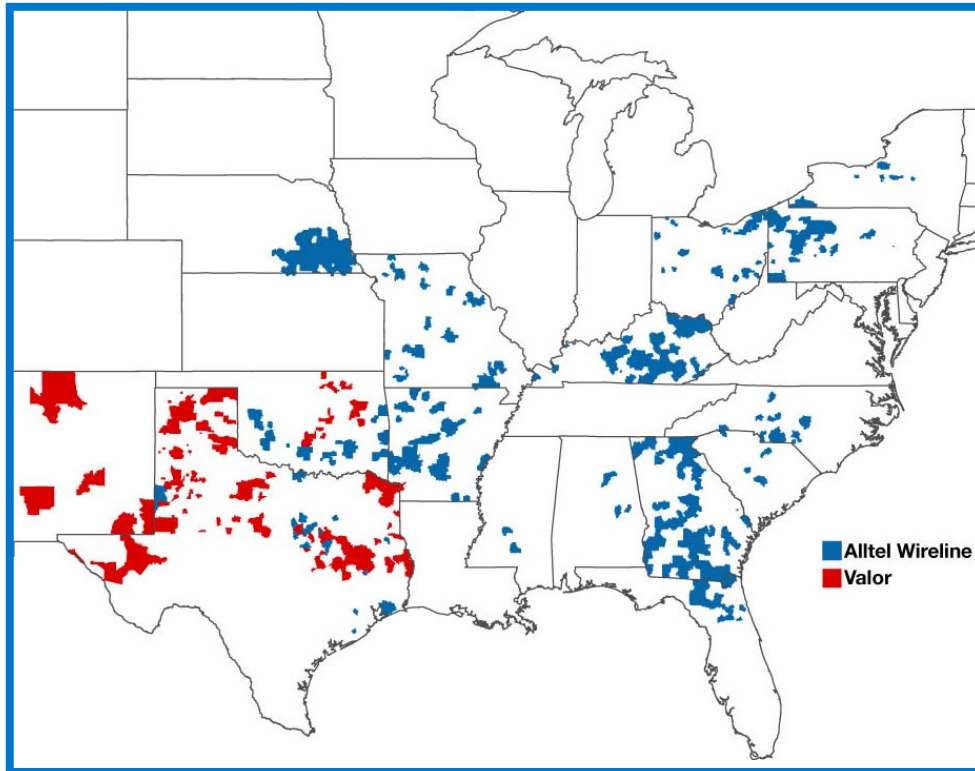
Wireline Business “NewCo”



Jeff Gardner
President and CEO

Alltel Wireline Merger with VALOR (“NewCo”)

Enhancing Scale and Scope



- NewCo Wireline business
 - 3.4M customers
 - \$3.4B revenue and \$1.7B OIBDA⁽¹⁾

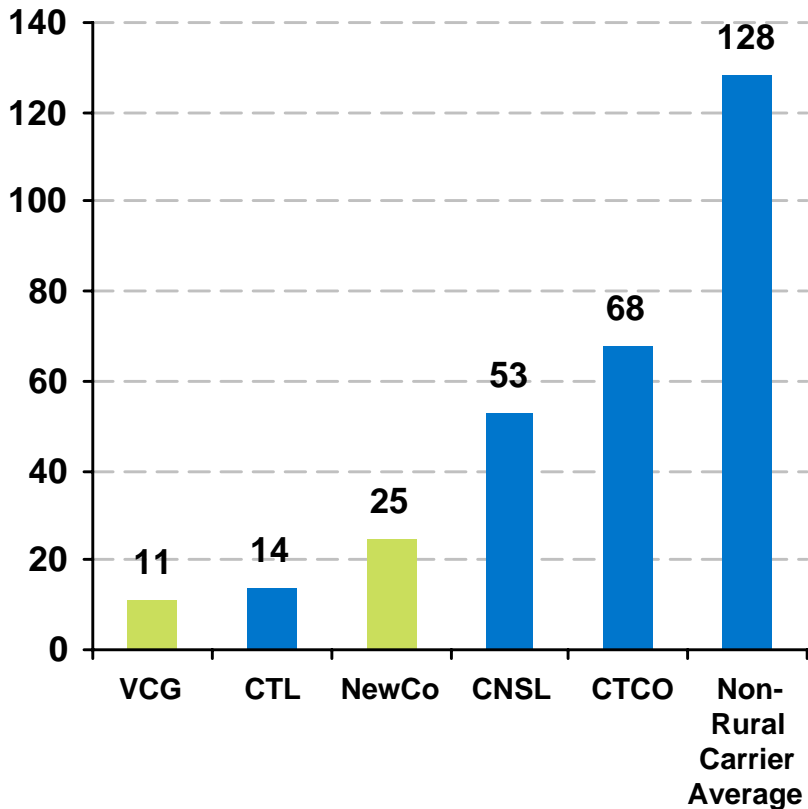
Transaction Highlights

- Alltel Wireline to merge with VALOR in Reverse Morris Trust transaction (Tax-free)
- Alltel shareholders to own 85% of pro forma entity
- Complementary markets with favorable rural characteristics
- Ease of integration (VALOR currently utilizes Alltel billing system)
- ~\$40 million expected run-rate synergies
- Required approvals: VALOR shareholders, FCC, DoJ, applicable State PUCs
- NewCo to determine appropriate branding strategy before closing
- Expected to close mid-2006

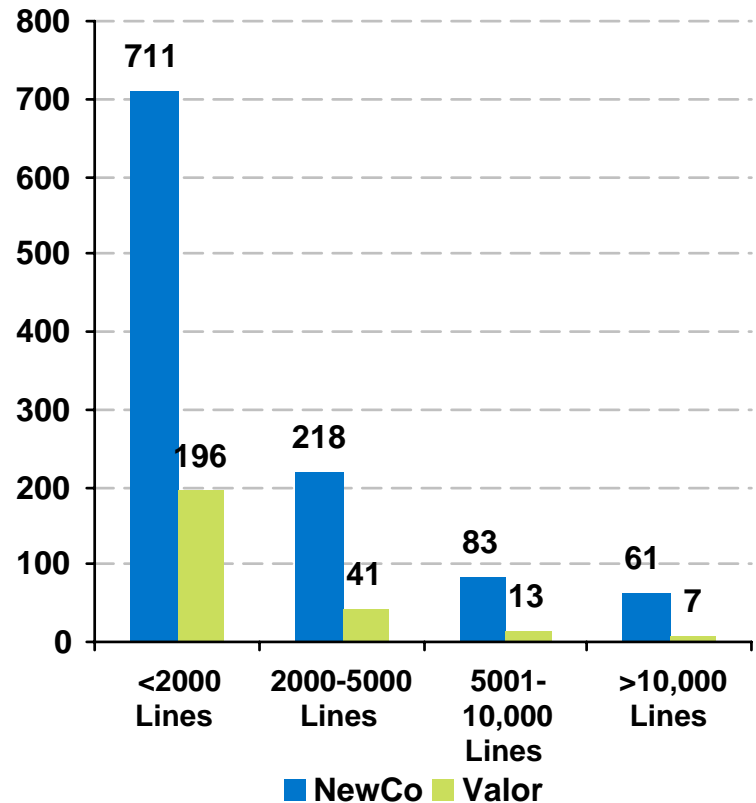


Favorable Rural Characteristics

Access Lines per Square Mile



Number of Markets per Size of Markets Served



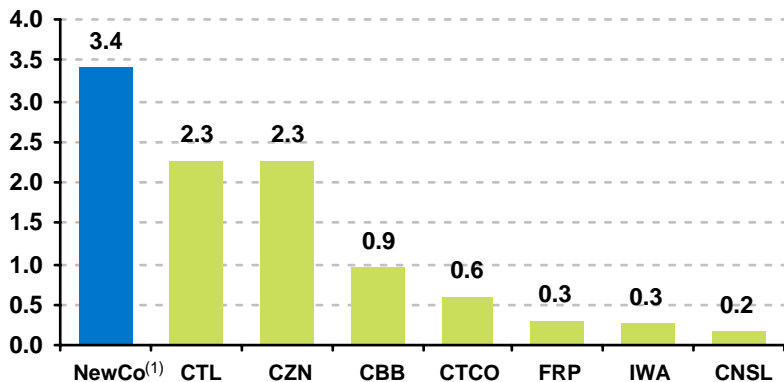
NewCo Teledensity Is 25 Access Lines Per Square Mile As Compared to the Non-rural Carrier Average of 128



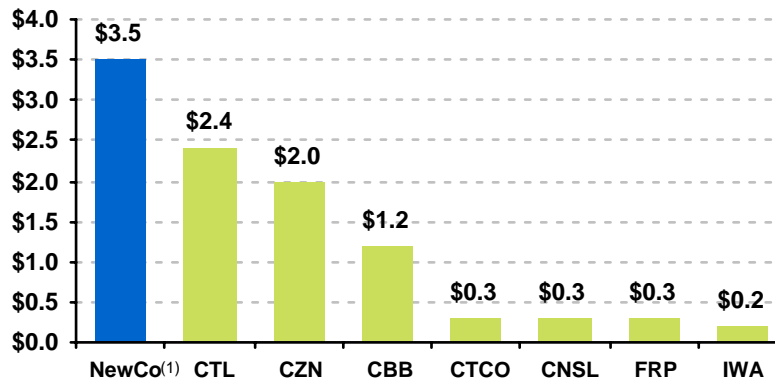
Premier Rural Wireline Company

Significant Scale and Profitability

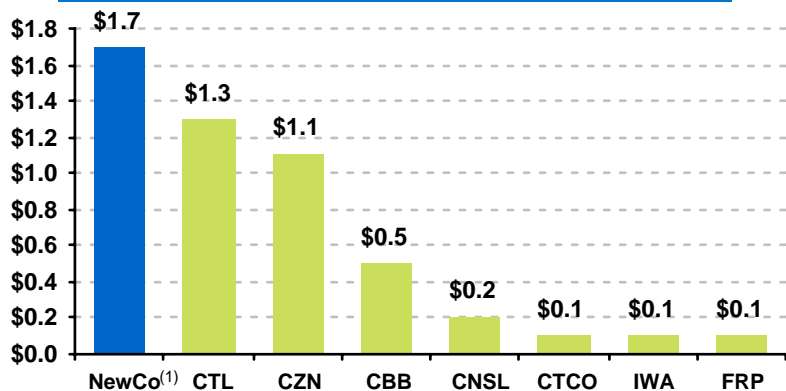
Q3'05 Access Lines (M)



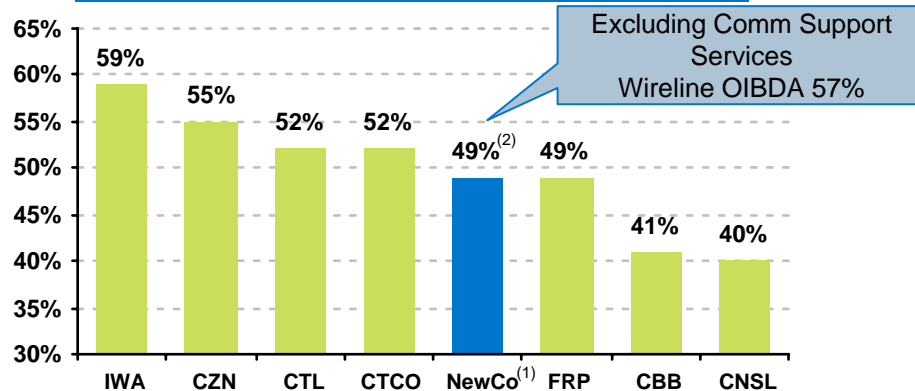
2004 Revenue (\$B)



2004 OIBDA (\$B) Pre-Synergy



2004 OIBDA % Pre-Synergy



(1) Pro forma for Alltel/VALOR merger.

(2) Includes CSS. Wireline OIBDA margin excluding CSS is 57%.



Opportunities in the Wireline Business

**Strategic
Opportunities**

**Improve
Broadband
Penetration**

**Improve
Feature
Penetration**

Opportunities

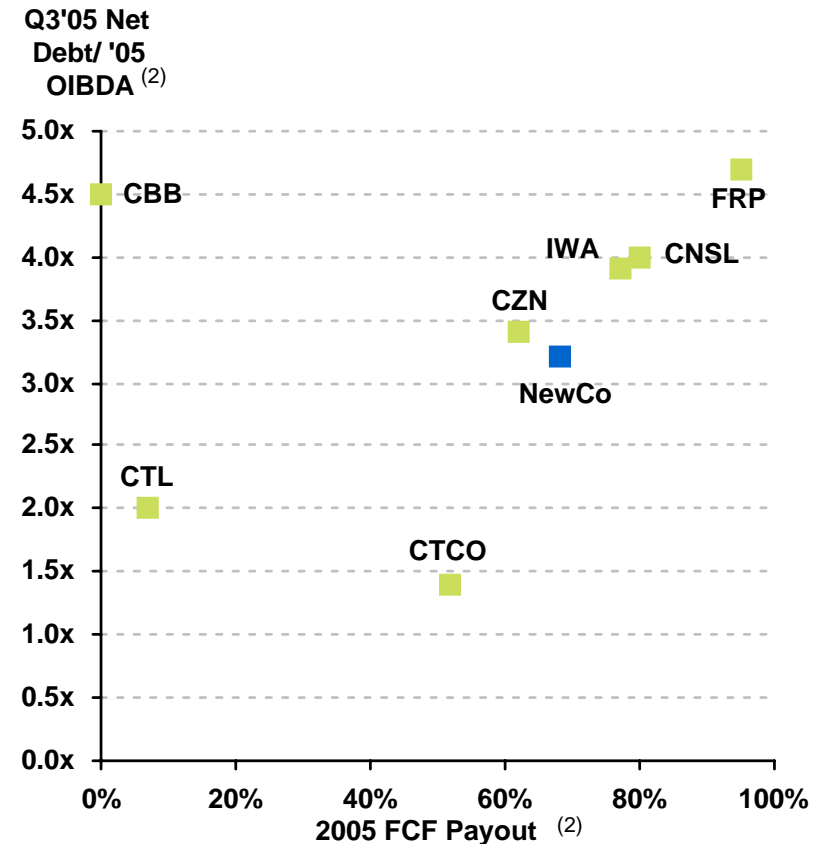
**Expand
Service
Offerings
(Video)**

**Expand
Service
Offerings
(Wireless)**



Wireline Capital Structure & Dividend Policy

- Pro forma Wireline entity to have ~\$5.4B of net debt
 - ~3.2x total leverage
- 65% to 70% FCF payout ratio
- Pro forma dividend per share of \$1.00 ⁽¹⁾



Capital Structure To Have Reasonable Leverage and Payout Ratio

⁽¹⁾ Equivalent to \$1.05 per current Alltel share.

⁽²⁾ Based on Wall Street research.



Summary

- Repositioning the Company into two distinct assets divided between growth (wireless) and value (wireline) will improve shareholder returns
- Optimize capital structure for each business
- Enhanced strategic, financial, operational opportunities for each business
- Improved scale through strategic merger with VALOR
 - Complementary markets with favorable rural characteristics
 - Ease of integration
 - ~\$40 million expected annual synergies
- Experienced management teams



Q&A



Save the Date
Alltel Analyst Day
February 1, 2006 • New York
(Details will be provided at a later date)