ALLTEL CORP
Form DEFM14A
July 24, 2007
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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

Proxy Statement Pursuant to Section 14(a)

of the Securities Exchange Act of 1934

Filed by the Registrant x

Filed by a Party other than the Registrant ¨

Check the appropriate box:

¨ Preliminary Proxy Statement
x Definitive Proxy Statement
¨ Definitive Additional Materials
¨ Soliciting Material Pursuant to § 240.14a-12

¨ **Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

ALLTEL CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if other than Registrant)

Payment of Filing Fee (Check the appropriate box):

¨ No fee required.

¨ Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

(1) Title of each class of securities to which transaction applies:
Common Stock of Alltel Corporation, par value $1.00 per share; $2.06 No Par Cumulative Convertible Preferred Stock, Series C of Alltel Corporation; $2.25 No Par Cumulative Convertible Preferred Stock, Series D of Alltel Corporation.

(2) Aggregate number of securities to which transaction applies:

343,852,797 shares of Common Stock; 16,525,416 options to purchase Alltel Corporation Common Stock; 85,360 shares of Alltel Corporation Common Stock related to other rights to receive Alltel Corporation Common Stock; 10,127 shares of $2.06 No Par Cumulative Convertible Preferred Stock, Series C of Alltel Corporation; 26,073 shares of $2.25 No Par Cumulative Convertible Preferred Stock, Series D of Alltel Corporation.

(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

Calculated solely for the purpose of determining the filing fee. The transaction valuation is determined based upon the sum of (A) 343,852,797 shares of Common Stock multiplied by $71.50 per share; (B) an aggregate of $384,741,075 expected to be paid upon the cancellation of outstanding options having an exercise price less than $71.50; (C) 85,360 shares of Common Stock related to other rights to receive Alltel Corporation Common Stock multiplied by $71.50 per share; (D) 10,127 shares of $2.06 No Par Cumulative Convertible Preferred Stock, Series C multiplied by $523.22 per share; and (E) 26,073 shares of $2.25 No Par Cumulative Convertible Preferred Stock, Series D multiplied by $481.37 per share. In accordance with Section 14(g) of the Securities Exchange Act of 1934, as amended, the filing fee was determined by multiplying 0.00003070 by the sum calculated in the preceding sentence.

(4) Proposed maximum aggregate value of transaction:

$24,994,168,710

(5) Total fee paid:

$767,321

x Fee paid previously with preliminary materials.

¨ Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the Form or Schedule and the date of its filing.

(1) Amount Previously Paid:

(2) Form, Schedule or Registration Statement No.:

(3) Filing Party:

(4) Date Filed:

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ALLTEL CORPORATION

One Allied Drive   Little Rock, Arkansas 72202

Telephone (501) 905-8000

www.alltel.com

July 20, 2007

Dear Fellow Stockholder:

You are cordially invited to attend a special meeting of Alltel Corporation stockholders to be held on August 29, 2007, starting at 12:00 noon, local time, at the Alltel Arena, One Alltel Arena Way (Washington Street Box Office Entrance), North Little Rock, Arkansas 72114.

At the special meeting, you will be asked to consider and vote upon a proposal to adopt a merger agreement under which Alltel Corporation would be acquired by Atlantis Holdings LLC, an entity controlled by private investment funds affiliated with TPG Partners V, L.P. and GS Capital Partners VI Fund, L.P. We entered into this merger agreement on May 20, 2007. If the merger is completed, you, as a holder of Alltel common stock, will be entitled to receive $71.50 in cash, without interest, for each share of Alltel Corporation common stock owned by you at completion of the merger, as more fully described in the enclosed proxy statement. In addition, if you are a holder of Alltel Corporation s $2.06 No Par Cumulative Convertible Preferred Stock, Series C or a holder of Alltel Corporation s $2.25 No Par Cumulative Convertible Preferred Stock, Series D, you will be entitled to receive $523.22 and $481.37 in cash, per share, respectively, without interest, as more fully described in the enclosed proxy statement.

Alltel Corporation s board of directors has unanimously approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement, determined that the transactions contemplated by the merger agreement are in the best interests of Alltel Corporation and its stockholders and resolved to recommend that Alltel Corporation s stockholders vote in favor of the adoption and approval of the merger agreement.

Accordingly, our board of directors unanimously recommends that you vote *FOR* the adoption of the merger agreement and *FOR* the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

Your vote is very important, regardless of the number of shares of common stock you own. We cannot complete the merger unless the merger agreement is approved by the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of all of the votes entitled to vote at the special meeting. **Therefore, the failure of any stockholder holding Alltel common stock to vote on the proposal to adopt the merger agreement will have the same effect as a vote by that stockholder against the adoption of the merger agreement.** Whether or not you plan to attend the special meeting, please complete, date, sign and return, as promptly as possible, the enclosed proxy card in the accompanying reply envelope, or submit your proxy by telephone or the Internet. If you have Internet access, we encourage you to record your vote via the Internet. If you attend the special meeting and vote in person, your vote by ballot will revoke any proxy previously submitted.

The attached proxy statement provides you with detailed information about the special meeting, the merger agreement and the merger. A copy of the merger agreement is attached as Annex A to this document. We encourage you to read this document and the merger agreement carefully and in their entirety. You may also obtain more information about Alltel Corporation from documents we have filed with the Securities and Exchange Commission.

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If you have any questions or need assistance voting your shares, please call D.F. King & Co., Inc., who is assisting us, toll-free at 1-888-542-7446.

Thank you in advance for your continued support and your consideration of this matter.

Sincerely,

Scott T. Ford

President and Chief Executive Officer

Neither the Securities and Exchange Commission nor any state securities regulatory agency has approved or disapproved the merger, passed upon the merits or fairness of the merger or passed upon the adequacy or accuracy of the disclosure in this document. Any representation to the contrary is a criminal offense.

The proxy statement is dated July 20, 2007, and is first being mailed to stockholders on or about July 25, 2007.

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ALLTEL CORPORATION

One Allied Drive • Little Rock, Arkansas 72202

NOTICE OF SPECIAL MEETING OF STOCKHOLDERS

To Be Held On August 29, 2007

To the Stockholders of Alltel Corporation:

A special meeting of stockholders of Alltel Corporation, a Delaware corporation, will be held on August 29, 2007, starting at 12:00 noon, local time, at the Alltel Arena, One Alltel Arena Way (Washington Street Box Office Entrance), North Little Rock, Arkansas 72114, for the following purposes:

1. To consider and vote on a proposal to adopt the Agreement and Plan of Merger (the merger agreement), dated as of May 20, 2007, by and among Alltel Corporation, a Delaware corporation (Alltel), Atlantis Holdings LLC, a Delaware limited liability company (Parent) and Atlantis Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent (Merger Sub), as it may be amended from time to time. A copy of the merger agreement is attached as Annex A to the accompanying proxy statement. Pursuant to the terms of the merger agreement, Merger Sub will merge with and into Alltel (the merger) and upon the merger becoming effective each outstanding share (other than any shares held by any wholly owned subsidiary of the Company, shares owned by Parent or Merger Sub or held by Alltel and shares owned by stockholders who perfect their appraisal rights under Delaware law) of Alltel s (i) common stock, par value $1.00 per share, will be converted into the right to receive $71.50 in cash, without interest, and (ii) $2.06 No Par Cumulative Convertible Preferred Stock, Series C will be converted into the right to receive $523.22 in cash, without interest, and (iii) $2.25 No Par Cumulative Convertible Preferred Stock, Series D will be converted into the right to receive $481.37 in cash, without interest, as more fully described in the accompanying proxy statement.

2. To consider and vote on any proposal to adjourn or postpone the special meeting to a later date or time, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement if there are insufficient votes at the time of such adjournment or postponement to approve the merger agreement.

3. To consider and vote on such other business as may properly come before the special meeting or any adjournments or postponements thereof.

Our board of directors has specified July 23, 2007, as the record date for the purpose of determining the stockholders who are entitled to receive notice of, and to vote at, the special meeting. All stockholders of record at the close of business on the record date are entitled to notice of and to attend the special meeting and any adjournment or postponement thereof. However, only holders of record of our common stock at the close of business on the record date are entitled to vote at the special meeting and at any adjournment or postponement thereof. The vote of our preferred stockholders is not required to approve the merger and the merger agreement and is not being solicited.

Under Delaware law, Alltel stockholders who do not vote in favor of the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and comply with the other Delaware law procedures explained in the accompanying proxy statement.

Our board of directors has unanimously approved and declared advisable the merger agreement and the transactions contemplated by the merger agreement, determined that the transactions contemplated by the merger agreement are in the best interests of Alltel and its stockholders and resolved to recommend that Alltel s stockholders vote in favor of the adoption and approval of the merger agreement.

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THE BOARD OF DIRECTORS UNANIMOUSLY RECOMMENDS THAT YOU VOTE FOR THE ADOPTION OF THE MERGER AGREEMENT AND FOR THE ADJOURNMENT OR POSTPONEMENT OF THE SPECIAL MEETING, IF NECESSARY OR APPROPRIATE, TO SOLICIT ADDITIONAL PROXIES.

Your vote is important. The adoption of the merger agreement requires the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of all the votes entitled to vote at the special meeting. Therefore, your failure to vote in person at the special meeting or to submit a signed proxy card will have the same effect as a vote by you AGAINST the approval of the merger agreement. Properly executed proxy cards with no instructions indicated on the proxy card will be voted ***FOR*** the adoption of the merger agreement and ***FOR*** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. Even if you plan to attend the special meeting in person, we request that you complete, sign, date and return the enclosed proxy or submit your proxy by telephone or the Internet prior to the special meeting to ensure that your shares will be represented at the special meeting if you are unable to attend. If you have Internet access, we encourage you to record your vote via the Internet. If you fail to return your proxy card or fail to submit your proxy by phone or the Internet and you fail to attend the special meeting, your shares will not be counted for purposes of determining whether a quorum is present at the meeting, but will not affect the outcome of the vote regarding the adjournment proposal, if necessary. If you hold your shares through a bank, broker or other custodian, you must obtain a legal proxy from such custodian in order to vote in person at the special meeting. If you attend the special meeting, you may revoke your proxy and vote in person if you wish, even if you have previously returned your proxy card. Your prompt attention is greatly appreciated.

Please note that space limitations make it necessary to limit attendance at the special meeting to stockholders as of the record date (or their authorized representatives). If you attend, please note that you may be asked to present valid photo identification. If your shares are held by a bank or broker, please bring to the special meeting your statement evidencing your beneficial ownership of common stock. The list of stockholders entitled to vote at the special meeting will be available for inspection at our principal executive offices at One Allied Drive, Little Rock, Arkansas 72202, at least 10 days prior to the date of the special meeting and continuing through the special meeting for any purpose germane to the meeting; the list will also be available at the meeting for inspection by any stockholder present at the meeting.

By Order of the Board of Directors,

Richard N. Massey
Secretary

Little Rock, Arkansas

July 20, 2007

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SUMMARY TERM SHEET

The following summary highlights selected information in this proxy statement and may not contain all the information that may be important to you. Accordingly, we encourage you to read carefully this entire proxy statement, its annexes and the documents referred to or incorporated by reference in this proxy statement. Each item in this summary includes a page reference directing you to a more complete description of that topic. See Where You Can Find More Information beginning on page 67. We sometimes make reference to Alltel Corporation and its subsidiaries in this proxy statement by using the terms Alltel, the Company, we, our or us.

The Merger (Page 17)

The Agreement and Plan of Merger, dated as of May 20, 2007, which we refer to as the merger agreement, by and among Alltel, Atlantis Holdings LLC, a Delaware limited liability company (which we refer to as Parent), and Atlantis Merger Sub, Inc., a Delaware corporation and wholly owned subsidiary of Parent (which we refer to as Merger Sub), provides that Merger Sub, which is controlled through Parent by TPG Partners V, L.P. and GS Capital Partners VI Fund, L.P. (which we collectively refer to as the Sponsors) will merge with and into Alltel. As a result of the merger, Alltel will become a private company, controlled by the Sponsors. Alltel will be the surviving corporation in the merger (which we refer to as the surviving corporation) and, following the merger, will continue to do business as Alltel Corporation. As a private company, the registration of Alltel s common stock and Alltel s $2.06 No Par Cumulative Convertible Preferred Stock (which we refer to as the Series C Preferred) and its reporting obligations with respect to such stock under the Securities Exchange Act of 1934, as amended (the Exchange Act), will be terminated upon application to the Securities and Exchange Commission (the SEC). In addition, upon completion of the proposed merger, shares of Alltel s common stock and the Series C Preferred will no longer be listed on any stock exchange or quotation system, including the New York Stock Exchange (NYSE).

Effects of the Merger (Page 46)

If the merger is completed, each outstanding share of Alltel common stock will be converted into the right to receive $71.50 in cash, without interest. We refer to this amount in this proxy statement as the common stock merger consideration. As a stockholder, you will be entitled to receive the common stock merger consideration for each share of our common stock owned by you. In addition, if the merger is completed, each share of the Series C Preferred will be converted into the right to receive $523.22, in cash, without interest. We refer to this amount as the Series C merger consideration. Similarly, each share of Alltel s $2.25 No Par Cumulative Convertible Preferred Stock, Series D (which we refer to as the Series D Preferred) will be converted into the right to receive $481.37, in cash, without interest. We refer to this amount as the Series D merger consideration. We refer to the common stock merger consideration, the Series C merger consideration and the Series D merger consideration, collectively, as the merger consideration. Following the merger, you will no longer own any shares of the surviving corporation and Alltel will cease to be a publicly traded company. If the merger agreement is not adopted, Alltel will remain an independent public company and our common stock and the Series C Preferred will continue to be listed and traded on the NYSE.

Completion of the Merger (Page 45)

We are working toward completing the merger as quickly as possible, and we currently anticipate that it will be completed in the fourth quarter of 2007 or the first quarter of 2008. However, we cannot predict the exact timing of the completion of the merger and whether the merger will be completed. In order to complete the merger, we must obtain stockholder approval and the other closing conditions under the merger agreement, including receipt of certain regulatory approvals, must be satisfied or, to the extent legally permitted, waived. In addition, Parent is not obligated to complete the merger until the final day of a 20-calendar day Marketing Period beginning after the receipt of stockholder approval and such regulatory approvals and during which certain required information is provided that it may use to complete its financing for the merger. The Marketing Period may recommence in certain circumstances.

The Parties to the Merger (Page 11)

Alltel Corporation. Alltel provides wireless voice and data communications services to 12 million wireless customers in 35 states. In terms of both the number of customers served and revenues earned, Alltel is the fifth largest provider of wireless services in the United States.

Atlantis Holdings LLC. Atlantis Holdings LLC is a Delaware limited liability company and is controlled by the Sponsors. Atlantis Holdings LLC was formed solely for the purpose of acquiring Alltel and has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement.

Atlantis Merger Sub, Inc. Atlantis Merger Sub, Inc. is a Delaware corporation and a wholly owned subsidiary of Parent. Merger Sub was formed solely for the purpose of facilitating Parent s acquisition of Alltel. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the proposed merger, Merger Sub will merge with and into Alltel and will cease to exist, with Alltel continuing as the surviving corporation.

The Special Meeting (Page 12)

Date, Time and Place. The special meeting will be held on August 29, 2007, starting at 12:00 noon, local time, at the Alltel Arena, One Alltel Arena Way (Washington Street Box Office Entrance), North Little Rock, Arkansas 72114.

Purpose. You will be asked to consider and vote upon (1) the adoption of the merger agreement, (2) the adjournment or postponement of the special meeting to a later date, if necessary or appropriate, to solicit additional proxies in favor of the proposal to approve the merger agreement if there are insufficient votes at the time of the meeting to approve the merger agreement and (3) such other business as may properly come before the special meeting or any adjournments or postponements thereof.

Record Date and Quorum. You are entitled to vote at the special meeting if you owned shares of our common stock at the close of business on July 23, 2007, the record date for the special meeting. You will have one vote for each share of our common stock that you owned on the record date. As of July 17, 2007, there were 343,873,624 shares of our common stock issued and outstanding and entitled to vote. A majority of our common stock issued, outstanding and entitled to vote at the special meeting constitutes a quorum for the purpose of considering the proposals. In the event that a quorum is not present at the special meeting, the meeting may be adjourned or postponed to solicit additional proxies.

Vote Required. The adoption of the merger agreement requires the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of all the votes entitled to vote at the special meeting.

Approval of any proposal to adjourn or postpone the special meeting, if necessary or appropriate, for the purpose of soliciting additional proxies requires the affirmative vote of the holders of a majority of the shares of our common stock present in person or represented by proxy at the special meeting and entitled to vote on the matter.

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Voting and Proxies. Any stockholder of record entitled to vote at the special meeting may submit a proxy by telephone, via the Internet, by returning the enclosed proxy card by mail, or by voting in person at the special meeting. If you intend to submit your proxy by telephone or the Internet you must do so no later than 5:00 a.m. Central Daylight Time on August 29, 2007, and if you intend to submit your proxy by mail it must be received by the vote tabulator prior to the closing of the polls at the special meeting. If your shares of our common stock are held in street name by your broker, you should instruct your broker on how to vote such shares of common stock using the instructions provided by your broker. If you do not provide your broker with instructions, your shares of our common stock will not be voted, which will have the same effect as a vote AGAINST the adoption of the merger agreement. The persons named in the accompanying proxy will also have discretionary authority to vote on any adjournments or postponements of the special meeting. Even if you plan to attend the special meeting, after carefully reading and considering the information contained in this proxy statement, if you hold your shares of common stock in your own name as the stockholder of record, please vote your shares by completing, signing, dating and returning the enclosed proxy card or by using the telephone number printed on your proxy card or by using the Internet voting instructions printed on your proxy card.

If you return your signed proxy card, but do not mark the boxes showing how you wish to vote, your shares will be voted ***FOR*** the proposal to adopt the merger agreement and ***FOR*** the adjournment proposal, if applicable.

Revocability of Proxy. Any stockholder of record who executes and returns a proxy card (or submits a proxy via telephone or the Internet) may revoke the proxy at any time before it is voted at the special meeting by attending the special meeting and voting in person. Your attendance at the special meeting will not, by itself, revoke your proxy. To revoke your proxy, you must vote in person at the special meeting. If you hold your shares in your name as a stockholder of record, you may also revoke the proxy by notifying our proxy solicitor, D.F. King & Co., Inc., 48 Wall Street, New York, NY 10005. Further, the proxy may be revoked by submitting a later-dated proxy card, or, if you voted by telephone or the Internet, by voting a second time by telephone or Internet. In the event you have instructed a broker, bank or other nominee to vote your shares of our common stock, you have to follow the directions received from your broker, bank or other nominee and change those instructions in order to revoke your proxy.

Sale of Shares. The record date of the special meeting is earlier than the date of the special meeting and the date that the merger is expected to be completed. If you transfer your shares of common stock after the record date but before the special meeting, you will retain the right to vote at the special meeting, but you will have transferred the right to receive the merger consideration. In order to receive the merger consideration, you must beneficially own your shares of common stock through completion of the merger.

Dissenters Rights. Under Delaware law, Alltel stockholders who do not vote in favor of the merger agreement will have the right to seek appraisal of the fair value of their shares as determined by the Delaware Court of Chancery if the merger is completed, but only if they submit a written demand for such an appraisal prior to the vote on the merger agreement and comply with the other Delaware law procedures explained in this proxy statement.

Solicitation of Proxies. Alltel will pay all expenses of this solicitation, including the cost of preparing and mailing this document. The proxies are being solicited by and on behalf of our board of directors. In addition to solicitation by use of the mails, proxies may be solicited by our directors, officers and employees in person or by telephone, telegram, electronic mail, facsimile transmission or other means of communication. Those persons will not be additionally compensated for solicitation activities, but may be reimbursed for out-of-pocket expenses in connection with any solicitation. We also may reimburse custodians, nominees and fiduciaries for their expenses in sending proxies and proxy material to beneficial owners. In addition, we have retained D.F. King & Co., Inc. to assist in the solicitation of proxies for the special meeting.

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Treatment of Options and Other Awards (Page 46)

Stock Options. Options to acquire shares of our common stock will vest immediately prior to the effective time of the merger and holders of such options will, unless otherwise agreed by the holder and Parent, be entitled to receive an amount in cash equal to the excess, if any, of the common stock merger consideration over the exercise price per share of common stock subject to the option for each share subject to the option.

Restricted Shares. Immediately prior to the effective time of the merger, all shares of Company restricted stock, unless otherwise agreed by the holder and Parent, will vest and will be converted into the right to receive the common stock merger consideration.

Recommendation of Our Board of Directors (Page 22)

Our board of directors unanimously approved and declared advisable the merger agreement, the merger and the transactions contemplated by the merger agreement, determined that the transactions contemplated by the merger agreement are advisable and in the best interests of Alltel and its stockholders and resolved to recommend that Alltel s stockholders vote in favor of the adoption of the merger agreement. The board of directors unanimously recommends that our stockholders vote ***FOR*** the adoption of the merger agreement and ***FOR*** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

Opinions of Alltel s Financial Advisors (Page 25)

The board of directors received separate written opinions, dated May 20, 2007, from each of its financial advisors, J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Inc. and Stephens Inc., which we refer to as JPMorgan, Merrill Lynch and Stephens, respectively, to the effect that, as of the date of their respective opinions, the $71.50 per share in cash consideration to be paid to the holders of Alltel s common stock, other than Parent and its affiliates, in the merger was fair to such holders from a financial point of view. The opinions of JPMorgan, Merrill Lynch and Stephens, are subject to the assumptions, limitations and qualifications set forth in such opinions, which are attached as Annex B, Annex C and Annex D, respectively, to this proxy statement. We encourage you to read the opinions and the section The Merger Opinions of Alltel s Financial Advisors beginning on page 25 carefully and in their entirety. The opinions of each of JPMorgan, Merrill Lynch and Stephens were provided to Alltel s board of directors in connection with their evaluation of the merger, do not address any other aspect of the merger and do not constitute a recommendation to any stockholder as to how you should vote on any matter at the special meeting.

In connection with a memorandum of understanding entered into to settle certain litigation arising in connection with the merger, described in further detail under The Merger Litigation Related to the Merger (which we refer to in this proxy statement as the memorandum of understanding), at a regularly scheduled board meeting held on July 19, 2007, JPMorgan and Merrill Lynch advised the board that, taking into consideration the types of factors and analyses considered in rendering their May 20, 2007, opinions, they were aware of no matter, during the period since May 20, 2007, that would cause them to withdraw or modify their opinions.

Interests of Alltel s Directors and Executive Officers in the Merger (Page 38)

In considering the recommendation of the board of directors, you should be aware that our directors and executive officers may be considered to have interests in the merger that are different from, or in addition to, your interests as a stockholder. Such interests include (i) severance payments and benefits payable to executive officers upon a qualifying actual or constructive termination of employment pursuant to agreements previously entered into between the executive officers and Alltel, (ii) the accelerated vesting and cashing out of certain compensation and equity awards and the accelerated vesting and/or payment of deferred compensation arrangements for certain directors and officers and (iii) rights to continued indemnification and insurance coverage after the merger for acts or omissions occurring prior to the merger.

We understand that Parent currently intends to have discussions with members of our management team regarding their employment by the Company after the merger, possibly including the opportunity to serve on the board of directors of the post-closing company, and that in connection with their continued employment these members may be offered the opportunity to exchange some portion of their current Alltel shares, stock options and other equity interests, instead of receiving a cash payment for them, for equity in the post-closing company. Further, Parent has informed us that it currently intends to establish equity-based incentive compensation plans for management of the surviving corporation, a portion of which may be allocated to our executive officers. It is anticipated that equity awards granted under these incentive compensation plans would generally vest over a number of years of continued employment and would entitle management to share in the future appreciation of the surviving corporation.

Although certain members of our current management team may enter into new arrangements with Parent or its affiliates regarding employment (and severance arrangements) with, and the right to purchase or participate in the equity of, the post-closing company, there can be no assurance that any parties will reach an agreement. Scott Ford, Alltel s Chief Executive Officer, has expressed a willingness to remain in his current role after the closing of the merger. However, these matters are subject to further discussion and negotiation and, as of the date of this document, no terms or conditions have been finalized and no agreements relating to these matters have been entered into.

Common Stock Ownership of Directors and Executive Officers (Page 65)

As of July 17, 2007, the directors and executive officers of Alltel beneficially owned in the aggregate 18,644,604 of the shares of our common stock entitled to vote at the special meeting. All of our directors and executive officers have informed Alltel that they currently intend to vote all of their shares of common stock **FOR** the approval of the merger agreement and **FOR** the postponement proposal. However, pursuant to the memorandum of understanding referred to in this proxy statement, shares personally owned by Scott Ford and Warren Stephens will be voted in the same proportion in favor, against and abstaining as all votes were cast other than with respect to such shares.

Financing of the Merger (Page 34)

Parent estimates that the total amount of funds necessary to complete the merger is anticipated to be approximately $26.3 billion, a portion of which is payable to Alltel s stockholders and holders of options and other awards, with the remainder used to repay or refinance existing indebtedness, and to pay customary fees and expenses in connection with the merger, the financing arrangements and related transactions.

Equity Financing. Parent has received equity commitment letters from the Sponsors, pursuant to which, subject to the conditions contained therein, the Sponsors have agreed severally to make or secure aggregate capital contributions of up to $4.6 billion to Parent in connection with the completion of the merger. Such equity commitment obligations may be assigned by each of the Sponsors, in whole or in part, to its respective affiliates or to one or more private equity funds sponsored or managed by its respective affiliates, and such assignment will relieve each of the Sponsors, as applicable, of a corresponding portion of its obligations, provided that such affiliates or private equity funds represent to Parent that they are capable of performing all of their obligations under the equity commitment letters.

Debt Financing. Parent has received a debt commitment letter from Citigroup Global Markets Inc., Goldman Sachs Credit Partners L.P., Barclays Bank PLC, Barclays Capital, RBS Securities Corporation and The Royal Bank of Scotland plc to provide (1) a senior secured term loan facility of up to $14.0 billion and a senior secured revolving credit facility of up to $1.5 billion, (2) a senior unsecured cash pay bridge facility of up to $4.7 billion less the amount of any senior unsecured cash pay notes issued in lieu of such bridge facility and (3) a

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senior unsecured PIK option bridge facility of up to $3.0 billion less the amount of any senior unsecured PIK notes issued in lieu of such bridge facility. In addition, the aggregate principal amount of the senior secured term loan facility may be increased by up to $750.0 million under certain circumstances.

Regulatory Approvals (Page 43)

Under the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended, and the rules and regulations promulgated thereunder (the HSR Act), the merger could not be completed until notification and report forms have been filed with the U.S. Federal Trade Commission (the FTC) and the Antitrust Division of the U.S. Department of Justice (the Antitrust Division) and the applicable waiting period has expired or been terminated. Effective June 5, 2007, Alltel and Parent each filed its notification and report form under the HSR Act with the FTC and the Antitrust Division. The applicable waiting period expired on July 5, 2007.

In order to complete the merger, we and Parent must also obtain approvals from the Federal Communications Commission (the FCC). We, our relevant subsidiaries and Parent filed the required applications with the FCC on June 6, June 7 and June 14, 2007, respectively, seeking approval of the transfer of control to Parent of the Alltel entities that hold FCC licenses and authorizations.

Material U.S. Federal Income Tax Consequences (Page 41)

The exchange of shares of our stock for cash pursuant to the merger agreement in the merger generally will be a taxable transaction for U.S. federal income tax purposes. Stockholders who exchange their shares of our stock for cash in the merger will generally recognize gain or loss in an amount equal to the difference, if any, between the cash received in the merger and their adjusted tax basis in their shares of our stock. You should consult your tax advisor for a complete analysis of the effect of the merger on your federal, state and local and/or foreign taxes.

Conditions to the Merger (Page 58)

Conditions to Each Party s Obligations. Each party s obligation to complete the merger is subject to the satisfaction or waiver of the following mutual conditions:

- adoption of the merger agreement by Alltel s common stockholders;

- no governmental entity of competent jurisdiction shall have enacted, issued or entered any restraining order, preliminary or permanent injunction or similar order or legal restraint or prohibition which remains in effect that enjoins or otherwise prohibits consummation of the merger;

- the expiration or earlier termination of any applicable waiting period under the HSR Act; and

- all approvals and authorizations required to be obtained from the FCC for the transfer of control of the Alltel entities that hold FCC licenses and authorizations in connection with the merger shall have been obtained, except for those approvals and authorizations to be obtained from the FCC that in the aggregate are immaterial to the Company and have not been denied by the FCC, regardless of whether the FCC shall have issued a final order.

Conditions to Alltel s Obligations. Our obligation to complete the merger is subject to the satisfaction or waiver of further conditions, including:

- Parent and Merger Sub s representations and warranties must be true and correct, as of May 20, 2007, and as of the closing date of the merger, except to the extent the failure of such representations and warranties to be true and correct would not prevent or materially delay or materially impair the ability of Parent and Merger Sub to consummate the merger; and

Parent and Merger Sub must have performed, in all material respects, their covenants and agreements in the merger agreement.

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Conditions to Parent s and Merger Sub s Obligations. The obligation of Parent and Merger Sub to complete the merger is subject to the satisfaction or waiver of further conditions, including:

- our representations and warranties must be true and correct without regard to the materiality thresholds specified in the merger agreement, as of May 20, 2007, and as of the closing date of the merger, except to the extent the failure of such representations and warranties to be true and correct would not constitute a material adverse effect on the Company (other than limited representations and warranties regarding (x) the capitalization of Alltel which must be true in all material respects and (y) the absence of an event since December 31, 2006 that would have a Company Material Adverse Effect (as defined in the merger agreement and as described below under The Merger Agreement Representations and Warranties) which must be true in all respects); and

- we must have performed, in all material respects, our covenants and agreements in the merger agreement.

No Solicitation of Transactions (Page 53)

The merger agreement restricts our ability to, among other things, solicit or engage in discussions or negotiations with any third parties regarding specified transactions involving us or our subsidiaries and our board of directors ability to change or withdraw its recommendation in favor of the merger agreement. Notwithstanding these restrictions, under circumstances specified in the merger agreement, in order to comply with its fiduciary duties under applicable law, our board of directors may respond to certain unsolicited competing proposals or terminate the merger agreement and enter into an agreement with respect to a superior competing proposal or withdraw its recommendation in favor of the approval of the merger agreement.

Termination of the Merger Agreement (Page 59)

We and Parent may terminate the merger agreement by mutual written consent at any time before the completion of the merger (including after our stockholders have adopted the merger agreement). In addition, with certain exceptions, either Parent or Alltel may terminate the merger agreement at any time before the completion of the merger:

- if the merger has not been completed before May 20, 2008, but which may be extended up to July 20, 2008 if certain regulatory conditions to closing have not yet been met (which we refer to as the end date), and until August 20, 2008 under certain circumstances;

- if any court of competent jurisdiction issues or enters an injunction or similar legal restraint or order permanently enjoining or otherwise prohibiting the consummation of the merger and such injunction, legal restraint or order is final and non-appealable; or

- if the Company s stockholders fail to adopt the merger agreement.

Alltel may also terminate the merger agreement:

- if Parent or Merger Sub has breached or failed to perform any of its representations, warranties, covenants or other agreements in the merger agreement and such breach or failure would result in the failure of a closing condition and cannot be cured by the end date, so long as we have given Parent 30 days written notice and we are not then in material breach of the merger agreement;

- if, prior to the receipt of the stockholder vote, our board of directors has received a superior proposal, notified Parent of the termination in accordance with the merger agreement, negotiated in good faith with Parent (to the extent Parent desires to negotiate) during a five business day period to revise the terms of the merger agreement, determined after such period that the proposal continues to be a superior proposal, pays the termination fee and concurrent with the termination enters into a definitive agreement with respect to the superior proposal as further described under The Merger Agreement No Solicitation of Transactions, The Merger Agreement Termination and The Merger Agreement Fees and Expenses beginning on page 53, 59, and 61, respectively; or

- if the merger has not been consummated by the third business day after the final day of the Marketing Period as described in The Merger Agreement Effective Time; Marketing Period, beginning on page 45; provided the conditions to closing relating to the accuracy of Alltel s representations and warranties and compliance with its covenants under the merger agreement are then satisfied.

Parent may also terminate the merger agreement:

- if we have breached or failed to perform any of our representations, warranties, covenants or other agreements in the merger agreement and such breach or failure would result in the failure of a closing condition and cannot be cured by the end date, so long as Parent has given us 30 days written notice and Parent is not then in material breach of the merger agreement;
- if our board of directors changes its recommendation of the merger or fails to include its recommendation in the proxy statement;
- if our board of directors publicly approves, endorses or recommends an alternative transaction or fails to publicly recommend against acceptance of a tender or exchange offer that is a competing business combination proposal within 10 business days after the commencement of the offer; or
- if our board of directors notifies Parent that it intends to terminate the agreement to enter into a superior proposal as described under The Merger Agreement No Solicitation of Transactions beginning on page 53.

Termination Fees (Page 61)

- If the merger agreement is terminated under certain specified circumstances principally relating to the existence of an alternative acquisition proposal, we would be obligated to pay a termination fee of $625 million to Parent. Pursuant to the memorandum of understanding referred to in this proxy statement, the termination fee payable under certain circumstances by the Company to Parent is waived by Parent to the extent it exceeds $550 million, as described under The Merger Litigation Related to the Merger beginning on page 43.
- If the merger agreement is terminated under certain specified circumstances, Parent would be obligated to pay a termination fee of $625 million to us. Each Sponsor has severally agreed to guarantee one-half of any such amounts payable by Parent to the Company, as further described under Financing of the Merger Guarantee; Remedies beginning on page 38.

Market Price of Common Stock (Page 63)

The closing sale price of our common stock on the NYSE on May 18, 2007, the last trading day prior to the announcement of the merger, was $65.21. The closing sale price of our common stock on the NYSE on December 28, 2006, the last trading day prior to the publication of an article in The Wall Street Journal speculating that Alltel could be acquired by private equity sponsors or by certain other wireless communications firms, was $58.31.

Additional Information

For additional questions about the merger, assistance in submitting proxies or voting shares of our common stock, or additional copies of the proxy statement or the enclosed proxy card, please contact our proxy solicitor:

D.F. King & Co., Inc.

48 Wall Street

New York, NY 10005

1-888-542-7446 (toll-free)

1-212-269-5550 (call collect)

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CAUTIONARY STATEMENT CONCERNING FORWARD-LOOKING INFORMATION

This proxy statement, and the documents to which we refer you in this proxy statement, include forward-looking statements based on estimates and assumptions. There are forward-looking statements throughout this proxy statement, including, without limitation, under the headings Summary Term Sheet, Questions and Answers about the Special Meeting and the Merger, The Merger, Opinions of Alltel s Financial Advisors, Projected Financial Information, Regulatory Approvals, and Litigation Related to the Merger, and in statements containing words such as believes, estimates, anticipates, continues, contemplates, expects, may, will, could, should or would or other similar words statements, which are based on information currently available to us, are not guarantees of future performance and may involve risks and uncertainties that could cause our actual growth, results of operations, performance and business prospects, and opportunities to materially differ from those expressed in, or implied by, these statements. These forward-looking statements speak only as of the date on which the statements were made and we expressly disclaim any obligation to release publicly any updates or revisions to any forward-looking statement included in this proxy statement or elsewhere. In addition to other factors and matters contained or incorporated in this document, these statements are subject to risks, uncertainties, and other factors, including, among others:

- the occurrence of any event, change or other circumstances that could give rise to the termination of the merger agreement;
- the outcome of any legal proceedings that have been or may be instituted against Alltel and others relating to the merger agreement including the terms of any settlements of such legal proceedings that may be subject to court approval;
- the inability to complete the merger due to the failure to obtain stockholder approval or the failure to satisfy other conditions to consummation of the merger;
- the failure by Parent or Merger Sub to obtain the necessary debt financing contemplated by the commitment letter received in connection with the merger;
- the failure of the merger to close for any other reason;
- risks that the proposed transaction disrupts current plans and operations and the potential difficulties in employee retention as a result of the merger;
- the effect of the announcement of the merger on our business relationships, operating results and business generally;
- the amount of the costs, fees, expenses and charges related to the merger;
- changes in communications technology;
- the risks associated with the integration of acquired businesses;
- adverse changes in economic conditions in the markets served by Alltel;

adverse changes in the terms and conditions of the wireless roaming agreements of 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;

the potential for adverse changes in the ratings given to Alltel s debt securities by nationally accredited ratings organizations;

our failure to comply with regulations and any changes in regulations;

the uncertainties related to Alltel s strategic investments;

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- the effects of federal and state legislation, rules, and regulations governing the communications industry; and

- changes in general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes.

In addition, for a more detailed discussion of these risks and uncertainties and other factors, please refer to our annual report on Form 10-K for the fiscal year ended December 31, 2006, filed with the SEC on February 20, 2007 and our quarterly report on Form 10-Q for the fiscal quarter ended March 31, 2007, filed with the SEC on May 8, 2007. Many of the factors that will determine our future results are beyond our ability to control or predict. In light of the significant uncertainties inherent in the forward-looking statements contained herein, readers should not place undue reliance on forward-looking statements, which reflect management s views only as of the date hereof. We cannot guarantee any future results, levels of activity, performance or achievements. The statements made in this proxy statement represent our views as of the date of this proxy statement, and it should not be assumed that the statements made herein remain accurate as of any future date. Moreover, we assume no obligation to update forward-looking statements or update the reasons that actual results could differ materially from those anticipated in forward-looking statements, except as required by law.

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THE PARTIES TO THE MERGER

Alltel

Alltel provides wireless voice and data communications services to 12 million wireless customers in 35 states. Alltel provides a wide array of wireless communication services to individual and business customers. In terms of both the number of customers served and revenues earned, Alltel is the fifth largest provider of wireless services in the United States. As of June 30, 2007, Alltel owned a majority interest in wireless operations in 116 Metropolitan Statistical Areas, representing approximately 48.7 million potential customers and a majority interest in 239 Rural Service Areas, representing approximately 30.9 million potential customers. In addition, Alltel owns a minority interest in 23 other wireless markets, including the Chicago, Illinois and Houston, Texas Metropolitan Statistical Areas. Alltel also offers Personal Communications Services in five markets, including Jacksonville, Florida and Wichita, Kansas. As of June 30, 2007, Alltel had 154 Personal Communication Services licenses representing approximately 34.2 million potential customers.

Alltel s principal address is One Allied Drive, Little Rock, Arkansas 72202. The telephone number is (501) 905-8000. For more information about Alltel, please visit our website at www.alltel.com. Our website address is provided as an inactive textual reference only. The information provided on our website is not part of this proxy statement, and is not incorporated herein by reference. See also Where You Can Find More Information beginning on page 67. Alltel s common stock is publicly traded on the NYSE under the symbol AT.

Atlantis Holdings LLC

Atlantis Holdings LLC, which we refer to as Parent, is a Delaware limited liability company and is controlled by the Sponsors. Parent was formed solely for the purpose of acquiring Alltel and has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Each of the Sponsors currently holds 50% of the membership interests of Parent. The Sponsors may ultimately include additional equity participants (who may include one or more holders of our common stock), subject to the limitations and conditions contained in the merger agreement. Parent s address is c/o TPG Partners V, L.P., 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102. The telephone number is (817) 871-4651.

Atlantis Merger Sub, Inc.

Atlantis Merger Sub, Inc., which we refer to as Merger Sub, is a Delaware corporation and a wholly owned subsidiary of Parent. Merger Sub was formed solely for the purpose of facilitating Parent s acquisition of Alltel. Merger Sub has not carried on any activities to date, except for activities incidental to its formation and activities undertaken in connection with the transactions contemplated by the merger agreement. Upon consummation of the proposed merger, Merger Sub will merge with and into Alltel and will cease to exist, with Alltel continuing as the surviving corporation. Merger Sub s address is c/o TPG Partners V, L.P., 301 Commerce Street, Suite 3300, Fort Worth, Texas 76102. The telephone number is (817) 871-4651.

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THE SPECIAL MEETING

Date, Time, Place and Purpose of the Special Meeting

This proxy statement is being furnished to our stockholders as part of the solicitation of proxies by our board of directors for use at the special meeting to be held on August 29, 2007, starting at 12:00 noon, local time, at the Alltel Arena, One Alltel Arena Way (Washington Street Box Office Entrance), North Little Rock, Arkansas 72114, or at any postponement or adjournment thereof. The purpose of the special meeting is for our stockholders to consider and vote upon adoption of the merger agreement (and to approve the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies). Our stockholders must adopt the merger agreement in order for the merger to occur. If our stockholders fail to adopt the merger agreement, the merger will not occur. A copy of the merger agreement is attached to this proxy statement as Annex A. You are urged to read the merger agreement in its entirety.

Record Date and Quorum

We have fixed the close of business on July 23, 2007, as the record date for the special meeting, and only holders of record of our common stock on the record date are entitled to vote at the special meeting. As of July 17, 2007, there were 343,873,624 shares of our common stock outstanding and entitled to vote. Each share of our common stock entitles its holder to one vote on all matters properly coming before the special meeting.

A majority of the shares of our common stock issued, outstanding and entitled to vote at the special meeting constitutes a quorum for the purpose of considering the proposals. Shares of our common stock represented at the special meeting but not voted, including shares of our common stock for which proxies have been received but for which stockholders have abstained, will be treated as present at the special meeting for purposes of determining the presence or absence of a quorum for the transaction of all business. In the event that a quorum is not present at the special meeting, the meeting may be adjourned or postponed to solicit additional proxies.

Vote Required for Approval

You may vote FOR or AGAINST, or you may ABSTAIN from voting on, the proposal to adopt the merger agreement. Abstentions will not be counted as votes cast or shares voting on the proposal to approve the merger agreement, but will count for the purpose of determining whether a quorum is present.

Completion of the merger requires the adoption of the merger agreement by the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of all the votes entitled to vote at the special meeting. **Therefore, if you abstain, it will have the same effect as a vote AGAINST the adoption of the merger agreement.**

Under the rules of the NYSE, brokers who hold shares in street name for customers have the authority to vote on routine proposals when they have not received instructions from beneficial owners. However, brokers are precluded from exercising their voting discretion with respect to approving non-routine matters such as the adoption of the merger agreement and, as a result, absent specific instructions from the beneficial owner of such shares, brokers are not empowered to vote those shares, referred to generally as broker non-votes. **Therefore, while broker non-votes will be counted for the purpose of determining a quorum, because completion of the merger requires the adoption of the merger agreement by the affirmative vote of the holders of outstanding shares of our common stock representing at least a majority of the holders entitled to vote at the special meeting, any broker non-votes will have the same effect as a vote AGAINST the adoption of the merger agreement.**

As of July 17, 2007, our directors and executive officers held and are entitled to vote, in the aggregate, 18,644,604 shares of our common stock, representing approximately 5.4% of our outstanding common stock. All

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of our directors and executive officers have informed Alltel that they currently intend to vote all of their shares of common stock ***FOR*** the adoption of the merger agreement and the proposal to postpone the special meeting if required to solicit additional proxies. However, pursuant to the memorandum of understanding referred to in this proxy statement, shares personally owned by Scott Ford and Warren Stephens will be voted in the same proportion in favor, against and abstaining as all votes were cast other than with respect to such shares.

Proxies and Revocation

If you submit a proxy by telephone or the Internet or by returning a signed and dated proxy card by mail, your shares will be voted at the special meeting as you indicate. If you sign your proxy card without indicating your vote, your shares will be voted ***FOR*** the adoption of the merger agreement and ***FOR*** the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies, and in accordance with the recommendations of our board of directors on any other matters properly brought before the special meeting, or at any adjournment or postponement thereof, for a vote.

If your shares of common stock are held in street name, you will receive instructions from your broker, bank or other nominee that you must follow in order to have your shares voted. If you do not instruct your broker, bank or nominee to vote your shares, it has the same effect as a vote against adoption of the merger agreement.

Proxies received at any time before the special meeting, and not revoked or superseded before being voted, will be voted at the special meeting. You have the right to change or revoke your proxy at any time before the vote taken at the special meeting:

- if you hold your shares in your name as a stockholder of record, by notifying D.F. King & Co., Inc., 48 Wall Street, New York, NY 10005;
- by attending the special meeting and voting in person (your attendance at the meeting will not, by itself, revoke your proxy; you must vote in person at the meeting);
- by submitting a later-dated proxy card;
- if you voted by telephone or the Internet, by voting again by telephone or Internet; or
- if you have instructed a broker, bank or other nominee to vote your shares, by following the directions received from your broker, bank or other nominee to change those instructions.

Adjournments and Postponements

Although it is not currently expected, the special meeting may be adjourned or postponed for the purpose of soliciting additional proxies. Alltel s amended and restated bylaws provide that any adjournment may be made without notice if the adjournment is to a date that is not greater than 30 days after the original date fixed for the special meeting and an announcement is made at the special meeting of the time, date and place of the adjourned meeting. Any signed proxies received by Alltel in which no voting instructions are provided on such matter will be voted FOR an adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies. Any adjournment or postponement of the special meeting for the purpose of soliciting additional proxies will allow Alltel s stockholders who have already sent in their proxies to revoke them at any time prior to their use at the special meeting as adjourned or postponed.

Appraisal Rights

Under Delaware law, Alltel s stockholders are entitled to appraisal rights in connection with the merger.

If the merger is consummated, dissenting holders of stock who follow the procedures described below within the appropriate time periods will be entitled to have their shares of stock appraised by a court and to receive the fair value of such shares in cash as determined by the Delaware

Court of Chancery, together with a

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fair rate of interest, if any, as determined by the court, in lieu of the consideration that such stockholder would otherwise be entitled to receive pursuant to the merger agreement. These rights are known as appraisal rights.

If a stockholder wishes to exercise appraisal rights in connection with the merger, the stockholder must not vote in favor of adoption of the merger agreement, must continually be the holder of record of such shares through the effective time of the merger, and must meet the conditions described below.

Section 262 of the Delaware General Corporation Law, or DGCL, which contains the conditions necessary to secure appraisal rights, is set forth in full in Annex E. The following is a brief summary of Section 262, which sets forth the procedures for dissenting from the merger and demanding statutory appraisal rights. Failure to follow the procedures set forth in Section 262 precisely could result in the loss of appraisal rights. This proxy statement constitutes notice to holders of stock concerning the availability of appraisal rights under Section 262.

Stockholders who desire to exercise their appraisal rights must satisfy all of the conditions of Section 262. A written demand for appraisal of shares must be filed with Alltel before the vote on the merger at the special meeting. This written demand for appraisal of shares must be in addition to and separate from a vote against the merger. Stockholders electing to exercise their appraisal rights must not vote for the merger. Any proxy or such vote against the merger, abstention from voting or failure to vote on the merger will not in and of itself constitute a demand for appraisal within the meaning of Section 262.

A demand for appraisal must be executed by or for the stockholder of record, fully and correctly, as such stockholder s name appears on the share certificate. If the shares are owned of record in a fiduciary capacity, such as by a trustee, guardian or custodian, this demand must be executed by or for the fiduciary. If the shares are owned by or for more than one person, as in a joint tenancy or tenancy in common, such demand must be executed by or for all joint owners. An authorized agent, including an agent for two or more joint owners, may execute the demand for appraisal for a stockholder of record; however, the agent must identify the record owner and expressly disclose the fact that, in exercising the demand, he is acting as agent for the record owner. A person having a beneficial interest in stock held of record in the name of another person, such as a broker or nominee, must act promptly to cause the record holder to follow the steps summarized below and in a timely manner to perfect whatever appraisal rights the beneficial owners may have.

An Alltel stockholder who elects to exercise appraisal rights should mail or deliver his, her or its written demand to Alltel at its address at One Allied Drive, Little Rock, Arkansas 72202, Attention: Secretary. The written demand for appraisal should specify the stockholder s name and mailing address, and that the stockholder is thereby demanding appraisal of his or her stock. Within ten days after the effective time of the merger, Alltel must provide notice of the effective time of the merger to all of its stockholders who have complied with Section 262 and have not voted for the merger.

Within 120 days after the effective time of the merger, any stockholder who has satisfied the requirements of Section 262 may deliver to Alltel a written demand for a statement listing the aggregate number of shares not voted in favor of the merger and with respect to which demands for appraisal have been received and the aggregate number of holders of such shares.

Within 120 days after the effective time of the merger (but not thereafter), either Alltel or any stockholder who has complied with the required conditions of Section 262 and who is otherwise entitled to appraisal rights may file a petition in the Delaware Court of Chancery demanding a determination of the fair value of his or her Alltel shares. Alltel has no present intention to file such a petition if demand for appraisal is made.

Upon the filing of any petition by a stockholder in accordance with Section 262, service of a copy must be made upon Alltel, which must, within 20 days after service, file in the office of the Register in Chancery in which the petition was filed, a duly verified list containing the names and addresses of all stockholders who have demanded payment for their shares and with whom agreements as to the value of their shares have not been

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reached by Alltel. If a petition is filed by Alltel, the petition must be accompanied by the verified list. The Register in Chancery, if so ordered by the court, will give notice of the time and place fixed for the hearing of such petition by registered or certified mail to Alltel and to the stockholders shown on the list at the addresses therein stated, and notice will also be given by publishing a notice at least one week before the day of the hearing in a newspaper of general circulation published in the City of Wilmington, Delaware, or such publication as the court deems advisable. The forms of the notices by mail and by publication must be approved by the court, and the costs thereof will be borne by Alltel.

If a petition for an appraisal is filed in a timely fashion, after a hearing on the petition, the court will determine which stockholders are entitled to appraisal rights and will appraise the shares owned by these stockholders, determining the fair value of such shares, exclusive of any element of value arising from the accomplishment or expectation of the merger, together with a fair rate of interest, if any, to be paid upon the amount determined to be the fair value.

Alltel stockholders considering seeking appraisal of their shares should note that the fair value of their shares determined under Section 262 could be more, the same or less than the consideration they would receive pursuant to the merger agreement if they did not seek appraisal of their shares. The costs of the appraisal proceeding may be determined by the court and taxed against the parties as the court deems equitable under the circumstances. Upon application of a dissenting stockholder, the court may order that all or a portion of the expenses incurred by any dissenting stockholder in connection with the appraisal proceeding, including reasonable attorneys fees and the fees and expenses of experts, be charged pro rata against the value of all shares entitled to appraisal. In the absence of a determination or assessment, each party bears his, her or its own expenses.

Any stockholder who has duly demanded appraisal in compliance with Section 262 will not, after the effective time of the merger, be entitled to vote for any purpose the shares subject to demand or to receive payment of dividends or other distributions on such shares, except for dividends or distributions payable to stockholders of record at a date prior to the effective time of the merger.

At any time within 60 days after the effective time of the merger, any stockholder will have the right to withdraw his demand for appraisal and to accept the terms offered in the merger agreement. After this period, a stockholder may withdraw his demand for appraisal and receive payment for his shares as provided in the merger agreement only with the consent of Alltel and Parent. If no petition for appraisal is filed with the court within 120 days after the effective time of the merger, stockholders rights to appraisal (if available) will cease. Inasmuch as Alltel has no obligation to file such a petition, any stockholder who desires a petition to be filed is advised to file it on a timely basis. No petition timely filed in the court demanding appraisal may be dismissed as to any stockholder without the approval of the court, which approval may be conditioned upon such terms as the court deems just.

Failure by any Alltel stockholder to comply fully with the procedures described above and set forth in Annex E to this proxy statement may result in termination of a stockholder s appraisal rights.

Solicitation of Proxies

This proxy solicitation is being made and paid for by Alltel on behalf of its board of directors. In addition, we have retained D.F. King & Co., Inc. to assist in the solicitation of proxies for the special meeting for a fee of approximately $50,000, plus reimbursement of reasonable out of pocket expenses. Our directors, officers and employees may also solicit proxies by personal interview, mail, e-mail, telephone, facsimile or other means of communication. These persons will not be paid additional remuneration for their efforts. We will also request brokers and other fiduciaries to forward proxy solicitation material to the beneficial owners of shares of our common stock that the brokers and fiduciaries hold of record. Upon request, we will reimburse them for their reasonable out-of-pocket expenses.

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Questions and Additional Information

If you have more questions about the merger or how to submit your proxy, or if you need additional copies of this proxy statement or the enclosed proxy card or voting instructions, please call our proxy solicitor, D.F. King & Co., Inc. at 1-888-542-7446.

Availability of Documents

Documents incorporated by reference (excluding exhibits to those documents unless the exhibit is specifically incorporated by reference into those documents) will be provided without charge, to each person to whom this proxy statement is delivered, upon written or oral request of such person and by first class mail. In addition, our list of stockholders entitled to vote at the special meeting will be available for inspection at our principal executive offices at least 10 days prior to the date of the special meeting and continuing through the special meeting for any purpose germane to the meeting; the list will also be available at the meeting for inspection by any stockholder present at the meeting.

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THE MERGER

This discussion of the merger is qualified in its entirety by reference to the merger agreement, which is attached to this proxy statement as Annex A and which is incorporated by reference into this proxy statement. You should read the entire merger agreement carefully as it is the legal document that governs the merger.

Background of the Merger

Over the past several years, the board of directors of Alltel, together with the senior management, has regularly engaged in a comprehensive review of Alltel s business and strategic opportunities, including the possibility of acquisitions, recapitalizations (such as a self-tender offer, stock buyback or special dividend), spin-offs, mergers or a sale of Alltel, with a view to determining alternatives that would be in the best interests of Alltel s stockholders. As a part of this process, Alltel from time to time engaged in preliminary discussions with potential strategic partners about possible business combinations and other strategic initiatives, as well as preliminary exploratory contacts with private equity sponsors.

These strategic reviews suggested that Alltel s wireline and wireless businesses would be more valuable as separate companies and, as a result, the board of directors of Alltel authorized the spin-off by Alltel of its wireline business in 2006. Following completion of the spin-off in July 2006, the board of directors instructed management to continue to explore the full array of strategic options available to Alltel as a pure-play wireless carrier, including a potential recapitalization, possible acquisitions and a merger or sale of the Company, and authorized management to engage appropriate advisors and have discussions with potential strategic partners and private equity sponsors to assess the general level of interest in a potential transaction, and to report back to the board. Also, Alltel s Chief Executive Officer mentioned during Alltel s 2006 third and fourth quarter earnings calls with investors and analysts that Alltel was reviewing all of its strategic alternatives.

Further to the board s directive, during the latter half of 2006, members of management had several discussions with third parties regarding the potential benefits of a merger. These third parties included several major telecommunications companies that management, based on conversations with its financial advisors, believed might be interested in pursuing discussions regarding a business combination. In determining which third parties to contact, management and the board considered, among other factors, the geographic reach and size of the Company and their view of the strategic needs and goals of such industry participants, other acquisition-related activities of such other participants, regulatory considerations, and the potential ability of such industry participants to consummate a potential transaction. One series of discussions, with a company referred to here as Company A, involved a dialogue regarding technology issues and synergies as well as the exchange of a limited amount of non-public information under a non-disclosure agreement. Otherwise, the third parties did not further pursue such discussions at this time. On December 29, 2006, an article appeared in the *Wall Street Journal* containing speculation about possible sale or merger transactions involving Alltel.

At a meeting of the Alltel board in January 2007, the directors again discussed with senior management various potential strategic options for Alltel (including a recapitalization, acquisitions or a merger or sale of the Company) and directed management to consider initiating a process for receiving indications of interest from potentially interested acquirors, with a view to concluding such a process by late spring or early summer of 2007. The board believed that a reasonable possibility existed that a sale or merger of the Company could be negotiated on terms that would be in the best interests of the stockholders and accordingly determined to explore such an alternative. The board took note of favorable financial market conditions, the upcoming 700 MHz spectrum auction and the Federal Communication Commission s anti-collusion rules (prohibiting strategic discussions among auction participants) and how they might impact timing of a process.

During February and March 2007, management met with Alltel s financial and legal advisors to discuss a process for obtaining indications of interest from private equity sponsors while continuing discussions with potential strategic partners. Management also continued to evaluate the potential benefits and feasibility of a self- tender offer, stock buyback, special dividend or other recapitalization. The board did not conclude, however, that

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the benefits to stockholders of any of these alternatives were likely to exceed the potential benefits from a process directed toward the potential sale of the entire Company. In late March 2007, following further discussions with members of management, Company A advised management that it was not interested in pursuing additional discussions regarding a potential transaction, although it did not rule out possible discussions in the future. During this time, Alltel renewed discussions with other potential strategic partners about the possible merits of a business combination.

Throughout this period, Alltel management provided the members of the board of directors with periodic updates regarding these discussions.

In early April 2007, Alltel s board of directors met with Alltel s management and Alltel s outside advisors to discuss the status of the process and available alternatives. As part of this meeting, the board received from management and Alltel s financial advisors a comprehensive analysis of its strategic and financial alternatives, including information about Alltel s potential value in a sale scenario and the potential ability of private equity sponsors to finance a transaction at given price levels. The Company s financial advisors presented the board with a summary LBO analysis showing estimates of maximum per-share purchase prices ranging from $59.75 to $70.50, assuming leverage of 6.5x fiscal 2007 estimated EBITDA and assuming a required internal rate of return ranging from 17.5%-22.5% and a 2011 exit multiple ranging from 6.5x to 8.0x fiscal year 2012 estimated EBITDA. The financial advisors also presented an illustrative timeline, and Wachtell, Lipton, Rosen & Katz provided an overview of the board of directors legal and fiduciary duties. The board discussed with the Company s advisors the process that, considering the various opportunities and risks, would be in the best interests of Alltel stockholders. This analysis concluded that a sale to financial sponsors was likely to lead to the most favorable alternative for the Company s stockholders. This conclusion took into account, among other things, both the LBO analysis provided by the Company s financial advisors and the Company s view, based on discussions with industry participants, that a strategic transaction was currently unlikely. After discussion, the board of directors authorized the commencement of a formal, competitive process involving a number of private equity sponsors that called for final proposals from interested bidders by early June 2007. However, the board noted that an earlier deadline or allowing for a preemptive offer by any of the bidders might provide the most attractive results for stockholders. In forming this view, the board considered that offering all bidders an equal opportunity to accelerate the process if they presented a fully-financed compelling proposal might encourage bidders to put forth their best proposals as promptly as practicable and might discourage bidders from submitting low initial offers in the hope that they would be given the chance to rebid later in the process or in the hope that others would also submit low bids. In structuring the process involving private equity sponsors, the Company, in consultation with its advisors, believed that the risks of contacting an even larger universe of potential financial buyers outweighed the potential benefits of doing so, considering the size of the potential transaction, the likelihood that financial buyers would use similar valuation methodologies and have similar costs of debt and equity capital, and the risks that a broader solicitation process would create in terms of unauthorized disclosures and the Company s ability to appropriately manage the process to protect stockholder value, whatever the outcome. The proposed process was thoroughly discussed by Alltel and its financial and legal advisors. As part of the process, management agreed not to discuss or enter into arrangements with any potential bidder regarding prospective employment or the terms of any potential investment during the sales process. The board also approved continued efforts to explore a possible transaction with a major telecommunication s firm, which we refer to as Company B, and, although prior discussions did not suggest a high likelihood that other strategic partners were currently prepared to move forward on a business combination with Alltel, the board authorized Alltel s financial advisors to contact, or renew contacts with, key potential strategic partners to determine their current interest in a transaction. The board determined that the use of a special committee was not necessary or desirable in connection with the process, in light of the fact that a large majority of the directors are independent and would have no conflicts of interest with respect to a merger or any of the other alternatives considered.

In the first half of April 2007, Alltel continued discussions with Company B regarding the strategic benefits of a possible business combination. Alltel also entered into a confidentiality agreement with Company B. Also during this time, Alltel entered into confidentiality agreements with TPG and three other private equity sponsors,

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which we refer to as Sponsor A, Sponsor B and Sponsor C, and requested that each such sponsor provide a preliminary indication of interest based on public information. These private equity sponsors were chosen based on Alltel s and its advisors understanding of their capacity, resources, industry expertise, reputation and experience in consummating large transactions. In addition to requirements to maintain confidentiality of information, the confidentiality agreements included provisions that restricted the ability of the private equity sponsors to discuss the potential transaction or share the Alltel information with other private equity firms without Alltel s prior consent. In response to these requests, each of the private equity sponsors provided an initial indication of interest. TPG submitted a preliminary indication of interest at a range of $69.00 to $72.00 per share; Sponsor A submitted a preliminary indication of interest at a range of $71.00 to $74.00 per share; Sponsor B submitted a preliminary indication of interest at a range of $65.00 to $67.50 per share; and Sponsor C submitted a preliminary indication of interest at a range of $67.00 to $70.00 per share. Each indication of interest was preliminary and non-binding, was not based on any non-public information provided by Alltel or its representatives and was subject to significant contingencies including receipt of committed financing and satisfactory completion of a due diligence review of non-public information about Alltel.

After receipt of these initial indications of interest, discussions ensued between representatives of Alltel, on the one hand, and each of TPG and Sponsors A, B and C, on the other, regarding the key assumptions underlying the indications of interest and the possibility of each of the private equity sponsors teaming with other private equity sponsors. After discussion between the Company and its financial and legal advisors, it was determined that TPG would be permitted to team with Goldman Sachs Capital Partners, L.P. (which we refer to as GSCP), Sponsor A with Sponsor C, and Sponsor B with an additional private equity firm, Sponsor D. In permitting private equity sponsor groups to proceed in teams, the board considered, among other things, the requests of the sponsors that they be permitted to do so and that given the large size of the transaction such teaming would enhance access to the necessary equity capital. Under the circumstances, and given the strength, resources and experience of the members of each of the teams and the similar financial considerations faced by various private equity sponsors, the Company expected that this would not diminish, and could enhance, the likelihood of a rigorous and competitive process.

At a further board meeting in mid-April 2007, the directors reviewed with Alltel management and the Company s outside financial and legal advisors the preliminary indications of interest. The participants also discussed the proposed process and timeframe going forward. Members of the board inquired about the amount of time proposed to be allocated to reach the end of the process and the potential risks involved with an extended period. These risks included the possibility of deterioration of favorable capital markets conditions, potential for additional leaks with respect to the status of the process and risks associated with the growing awareness of the process within the Company, distraction of management and the need for alternative strategic focus in the event that a sales process were not concluded. In response, management and the Company s outside counsel indicated that they would be alert to opportunities to accelerate the process consistent with achieving the goal of optimizing value for stockholders, including by informing each of the sponsor teams that the Company would be willing to accelerate the process if it received a very compelling financial proposal from a bidder that was prepared to move quickly to execute a definitive agreement for a firmly committed transaction.

Following this board meeting, representatives of Alltel again contacted an additional potential strategic partner, Company C, but Company C did not express interest in pursuing a strategic business combination. Between May 2, 2007 and May 4, 2007, management made presentations to each private equity sponsor group. At the conclusion of each presentation, the private equity sponsor groups were informed that Alltel believed that Alltel stockholders interests might best be served by moving expeditiously to negotiate, execute and announce a definitive agreement and therefore was open to any or all private equity sponsor groups moving more quickly than the proposed final bid date by making a highly compelling bid.

At a meeting of the Alltel board held on May 7, 2007, management updated the board on the status of the process and discussed potential next steps with the directors.

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On May 8, 2007, Alltel distributed a letter containing an invitation and instructions for submitting final bids to acquire Alltel, including a draft merger agreement, to each of the private equity sponsor groups. The deadline for bids was given as June 6, 2007 but the letters expressly stated that Alltel reserved full discretion to accelerate or preempt the process, including by negotiating with one or more buyers and entering into a merger agreement without notice to other prospective purchasers. On May 9, 2007, The Wall Street Journal published an article that reported on rumors regarding the process. Alltel did not publicly comment on this article. Alltel representatives contacted each of the private equity sponsor groups to discuss the article and the heightened need for the process to be concluded as quickly as possible. Alltel stressed to the potential bidders that there might be a need to accelerate the process deadline under the circumstances and advised the potential bidders to consider accelerating their due diligence process and making a compelling offer. During this period, representatives of Alltel continued contacts with Company A and Company B, and with other companies, including providing draft confidentiality agreements, that were thought to have a possible strategic interest in a transaction with Alltel, but none of these contacts led to additional confidentiality agreements being entered into or any of those companies (as well as Company A and Company B) moving to further pursue a potential business combination with Alltel.

Based on the requests of the private equity sponsors, Alltel s management delivered a second series of separate management presentations from May 14, 2007 to May 16, 2007. At the conclusion of each of these meetings, management again stressed its desire to reach a conclusion to the process expeditiously and advised that the Alltel board would be receptive to an accelerated bid by a sponsor at a compelling price. Management also asked each private equity sponsor group whether additional information would be necessary in order to make a firm offer and sign a definitive agreement. The TPG/GSCP and Sponsor B/Sponsor D teams both requested specific information relative to performance of certain of Alltel s markets. The Sponsor A/Sponsor C team was unable to provide its request at that time. Following these meetings, the TPG/GSCP and Sponsor B/Sponsor D teams were provided with the requested market information. Following its review of the additional material, the Sponsor B/Sponsor D team submitted additional diligence requests.

On Friday, May 18, 2007, a representative of the TPG/GSCP team called Scott Ford, the President and Chief Executive Officer of Alltel, and Richard Massey, General Counsel of Alltel, to indicate that TPG and GSCP were enthusiastic about acquiring Alltel and wished to enter into final negotiations with Alltel that would lead to the execution of a definitive agreement on an accelerated basis. TPG and GSCP indicated that they were prepared to make a bid that would be at or near the top of the price range indicated by TPG in its preliminary indication of interest and to move quickly to finalize a definitive agreement over the weekend for announcement of a transaction prior to the market opening in New York City on the following Monday. More particularly, the TPG/GSCP team was prepared to deliver to Alltel an agreement in the form it would be prepared to sign, along with committed financing, on the condition that Alltel provide certain market specific business information for diligence purposes and commit to the accelerated discussions with TPG/GSCP. The TPG/GSCP team emphasized that their willingness to submit a proposal and proceed on this basis was conditioned on Alltel s agreement not to shop its bid to other participants, and indicated that it would withdraw if Alltel advised the other participants that a proposal had been made. Following discussion with Wachtell, Lipton and various board members, Alltel indicated that Alltel s willingness to move forward on this basis was dependent on the strength of the final bid that TPG/GSCP would make.

On the evening of May 18, 2007, Alltel received a marked merger agreement and committed financing papers from the TPG/GSCP team and in return provided the requested diligence materials. That evening, Alltel sent a revised draft of the merger agreement to Cleary Gottlieb Steen & Hamilton LLP, counsel for the TPG/GSCP team. On May 19, 2007, Wachtell, Lipton and Cleary Gottlieb discussed remaining open points on the merger agreement.

On May 19, 2007 and May 20, 2007, Wachtell, Lipton and Cleary Gottlieb continued to negotiate the terms of the definitive merger agreement, and the parties also discussed changes to the other related documents, including the draft debt and equity commitment letters, the guarantee that would be provided by TPG and GSCP and the disclosure schedules related to the merger agreement.

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On the afternoon of May 19, 2007, the TPG/GSCP team communicated an offer of $71.00 in cash for each share of Alltel common stock. Alltel responded that it would require a higher price to proceed. Shortly thereafter, the TPG/GSCP team responded with a best and final offer of $71.50 per share. The Company believed that the risks of communicating the TPG/GSCP proposal to others outweighed the benefits given the certainty and attractiveness of the offer and that TPG/GSCP had indicated that they would withdraw their proposal if the Company did so. The Company also considered that TPG/GSCP had been advised that the Company would only consider an accelerated process if their bid were viewed as very favorable. The Company was further aware that the form of merger agreement that TPG/GSCP had indicated it would accept contained a fiduciary out provision that would permit the Company to receive bids from bona fide, financially capable purchasers, even after the execution of a merger agreement with TPG/GSCP.

On May 20, 2007, the board of directors met at the offices of Wachtell, Lipton with senior management and Alltel s outside legal and financial advisors. The board first received an overview of the events occurring since the last meeting of the board from Mr. Ford and Mr. Massey. Representatives of JPMorgan, Merrill Lynch and Stephens discussed with the board of directors the financial aspects of the proposed transaction, including the proposed financing arrangements, reviewed various financial analyses of the proposed transaction with the board, and each of the financial advisors rendered to the board of directors its oral opinion (subsequently confirmed in writing), as described under Opinion of Alltel s Financial Advisors, that, as of May 20, 2007 and based on and subject to the matters described in its opinion, the $71.50 per share cash merger consideration to be received by holders of shares of Alltel common stock is fair from a financial point of view to such holders. Representatives of Wachtell, Lipton reviewed with the board of directors its legal obligations relative to considering the proposal and summarized the proposed merger agreement and related agreements and updated the board of directors on the status of the documentation with respect to the potential transaction. Representatives of Wachtell, Lipton also discussed with the board of directors the stockholder and regulatory approvals that would be required to complete the proposed merger and the likely process and timetable of the merger, including expected timing for obtaining the required stockholder and regulatory approvals. Wachtell, Lipton also discussed employee benefits issues in connection with the merger. These employee benefit issues included a summary of the provisions of the draft merger agreement relating to employee benefit matters, including the proposed treatment in the merger of existing options and restricted stock, the restrictions on changes to employee benefit plans and arrangements imposed by the merger agreement pending closing of the merger, the proposed retention plan that would be available pending closing, and the covenant regarding restrictions on changes post-closing of specified employee benefit plans. The board also discussed and approved changes to the Company s existing equity-based awards in order to postpone the vesting of such equity-based awards until the closing of the merger. Wachtell, Lipton also reviewed for the board of directors a set of draft resolutions relating to the proposed merger. Mr. Ford also updated the board on the status of recent discussions with Company A and informed the board that Company A had indicated that it was not prepared to consider a possible transaction with Alltel at that time, although it did not rule out possible discussions in the future.

Following these discussions, and discussions among the members of the board of directors, management and Alltel s advisors, including consideration of the factors described under Reasons for the Merger; Recommendation of the Company s Board of Directors, the board of directors unanimously determined that the transactions contemplated by the merger agreement and the related transactions and agreements are advisable and in the best interests of Alltel and its stockholders, and the directors voted unanimously to approve the merger, to approve and adopt the merger agreement and to approve the related transactions and agreements. In that regard, the board determined to approve the merger without first seeking to engage in further discussions with the other private equity teams. In making that determination, the directors considered, among other things, the risk that TPG/GSCP would withdraw if Alltel did so; that there was a risk that continuing the process further could result in a lower price, especially after the withdrawal of TPG/GSCP; that all of the private equity sponsors had the same opportunity and been encouraged to make an accelerated bid at a compelling price; that the board had been advised that there had not been any conversations between management and any of the sponsors regarding any proposed economic terms for management in the event of a transaction; and that under the terms of the merger agreement, Alltel would remain free to respond to any subsequent bid that was (or was likely to lead to) a superior proposal, including by further negotiating with and providing information to such a bidder, and to terminate the merger agreement in favor of such a superior proposal, subject to payment of a termination fee that was well within the range of customary practice and was not believed to be a substantial deterrent to receipt of a higher bid (see the discussion under The Merger Agreement No Solicitation of Transactions and Termination beginning on pages 53 and 59 respectively. There was then a discussion of next steps and the estimated timetable, including communication plans.

Following the meeting of the board of directors, the parties and their representatives finalized the definitive documentation and entered into the merger agreement. The merger agreement was announced by the parties prior to the opening of the financial markets in New York City on May 21, 2007.

Since announcement of the merger to the date of this proxy statement, the Company has not received any communications regarding a potential alternative transaction from any of the parties that signed confidentiality agreements or non-disclosure agreements or from any other entities.

Reasons for the Merger; Recommendation of the Company s Board of Directors

The board of directors, acting with the advice and assistance of its outside legal and financial advisors, unanimously (i) adopted and declared advisable the merger, the merger agreement and the transactions contemplated by the merger agreement, (ii) determined that the transactions contemplated by the merger agreement were in the best interests of Alltel and its stockholders and (iii) resolved to recommend that Alltel s stockholders vote in favor of the adoption of the merger agreement.

In the course of reaching its determination, the board of directors considered a number of factors. The material factors considered by the board of directors were:

the value of the cash consideration to be paid to Alltel stockholders upon consummation of the merger;

the current and historical market prices of the Company s common stock and the fact that the price of $71.50 per share represented a premium of approximately 22.6% over the market closing price of $58.31 of the Company s common stock prior to the publication of an article by the Wall Street Journal on December 29, 2006, speculating that Alltel could be acquired by private equity sponsors or by certain other wireless communications firms;

the board of directors understanding of Alltel s business, historical and current financial performance, competitive and operating environment, operations, management strength and future prospects;

conditions and trends in the wireless business and Alltel s prospects as the fifth largest provider of wireless services in the United States in view of the evolution of the business and its competitors, including the risks Alltel faced given its relative size in light of the trend toward consolidation in the wireless telecommunications industry;

the process leading to the announcement of the merger agreement and the board s understanding, as a result of such process, of the level of interest of both potential strategic partners and private equity sponsors in a transaction with Alltel; the board was aware of the possibility that strategic buyers who had not expressed interest in a transaction could be interested in a future merger or acquisition transaction with the Company, but did not consider that this speculative possibility outweighed the benefits to stockholders of a definitive and immediately available transaction at a premium price;

that discussions had been held with, and responses received from, the various participants in the process on the prospects for a merger with other industry participants;

in connection with evaluating the level of interest of industry participants, the board considered the various discussions between the Company and several other major telecommunications companies over

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a period of time, including in the period leading up to announcement of the merger, and considered that such other companies were aware of the possibility of a transaction involving Alltel both as a result of direct discussions with representatives and advisors of the Company regarding its potential interest in such a transaction and market rumors; based on the discussions with representatives of these companies, the board concluded that it was not likely that any of these other companies would be prepared in the foreseeable future to pursue a transaction with Alltel;

management s understanding of the competitive landscape and its exploratory discussions with potential strategic partners;

that the preliminary, non-binding indications of interest received from the private equity sponsors other than TPG included indicative price ranges that were both below and above the amount ultimately agreed to with TPG and GSCP;

the terms of the TPG/GSCP proposal, including the requirement that Alltel agree not to shop the proposal to other participants in the process;

in deciding to enter into the merger agreement prior to the final deadline specified in the bid instruction letters, the board considered the advisability of securing a desirable transaction at $71.50 per share in cash; the board also considered, among other things, that each of the bidder teams had been advised of the Company s willingness and desire to accelerate the process or to consider a preemptive offer and of the possibility that the Company might so accelerate the process, and that each of the bidders had been given an equal opportunity to act in the same time frame as TPG/GSCP;

the board also considered, in light of its knowledge of the Company, including the information and analysis previously provided by its financial advisors, the favorable terms of the TPG/GSCP bid, including the price, terms of the merger agreement and the existence of committed financing, and considered the risk that if the Company did not immediately act on the TPG/GSCP bid, TPG/GSCP might withdraw or adversely modify its bid or that negotiations with TPG/GSCP thereafter might be more difficult, and that it was uncertain that any other bids would be as attractive;

the board also considered the provisions of the merger agreement that would permit the Company to consider a higher bid (after satisfaction of certain customary conditions) in the event that any of the other private equity sponsors or a third party were to offer a superior transaction after announcement of the transaction;

the relative interest and readiness of the respective private equity sponsors to reach a definitive agreement on an acquisition transaction, and the risk that the TPG/GSCP proposal would be withdrawn if Alltel did not accede to their no-shop request;

financial analyses, information and perspectives provided to the board of directors by management and the Company s financial advisors;

the opinions of each of JPMorgan, Merrill Lynch and Stephens that, as of the date of their respective opinions and based upon and subject to the matters described in their respective opinions, the common stock merger consideration to be paid in the merger was fair, from a financial point of view, to the holders of Alltel common stock, other than Parent and its affiliates;

the proposed financial and other terms of the merger and the merger agreement, and the other terms and conditions of the merger agreement;

the deal protection terms contained in the merger agreement, particularly the fact that the $625 million termination fee payable by Alltel in the event that the merger agreement were terminated for a superior proposal, together with any expense reimbursement payments by Alltel triggered by termination of the merger agreement, would be limited to approximately 2.5% of the aggregate merger consideration or approximately $1.82 per share; the board, based on information provided by its financial and legal advisors, determined that this termination fee is within a typical range for transactions of this size and

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is unlikely to deter any potential acquirer who might be prepared to make a proposal superior to that contemplated by the merger agreement; the board also considered that TPG/GSCP insisted that the reverse breakup fee be at the same level as the Alltel termination fee and that, under the circumstances, pressing for a reduction in the Alltel termination fee could result in a demand by TPG/GSCP for a reduction in the reverse breakup fee;

the fact that the consideration to be paid to Alltel stockholders would be all cash, that following the completion of the merger Alltel stockholders will no longer have an ownership interest in Alltel and thus an opportunity to participate in the financial risks and rewards of Alltel s business performance;

the contingencies to completion of the proposed merger, including the fact that completion of the merger requires regulatory approvals as well as approval by the stockholders of Alltel;

the board of directors understanding of the reputation and experience of TPG/GSCP, the current state of the capital markets and the likelihood that Parent could successfully obtain the equity and debt financing required to fully fund the payment of the merger consideration, and its understanding of the proposed financing arrangements for the merger;

the fact that receipt of the merger consideration will be taxable to U.S. stockholders of Alltel for U.S. federal income tax purposes; and

the potential risks and costs to us if the merger does not close, including the diversion of management and employee attention and potential effects on the Company s relationships with suppliers, vendors and other business partners.

In addition, the board of directors was aware of and considered the interests that certain of the Company s directors and executive officers may have with respect to the merger that may be considered to be different from, or are in addition to, their interests as stockholders of Alltel, as described in Interests of Alltel s Directors and Executive Officers in the Merger. However, in this regard, the board considered that there were no agreements with any members of management with respect to the terms of any potential post-transaction employment or investment arrangements. The board further considered that members of management had not had any such discussions regarding employment with any of the private equity sponsors who were participating in the process and that accordingly management did not know whether or in what way the different groups might offer different post-closing arrangements.

The foregoing discussion summarizes the material factors considered by the board of directors in its consideration of the merger. After considering these factors, as well as others, the board of directors concluded that the positive factors relating to the merger agreement and the merger significantly outweighed the potential negative factors and the merger agreement and the merger were advisable and in the best interests of Alltel and its stockholders. In view of the wide variety of factors considered by the board of directors, and the complexity of these matters, the board of directors did not find it practicable to quantify or otherwise assign relative weights to the foregoing factors. In addition, individual members of the board of directors may have assigned different weights to various factors. The board of directors unanimously recommended the merger agreement and the merger based upon the totality of the information presented to and considered by it.

The Company s board of directors recommends that you vote FOR the adoption of the merger agreement and FOR the adjournment or postponement of the special meeting, if necessary or appropriate, to solicit additional proxies.

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Opinions of Alltel s Financial Advisors

Each of JPMorgan, Merrill Lynch and Stephens (the Advisors) rendered its opinion to Alltel s board of directors that, as of May 20, 2007 and based upon and subject to the factors and assumptions set forth in their respective opinions, the merger consideration of $71.50 in cash per share of Alltel common stock to be paid to the holders of that stock is fair from a financial point of view to such holders. The respective opinions of the Advisors were necessarily based on economic, market, tax, legal and other conditions as in effect on, and the information made available to them as of, May 20, 2007.

The full text of the written opinions of the Advisors, dated May 20, 2007, which set forth the assumptions made, matters considered and limitations on the review undertaken in connection with the opinions, are attached as Annexes B, C and D, respectively. Each of the Advisors provided its advisory services and opinion for the information and assistance of the board of directors of Alltel in connection with its consideration of the proposed merger. The opinions of the Advisors do not constitute a recommendation as to how any stockholder should vote with respect to the proposed merger.

In connection with rendering the opinions described above and performing the related financial analysis, each of the Advisors has, among other things: (1) reviewed certain publicly available business and financial information relating to Alltel that it deemed to be relevant; (2) reviewed certain information, including financial forecasts, relating to the business, earnings, cash flow, assets, liabilities and prospects of Alltel furnished to it by Alltel; (3) conducted discussions with certain members of management of Alltel concerning the proposed merger, the matters described in clauses 1 and 2 above, the past and current business operations, financial condition and future prospects of the Company and certain other matters it deemed to be relevant; (4) reviewed the market prices and valuation multiples for the common shares and compared them with those of certain publicly traded companies that it deemed to be relevant; (5) reviewed the results of operations of Alltel and compared them with those of certain publicly traded companies that it deemed to be relevant; (6) compared the proposed financial terms of the transaction with the financial terms of certain other transactions that it deemed to be relevant; (7) participated in certain discussions and negotiations among representatives of Alltel and Parent and their financial and legal advisors; (8) reviewed the merger agreement; and (9) reviewed such other financial studies and analyses and took into account such other matters as it deemed relevant, including its assessment of general economic, market and monetary conditions.

In giving their opinions, the Advisors each relied upon and assumed, without undertaking any responsibility or liability for independent verification, the accuracy and completeness of all the information discussed with or reviewed by or for it. In addition, none of the Advisors made an independent evaluation or appraisal of any assets or liabilities of Alltel, nor has any such evaluation or appraisal of the assets or liabilities of Alltel been furnished to the Advisors, nor did the Advisors evaluate the solvency of Alltel under any state or federal laws relating to bankruptcy, insolvency or similar matters. In relying on financial forecasts provided to them, the Advisors assumed that they had been reasonably prepared based on assumptions reflecting the best currently available estimates and judgments by the management of Alltel as to the expected future financial performance of Alltel to which such forecasts relate. The Advisors expressed no view as to such forecasts or the assumptions on which they were based. The Advisors also assumed that the proposed merger and the other transactions contemplated by the merger agreement will be consummated as described in the merger agreement. The Advisors each further assumed that all material governmental, regulatory or other consents and approvals necessary for the completion of the proposed merger will be obtained without any adverse effect on Alltel.

The opinions described above are directed only to the fairness from a financial point of view to the holders of shares of the Alltel common stock, par value $1.00, of the merger consideration to be paid to such holders in the proposed merger and do not address the underlying decision by Alltel to engage in the proposed merger or any of the transactions relating thereto. None of the Advisors expressed any opinion as to the prices at which the shares of Alltel common stock will trade at any future time. The opinions of the Advisors do not constitute recommendations as to how any stockholder should vote with respect to the proposed merger.

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The Advisors consulted with each other during the review process and presented analyses for the Company using this joint consultation approach throughout the strategic review process. This approach was also used in the preparation and presentation of the material financial analyses presented to the board on May 20, 2007. This joint consultation approach was employed at the request of the Company, with the agreement of the Advisors, to improve the efficiency of discussions between the Advisors and the Company.

Pursuant to the memorandum of understanding referred to in this proxy statement, described in further detail under The Merger Litigation Related to the Merger, Alltel agreed that, at a regularly scheduled board meeting on July 19, 2007, the board would request and receive oral advice from JPMorgan and Merrill Lynch concerning whether they had learned of any matter that would cause them to withdraw or modify their fairness opinions. At the July 19 meeting of the Alltel board of directors, JPMorgan and Merrill Lynch advised the board that, taking into consideration the types of factors and analyses considered in rendering their May 20, 2007, opinions, they were aware of no matter, during the period since May 20, 2007, that would cause them to withdraw or modify their opinions. In connection with their review and analysis, among other things, JPMorgan and Merrill Lynch met with the Company s chief financial officer to review the Company s financial performance since May 20, 2007, and reviewed acquisition events in the wireless industry since May 20, 2007.

Financial Analysis of Alltel s Financial Advisors

The following is a summary of the material financial analyses jointly performed by the Advisors in connection with rendering their opinions described above. The following summary, however, does not purport to be a complete description of the financial analyses performed by the Advisors. The order of analyses described does not represent the relative importance or weight given to those analyses by the Advisors. The Advisors all worked on developing these analyses, and these analyses represent the joint work product of the Advisors. Some of the summaries of the financial analyses include information presented in tabular format. The tables must be read together with the full text of each summary and are alone not a complete description of the financial analyses performed by the Advisors. Except as otherwise noted, the following quantitative information, to the extent that it is based on market data, is based on market data as it existed on or before May 20, 2007 and is not necessarily indicative of current market conditions.

In performing their analyses, the Advisors relied upon Company projections detailed elsewhere in this proxy statement. For information with respect to these projections, including the assumptions underlying those projections, please see The Merger Projected Financial Information in this proxy statement.

Historical Common Stock Performance. The Advisors reviewed the performance of Alltel common stock from July 18, 2006, the day after the wireline spin-off, to May 18, 2007, the last trading day prior to the signing of the definitive merger agreement. The Advisors classified this period into two sub-segments: the periods prior to and post December 29, 2006, the day reports speculating that Alltel could be acquired were published in the media.

- Alltel common stock achieved a closing price high of $58.31 per share and a closing price low of $52.80 per share on December 28, 2006 and July 20, 2006, respectively, during the period July 18, 2006 to before December 29, 2006.

- Alltel common stock achieved a closing price high of $66.56 per share and a closing price low of $58.60 per share on May 9, 2007 and March 5, 2007, respectively, during the period December 29, 2006 to May 18, 2007.

While reviewing common stock performance the Advisors noted that the trading price of Alltel s stock had significantly risen following press speculation of a potential transaction relating to Alltel several months before the transaction was announced.

Discounted Cash Flow Analysis. The Advisors calculated the range of implied equity value per share for Alltel common stock by performing a discounted cash flow analysis. The discounted cash flow analysis assumed a valuation date of March 31, 2007.

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A discounted cash flow analysis is a traditional method of evaluating the value of an asset by estimating the future unlevered free cash flows of an asset and taking into consideration the time value of money by calculating the present value of these estimated cash flows. Present value refers to the current value of one or more future cash payments, or cash flows, from an asset and is obtained by discounting those future unlevered free cash flows by a discount rate that takes into account macro-economic assumptions and estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors. Other financial terms utilized below are terminal value, which refers to the value of all future cash flows from an asset at a particular point in time, and unlevered free cash flows, which refers to a calculation of the future free cash flows of an asset without factoring in any debt servicing costs.

The management projections for the calendar years ending December 31, 2007-2012 were used to calculate unlevered free cash flows for the corresponding period. The Advisors also calculated terminal values as of December 31, 2012 by applying a range of perpetual free cash flow growth rates of 2.0% to 3.0% and a range of discount rates of 8.0% to 9.0%.

The assumption of cash flow growth rates of 2.0% to 3.0% was based on the judgment of the Advisors and is consistent with the Company projections referenced above and included in this proxy statement.

In determining the appropriate discount rate for calculating terminal values from perpetual free cash flows, the Advisors applied a range of discount rates of 8.0% 9.0% based on the Advisors judgment and computation of the appropriate Weighted Average Cost of Capital (WACC). The WACC computation was based on the average of the cost of equity and debt, weighted by the proportions of equity and debt in the capital structure, while taking into account macroeconomic assumptions, estimates of risk, the opportunity cost of capital, expected returns and other appropriate factors.

The estimated unlevered free cash flows for the calendar years 2007 through 2012 and the terminal value as of December 31, 2012 were then discounted to present values using a range of discount rates of 8.0% to 9.0% in order to derive the unlevered firm values for Alltel. In addition, the firm values for Alltel were adjusted to reflect the present value of tax benefits derived from Alltel s incremental tax deductible amortization in excess of the GAAP amortization.

In arriving at the estimated equity values per share of Alltel common stock, the Advisors calculated the equity values for Alltel by deducting net debt of Alltel from the unlevered firm values. Net debt includes short term and long term debt adjusted for the value of cash and short term investments. The net debt used for the purpose of this analysis was approximately $2.5 billion based on information provided by Alltel.

Based on the assumptions set forth above, this analysis implied a range for Alltel common stock of $53.04 to $73.81 per share. The range of values of $53.04 to $73.81 per share for Alltel s common stock corresponds to the low and high ends, respectively, of implied equity values computed based on the Advisors Discounted Cash Flow Analysis. This implied range was determined by, among other factors, the discount rates range of 8.0% 9.0% and a range of perpetual free cash flow growth rates of 2.0% 3.0% as detailed in this proxy statement.

Publicly Traded Comparable Company Analysis. The Advisors compared the financial and operating performance of Alltel with publicly available information of selected publicly traded companies engaged in businesses which the Advisors deemed relevant to Alltel s businesses. The companies chosen included publicly traded wireless companies with nationwide or regional service offerings whose wireless operations form a majority of their businesses. A comprehensive list of the companies used follows:

Sprint Nextel Corporation

Centennial Communications Corp.

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Dobson Communications Corporation

United States Cellular Corporation

These companies were selected, among other reasons, because they share similar business characteristics to Alltel based on operational characteristics and financial metrics. However, none of the companies selected is identical or directly comparable to Alltel. Accordingly, the Advisors made judgments and assumptions concerning differences in financial and operating characteristics of the selected companies and other factors that could affect the public trading value of the selected companies. Other companies were considered but not deemed relevant.

For each of the selected companies, the Advisors calculated Firm Value divided by the estimated EBITDA for calendar years ending December 31, 2007 and December 31, 2008, which we refer to as Firm Value/ EBITDA multiple.

For this analysis, Firm Value of a particular company was calculated as market value of the company s equity (as of May 18, 2007); plus the value of the company s indebtedness, capital leases, minority interest and preferred stock; minus the company s cash and cash equivalents, and marketable securities.

The estimates of EBITDA for each of the selected companies were based on publicly available Wall Street research estimates.

The following table reflects the results of the analysis:

Trading Multiples Analysis	**Range**	**Mean**
Firm Value/ EBITDA (calendar 2007)	7.0x-9.0x	7.8x
Firm Value/ EBITDA (calendar 2008)	6.4x-8.2x	7.0x

The Advisors applied a range of 7.0x to 9.0x Firm Value/ EBITDA (calendar 2007) which, using Alltel management s estimates for calendar 2007 EBITDA, implied a range for Alltel common stock of $53.04 to $70.28 per share.

The Advisors applied a range of 6.5x to 8.0x Firm Value/EBITDA (calendar 2008) which, using Alltel management s estimates for calendar 2008 EBITDA, implied a range for Alltel common stock of $51.81 to $65.45 per share.

The following table reflects the ratios, public market multiples, and Equity Value as a multiple of projected 2007 EBITDA for each of the selected companies reviewed by the Advisors:

Company	**Market Price 05/18/07**	**% of 52 Week High**	**Equity Value**	**Firm Value**	**EBITDA Mult. 2007E**	**EBITDA Mult. 2008E**
Sprint Nextel	$ 20.79	91.5%	$ 60,404	$ 80,221	7.0x	6.4x
Centennial Communications	9.00	96.3%	994	2,954	7.5x	6.9x
Dobson Communications	10.12	99.8%	1,963	4,485	9.0x	8.2x
US Cellular	74.38	99.3%	6,567	7,417	7.6x	6.5x

Selected Transactions Analysis: The Advisors also reviewed publicly available information relating to the following selected telecom industry transactions:

Alltel / Midwest Wireless;

Alltel / Western Wireless;

Sprint / Nextel;

Cingular / AT&T Wireless;

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These transactions were deemed to be the most relevant in evaluating the merger based on the judgment and experience of the Advisors. Other transactions were considered but were not deemed to be relevant based on a variety of factors including among other things the transaction date, transaction size, transaction terms, target geographic location, and target operational characteristics.

Specifically, the Advisors calculated the transaction value, the transaction value divided by the forecasted one year forward EBITDA and two-year forward EBITDA multiples, the equity value divided by free cash flow multiple, and the premium paid for the equity of the acquired company relative to the price one-month before the transaction was announced.

The following table reflects the results of the analysis:

Selected Transaction Analysis	Range	Mean
Transaction Value / 1 Year Forward EBITDA Multiple	7.5x-9.4x	8.4x
Transaction Value / 2 Year Forward EBITDA Multiple	6.8x-8.5x	7.6x
Equity Value / 2 Year Forward FCF Multiple	18.9x-28.9x	23.8x
% Premium from One Month to Announcement	11.1%-105.8%	50.9%

In the opinion of the Advisors, Transaction Value / 1 Year Forward EBITDA Multiple was the most relevant metric for this analysis. The Advisors believe, based on their judgment and experience, that Transaction Value / 1 Year Forward EBITDA Multiple is the metric most commonly applied in valuing companies in the Company s industry.

Based on this analysis, the Advisors applied a range of 7.5x to 9.5x Transaction Value / 1 Year Forward EBITDA Multiple which, using Alltel management s estimates for calendar 2007 EBITDA, implied a range for Alltel common stock of $57.35 to $74.58 per share.

Miscellaneous

The preparation of a fairness opinion is a complex process and is not necessarily susceptible to partial analysis or summary description. Selecting portions of the analyses or of the summary set forth above, without considering the analyses as a whole, could create an incomplete view of the processes underlying the Advisors analyses. In arriving at its fairness determinations, each of the Advisors considered the results of all of its analyses and did not attribute any particular weight to any factor or analysis considered by it. Rather, each of the Advisors made its determination as to fairness on the basis of its experience and professional judgment after considering the results of all of its analyses. No company or transaction used in the above analyses as a comparison is directly comparable to Alltel, Parent or the contemplated transaction.

The Advisors prepared these analyses for purposes of providing their respective opinions to Alltel s board of directors as to the fairness from a financial point of view of the merger consideration to be paid to the holders of Alltel common stock, par value $1.00, in the proposed merger. These analyses do not purport to be appraisals or necessarily reflect the prices at which businesses or securities actually may be sold. Analyses based upon forecasts of future results are not necessarily indicative of actual future results, which may be significantly more or less favorable than suggested by these analyses. Because these analyses are inherently subject to uncertainty, being based upon numerous factors or events beyond the control of the parties or their respective advisors, none of Alltel, Parent, J.P. Morgan Securities Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated, Stephens Inc. or any other person assumes responsibility if future results are materially different from those forecasted.

As described above, the Advisors opinions to Alltel s board of directors were one of many factors taken into consideration by the Alltel board of directors in making its determination to approve the merger agreement. The foregoing summary does not purport to be a complete description of the analyses performed by each of the

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Advisors in connection with the fairness opinions and is qualified in its entirety by reference to the written opinions of the Advisors attached as Annexes B, C and D, respectively, which are incorporated by reference into this proxy statement.

Each of JPMorgan, Merrill Lynch, and Stephens Inc. have, from time to time, rendered financial advice to the board of Alltel. Each of these advisors attended one or more board meetings, commencing in the Spring of 2006, at which strategic alternatives were discussed. Their retentions as Alltel s financial advisors were formalized in engagement letters entered into on May 20, 2007.

J.P. Morgan Securities Inc. and its affiliates, as part of their investment banking business, are continually engaged in performing financial analyses with respect to businesses and their securities in connection with mergers and acquisitions, negotiated underwritings, competitive biddings, secondary distributions of listed and unlisted securities, private placements, and other transactions, as well as for estate, corporate and other purposes. J.P. Morgan Securities Inc. has acted as financial advisor to Alltel in connection with, and has participated in certain of the negotiations leading to, the proposed merger contemplated by the merger agreement. In the past, J.P. Morgan Securities Inc. has provided financial advisory and financing services to Alltel and affiliates of Parent and may continue to do so and have received, and may receive, fees for the rendering of such services. Specifically, in the past two years, J.P. Morgan Securities Inc. or its affiliates acted as (i) financial advisor to Alltel in connection with the spinoff of its wireline business as Windstream Corp. and the merger of Windstream Corp. into Valor Communications Group Inc. in 2006, (ii) lead arranger and bookrunner in connection with credit facilities for, and debt securities offering by, Windstream Corp. in connection with such spin-off and merger in 2006, (iii) dealer manager in connection with Alltel s tender offer for certain of its outstanding debt securities in 2006, (iv) repurchase agent in connection with Alltel s repurchase of certain outstanding debt securities of Western Wireless in 2005, and (v) remarketing agent for certain of Alltel s outstanding debt securities in 2005. J.P. Morgan Securities Inc. s commercial bank affiliate is a lender to Alltel and to certain affiliates of Parent. In addition, although no agreements currently exist with Parent, J.P. Morgan Securities Inc. and its affiliates may also arrange and/or provide financing in connection with Parent s financing of the merger. In the ordinary course of their business, J.P. Morgan Securities Inc. and its affiliates may actively trade Alltel s common stock, par value $1.00, and other securities of Alltel for its own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Merrill Lynch, Pierce, Fenner & Smith Incorporated has acted as financial advisor to Alltel with respect to the proposed merger. Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliates have performed in the past, and may perform in the future, a variety of investment banking and commercial banking services for each of Alltel and affiliates of Parent for which they may receive customary fees. During the past two years, Merrill Lynch, Pierce, Fenner & Smith Incorporated has acted as financial advisor to Alltel in connection with (i) the spinoff of its wireline business as Windstream Corp. and the merger of Windstream into Valor Communications Group in 2006, (ii) Alltel s acquisition of Midwest Wireless in 2006 and (iii) Alltel s acquisition of Western Wireless in 2005. Merrill Lynch, Pierce, Fenner & Smith Incorporated also acted as lead remarketing agent for Alltel s equity units remarketing in 2005 and joint lead arranger in connection with Alltel s 2005 senior secured credit facility. In addition, although no agreements currently exist with Parent, Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliates may also arrange and/or provide financing in connection with Parent s financing of the merger. In the ordinary course of their business, Merrill Lynch, Pierce, Fenner & Smith Incorporated and its affiliates may actively trade Alltel s common stock, par value $1.00, and other securities of Alltel for its own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities.

Stephens Inc. has acted as investment banker to Alltel in connection with the proposed merger. Stephens Inc. has in the past provided to Alltel, and may in the future provide to Alltel or Parent, investment banking services for which they may receive customary fees. In the past, Stephens Inc. has provided financial advisory services to Alltel, including acting as financial advisor for Alltel s 2006 acquisition of Midwest Wireless, Alltel s

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2006 spin-off of its wireline business and merger with Valor Communications and Alltel s 2006 acquisition of Southern Illinois Cellular, and may continue to do so and has received, and may receive, fees for the rendering of such services. In addition, in the ordinary course of its business, Stephens Inc. may actively trade Alltel s common stock, par value $1.00, and other securities of Alltel for its own account and for the accounts of customers and, accordingly, may at any time hold a long or short position in such securities. Certain of Stephens Inc. s affiliates collectively own approximately 2.6% of the outstanding shares of Alltel s common stock, par value $1.00, and its Chief Executive Officer serves on the board of directors of Alltel.

The Alltel board of directors selected the Advisors as its financial advisors because each is an internationally recognized investment banking firm that has substantial experience in transactions similar to the proposed merger and because of the familiarity with Alltel that the firms possessed resulting from prior work for the Company. The members of the board were aware that JPMorgan, Merrill Lynch and Stephens Inc. had previously performed investment banking and financial advisory services for the Company. The members of the board were also aware that Mr. Scott Ford had at one time been employed by Merrill Lynch and Stephens Inc., and were aware that Alltel director Mr. Warren Stephens is president and CEO of Stephens Inc., and did not conclude that any of these relationships constituted a conflict of interest. To the contrary, the board believed that Mr. Stephens substantial equity ownership interest in the Company served to align his incentives with those of stockholders. In addition, the board believed that it was advisable that Stephens, Inc. also be prepared to deliver a fairness opinion because J.P. Morgan Securities, Inc., Merrill Lynch, Pierce, Fenner & Smith Incorporated and their affiliates were permitted to offer stapled financing in connection with the merger. Pursuant to separate letter agreements, Alltel engaged each of the Advisors to act as its financial advisor in connection with the proposed merger. Pursuant to the terms of these engagement letters, Alltel has agreed to pay each of the Advisors (i) an announcement fee of $7.5 million, contingent and payable in cash upon the execution by Alltel of a definitive agreement to effect the merger and (ii) a success fee, if during the term of each of the engagement letters or within 12 months after notice of termination of the engagement is given, a merger or similar transaction is consummated or an agreement regarding a merger or similar transaction is entered into (which is subsequently consummated), of $17.5 million payable in cash upon the closing of such transaction. In addition, Alltel has agreed to reimburse each of the Advisors for an agreed upon amount of its reasonable and documented expenses, including reasonable attorneys fees and disbursements, and to indemnify each of the Advisors and related persons against various liabilities, including certain liabilities under the federal securities laws. The Advisors also have provided certain investment banking services to TPG and GSCP or their affiliates from time to time. According to information provided by TPG and GSCP, fees paid to the Advisors for such services in 2006 exceeded $100 million.

Projected Financial Information

Alltel does not as a matter of course make public long-term projections as to future revenues, earnings or other results. However, we have included certain financial projections in this proxy statement to provide our stockholders access to certain nonpublic information provided to our board of directors, Parent, the Sponsors and our Advisors for purposes of considering and evaluating the merger. The inclusion of this information should not be regarded as an indication that Parent, Merger Sub, our board of directors, the Sponsors, JPMorgan, Merrill Lynch or Stephens, or any other recipient of this information considered, or now considers, it to be a reliable prediction of future results.

The projections below, which do not consider the impact of the contemplated transaction, are based on internal financial forecasts, which in general are prepared solely for capital budgeting and other internal management decisions and are subjective in many respects. Furthermore, the assumptions and estimates underlying the projected financial information set forth below are inherently uncertain and are subject to significant business, economic and competitive risks and uncertainties that are difficult to predict and beyond our control, including, among others, risks and uncertainties relating to Alltel s business (including Alltel s ability to achieve strategic goals, objectives and targets over applicable periods), industry performance, the regulatory

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environment, general business and economic conditions and other factors described under Cautionary Statement Concerning Forward-Looking Information beginning on page 9. As a result, actual results may differ materially from those contained in the projected financial information.

The projected financial information set forth below was not prepared with a view toward public disclosure or with a view toward complying with the rules and regulations established by the Securities and Exchange Commission, generally accepted accounting principles (GAAP) or the guidelines established by the American Institute of Certified Public Accountants with respect to the preparation and presentation of projected financial information. The projections are included solely for the purpose of giving Alltel s stockholders access to the same non-public information that was provided to Alltel s board of directors, Parent, the Sponsors and our Advisors. The projected financial information has been prepared by, and is the responsibility of, Alltel s management, and PricewaterhouseCoopers LLP has neither examined nor compiled the accompanying projected financial information. Accordingly, PricewaterhouseCoopers LLP does not express an opinion or any other form of assurance with respect thereto. The PricewaterhouseCoopers LLP report incorporated by reference in this proxy statement relates to Alltel s historical financial information. It does not extend to the projected financial information and should not be read to do so.

The projected financial information includes financial measures that were not calculated in accordance with GAAP, namely EBITDA and EBITDA Margin. EBITDA is calculated as operating income plus depreciation and amortization expense, while EBITDA Margin is calculated as EBITDA divided by total service revenues. Alltel believes that these measures provide management with an alternative method for assessing its operating results in a manner that enables management to evaluate operating cash flow available to service Alltel s debt obligations, pay its taxes and fund its capital expenditures. In addition, Alltel believes that these measures provide management with useful information about Alltel s performance because they eliminate the effects of period to period changes in taxes, costs associated with capital investments, interest expense and other non-operating items. These non-GAAP measures are the types of measures that management uses in analyzing Alltel s results of operations and in determining a component of employee incentive compensation. However, these measures do not provide a complete picture of Alltel s operations. Non-GAAP measures should not be considered a substitute for or superior to GAAP results.

The following table presents selected projected financial data for the fiscal years ended December 31 of the year indicated. The projections were prepared in April 2007 based upon assumptions management believed to be reliable at that time. Amounts presented for 2007 represent actual results for the three months ended March 31, 2007 and estimated results for the nine month period from April 1, 2007 through December 31, 2007. The projections do not take into account any circumstances, events or accounting pronouncements occurring after the date they were prepared, nor does Alltel intend to update or otherwise revise the projected financial information to reflect circumstances arising since its preparation or to reflect the occurrence of unanticipated events.

(Millions)	**2007E**	**2008P**	**2009P**	**2010P**	**2011P**	**2012P**
Service Revenues	$ 7,906	$ 8,535	$ 9,081	$ 9,506	$ 9,865	$ 10,180
Cash Operating Expenses	4,904	5,368	5,757	6,022	6,232	6,406
EBITDA	$ 3,002	$ 3,167	$ 3,324	$ 3,484	$ 3,633	$ 3,774
EBITDA Margin	38.0%	37.1%	36.6%	36.7%	36.8%	37.1%

Key Assumptions

The following key assumptions have been used to develop the information set forth in the above table. For all periods presented, the assumptions used in the projected financial information are consistent with the accounting policies disclosed in Alltel s historical consolidated financial statements for periods ending prior to April 2007, the date the projections were prepared.

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Projected Service Revenues:

Service revenue projections for the years ended December 31, 2008 through 2012 reflected overall annual growth rates of 8.0 percent in 2008, 6.4 percent in 2009, 4.7 percent in 2010, 3.8 percent in 2011 and 3.2 percent in 2012, respectively. Revenue projections for the years ended December 31, 2008 through 2012 reflected the following:

Projected growth rates in gross customer additions of 5.1 percent in 2008, 3.1 percent in 2009, 1.5 percent in 2010, 0.4 percent in 2011 and (0.6) percent in 2012. The declining growth rates in gross customer additions were attributable to continued competition from other wireless services providers and an overall increase in market penetration for wireless services, the effects of which are expected to limit future opportunities to acquire new customers. Post-pay and total churn rates were expected to decline slightly or remain flat each year during the period 2008 through 2012 helping to offset the effects on recurring revenue growth resulting from the projected declines in annual growth rates in customer additions.

Revenues derived from data services, including text and picture messaging and downloadable applications were expected to increase each year during the period 2008 through 2012, consistent with projected wireless industry trends and the continued demand for these services.

Revenues from prepaid services were also expected to grow annually due to continued success of both Alltel s U prepaid service, which was launched during the first quarter of 2006, and Simple Freedom, Alltel s phone-in-the-box prepay service that is or will be sold through large retailers, such as Target and Wal-Mart.

Airtime revenues were projected to decrease each year due to the continued migration of customers to family and national rate plans. Such rate plans, for a flat monthly service fee, provide customers with a large number of packaged minutes and include at no extra charge unlimited weekend, nighttime and mobile-to-mobile minutes.

Projected Cash Operating Expenses:

Cash operating expenses are projected to increase 9.4 percent in 2008, 7.3 percent in 2009, 4.6 percent in 2010, 3.5 percent in 2011 and 2.8 percent in 2012, respectively, and relatively consistent with the growth in service revenues discussed above. Cash operating expense projections for the years ended December 31, 2008 through 2012 reflected the following:

Cost of services were projected to increase due to the acquisition/construction of additional cell sites, increased usage and interconnection charges, consistent with the projected growth in gross customer additions.

Payments to data content providers were expected to increase each year, consistent with the growth in revenues derived from data services discussed above.

Net equipment cost (product sales less cost of products sold) was expected to increase proportionately with the increase in gross customer additions and the effects of selling higher-cost, more technologically-advanced wireless handsets and accessories. Consistent with historical trends, the cost of the wireless equipment was projected to exceed the related sales revenues for all periods presented.

Selling, general and administrative expenses were expected to increase significantly in 2008 and 2009 due to higher commissions expense and advertising costs incurred to drive the growth in gross customer additions. Growth of selling, general and administrative expenses in 2010 through 2012 was expected to slow, consistent with the slowing growth in gross customer additions.

Employee-related costs were projected to increase slightly during the period 2008 through 2012, reflecting Alltel s focus on maintaining an appropriate size work force to support customer growth and ongoing operations.

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Financing of the Merger

Parent estimates that the total amount of funds necessary to complete the merger is anticipated to be approximately $26.3 billion, consisting of:

- approximately $25.0 billion to pay Alltel s stockholders and holders of other equity-based interests the amounts due to them under the merger agreement;

- approximately $0.4 billion to repay and refinance certain existing indebtedness; and

- approximately $0.9 billion to pay certain of the fees and expenses in connection with the merger, the financing arrangements and related transactions.

Pursuant to the merger agreement, Parent is obligated to use its reasonable best efforts to obtain the financing described below on the terms and conditions described in the related financing commitment papers or terms that would not adversely impact the ability of Parent or Merger Sub to timely consummate the transactions contemplated by the merger agreement.

In the event that Parent becomes aware of any event or circumstance that makes procurement of any portion of the debt financing unlikely to occur on the terms and conditions contemplated in the debt commitment letter, Parent must use its reasonable best efforts to arrange to obtain alternative financing for such portion from alternative sources on terms and conditions that are no less favorable to Parent and no more adverse to the ability of Parent to consummate the merger (in each case, as determined in the reasonable judgment of Parent) than as contemplated by the debt commitment letter as promptly as practicable following the occurrence of such event but no later than one day prior to the closing date.

The following arrangements are intended to provide the necessary financing for the merger:

Debt Financing

Parent has received a debt commitment letter, dated as of May 20, 2007, from Citigroup Global Markets Inc. (CGMI), GSCP, Barclays Bank PLC and Barclays Capital (together Barclays), RBS Securities Corporation and The Royal Bank of Scotland (together RBS and, collectively with CGMI, GSCP and Barclays, the Lender Parties), to provide the following, subject to the conditions set forth in the debt commitment letter:

- to Alltel Communications Inc. (the Borrower), up to $15.5 billion senior secured credit facilities consisting of a $14.0 billion senior secured term loan credit facility expected to be drawn at the closing of the merger and a $1.5 billion senior secured revolving credit facility for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of the Company and its subsidiaries, paying fees and expenses incurred in connection with the merger and for providing ongoing working capital and other investments and for other general corporate purposes of the surviving corporation and its subsidiaries. The aggregate amount of the senior secured term loans and, correlatively, the aggregate amount of the senior secured credit facilities, may be increased by up to $750.0 million under certain circumstances;

- to Borrower up to $4.7 billion in senior unsecured increasing rate loans under the senior unsecured cash pay bridge facility, less the aggregate principal amount of senior unsecured cash pay notes issued by the Borrower (the Senior Unsecured Cash Pay Notes) prior to the closing of the merger for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of the Company and its subsidiaries and paying fees and expenses incurred in connection with the merger; and

- to Borrower up to $3.0 billion in senior unsecured increasing rate loans under the senior unsecured PIK option bridge facility, less the aggregate principal amount of senior unsecured PIK option notes issued by the Borrower (the Senior Unsecured PIK Option Notes) prior to the closing of the merger for the purpose of financing the merger, repaying or refinancing certain existing indebtedness of the Company and its subsidiaries and paying fees and expenses incurred in connection with the merger.

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The debt commitments expire on the end date (as described below under The Merger Agreement Termination) under the merger agreement. Nothing in the merger agreement will require the Company or the Borrower to be an issuer or other obligor prior to the closing of the merger for the debt contemplated by the debt commitments.

The documentation governing the senior secured credit facilities and the bridge facilities has not been finalized. In addition, the financing is subject to the right of the Lender Parties and Parent to change the terms of the financing. In particular, Parent may, in consultation with the joint lead arrangers, amend the debt financing commitments to add lenders, up to two additional joint bookrunners and such other additional agents or co-agents for each of the facilities which had not executed the debt financing commitments as of the date of the merger agreement, each on a several basis. Accordingly, the actual terms and amounts of such facilities may differ from those described in this proxy statement.

Parent has agreed to use its reasonable best efforts to obtain the debt financing on the terms and conditions described in the debt commitment letter or, at Parent s election, on other terms that would not adversely impact the ability of Parent or Merger Sub to timely consummate the transactions contemplated by the merger agreement. If Parent becomes aware of any event or circumstance that makes any portion of the debt financing unlikely to be procured in the manner and from the sources contemplated in the debt commitment letter, Parent must use its reasonable best efforts to obtain alternative financing for any such portion as promptly as possible on terms that are no less favorable to Parent and no more adverse to the ability of Parent to consummate the transactions contemplated by the merger agreement. If all conditions to the closing of the merger have been satisfied but any portion of the senior secured notes described above have not been consummated and the bridge financing is available, then Parent will use the committed bridge financing to the extent available as promptly as practicable but no later than the final day of the Marketing Period (as defined below under The Merger Agreement Effective Time; Marketing Period).

Although the debt financing described in this proxy statement is not subject to due diligence or market out conditions, such financing may not be considered assured. As of the date of this proxy statement, no alternative financing arrangements or alternative financing plans have been made in the event that the debt financing described herein is not available as anticipated.

Conditions Precedent to the Debt Commitments

The availability of the senior secured credit facilities and the bridge facilities is subject to, among other things, consummation of the merger in accordance with the merger agreement (without giving effect to any consents, modifications, amendments or express waivers thereto that are materially adverse to the lenders under such facilities without the reasonable consent of the joint lead arrangers thereunder), the funding of the equity financing, the absence of competing financing of the Company or its subsidiaries, delivery of certain historical and pro forma financial and other information, the execution of certain guarantees and the creation of security interests and the execution and delivery of definitive documentation and customary closing documents.

Senior Secured Credit Facilities

General. The borrower under the senior secured credit facilities at the closing of the merger will be Alltel Communications, Inc. (in such capacity, the Borrower). The senior secured credit facilities will comprise (1) a $14.0 billion term loan facility with a term of seven and half years (which is expected to be drawn in full as of the closing date of the merger) and (2) a $1.5 billion revolving credit facility with a term of six years (which may be drawn in part on the closing date of the merger). The term loan facility may be increased by up to $750.0 million under certain circumstances. The revolving credit facility will include sublimits for the issuance of letters of credit and swingline loans and will be available in U.S. dollars as well as such other currencies as may be agreed, in each case with sublimits to be agreed upon.

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CGMI and GSCP have been appointed as joint lead arrangers for the senior secured credit facilities. CGMI, GSCP, Barclays and RBS have been appointed as joint bookrunners for the senior secured credit facilities. An affiliate of CGMI will act as the sole administrative agent and sole collateral agent for the senior secured credit facilities. Barclays and RBS will act as co-documentation agents for the senior secured credit facilities.

Interest Rate and Fees. Loans under the senior secured credit facilities are expected to bear interest, at the Borrower s option, at a rate equal to the adjusted London interbank offer rate or an alternate base rate, in each case plus a spread. After the Borrower s delivery of financial statements with respect to at least one full fiscal quarter ending after the effective date of the merger, interest rates under the senior secured credit facilities shall be subject to change based on a senior secured leverage ratio (which means the ratio of the Borrower s total net senior secured debt to adjusted EBITDA), with step-downs as agreed upon between the Borrower and the arrangers.

Guarantors. All obligations under the senior secured credit facilities and under any interest rate protection or other hedging and cash management arrangements entered into with a lender or any of its affiliates will be unconditionally guaranteed jointly and severally at the closing of the merger by the Company and each of the existing and subsequently acquired or organized direct and indirect, wholly owned domestic subsidiaries of the Company (other than the Borrower and certain subsidiaries to be mutually agreed upon) (such guaranteeing subsidiary, a Subsidiary Guarantor).

Security. The obligations of the Borrower and the guarantors under the senior secured credit facilities and the guarantees, and under any interest rate protection or other hedging and cash management arrangements entered into with a lender or any of its affiliates, will be secured, subject to permitted liens and other agreed upon exceptions, (1) by all the capital stock of wholly owned subsidiaries held by the Borrower or any Subsidiary Guarantor (limited, in the case of foreign subsidiaries, to 100% of the non-voting capital stock and 65% of the voting capital stock of such subsidiaries) and (2) by a pledge of substantially all present and future assets of the Borrower and each Subsidiary Guarantor. If certain security is not provided at the closing of the merger despite the use of commercially reasonable efforts to so provide, the delivery of such security will not be a condition to the availability of the senior secured credit facilities on the closing date, but instead will be required to be delivered following the closing date pursuant to arrangements to be agreed upon.

Other Terms. The senior secured credit facilities will contain customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, investments, sales of assets, mergers and consolidations, prepayments of subordinated indebtedness, liens and dividends and other distributions. The senior secured credit facilities will also include customary events of default, including a change of control to be defined.

Issuing of Debt Securities and/or Bridge Facilities

The Borrower is expected to issue up to $4.7 billion aggregate principal amount of senior unsecured cash pay notes and up to $3.0 billion senior unsecured PIK option notes. The notes will not be registered under the Securities Act and may not be offered in the United States absent registration or an applicable exemption from registration requirements.

If the offering of notes by the Borrower is not completed on or prior to the closing of the merger, the Lender Parties have committed to provide up to $7.7 billion in loans comprising a senior unsecured increasing rate cash pay bridge facility of up to $4.7 billion and a senior unsecured PIK option bridge facility of up to $3.0 billion. The Borrower would be the borrower under each bridge facility. If the bridge facilities are funded, the Borrower is expected to attempt to issue debt securities to refinance the bridge facilities, in whole or in part, as soon as practicable following the closing date of the merger, subject to the restrictions on offering and sale described above.

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CGMI and GSCP have been appointed as joint lead arrangers for each of the bridge facilities. CGMI, GSCP, Barclays and RBS have been appointed as joint bookrunners for each of the bridge facilities. An affiliate of CGMI will act as the sole administrative agent and sole collateral agent for each of the bridge facilities. Barclays and RBS will act as co-documentation agents for each of the bridge facilities.

Interest Rate. Initially, bridge loans under each of the bridge facilities are expected to bear interest at a rate equal to the adjusted London interbank offer rate plus a spread that will increase over time. Interest is payable at the end of each interest period and at least quarterly in cash, except that, at the option of the Borrower made each quarter, interest on the principal amount of the bridge loans under the senior unsecured PIK option bridge facility may be made in cash, in kind or half in cash and half in kind. Any interest rate with respect to any amount elected to be paid in kind will be the rate otherwise applicable plus an additional premium. On the first-year anniversary of the closing of the merger, the bridge loans will, to the extent not repaid, convert into senior unsecured term loans. After conversion to senior unsecured term loans, the applicable Lender Party may choose to exchange such loans for senior unsecured exchange notes, which will be entitled to registration rights. The bridge loans and unsecured term loans are subject to a maximum rate of interest, with step-downs as agreed upon between the Borrower and the joint lead arrangers if the aggregate amount of commitments under the debt commitment letter is reduced at the option of the Borrower by certain agreed amounts within three months following the date of the debt commitment letter. Any senior unsecured term loans or exchange notes in respect of the senior unsecured cash pay bridge facility will mature on the eighth anniversary of the closing date of the merger and any senior unsecured term loans or exchange notes in respect of the senior unsecured PIK option bridge facility will mature on the tenth anniversary of the closing date of the merger.

Guarantors. The bridge facilities will be unconditionally guaranteed jointly and severally at the closing of the merger by the Company and the Subsidiary Guarantors that guarantee the senior secured credit facilities.

Other Terms. The bridge facilities will contain customary representations and warranties and customary affirmative and negative covenants, including, among other things, restrictions on indebtedness, investments, sales of assets, mergers and consolidations, prepayments of subordinated indebtedness, liens and dividends and other distributions. The bridge facilities will also include customary events of default, including a change of control to be defined.

Existing Notes of the Company

Pursuant to an Indenture dated as of January 1, 1987 between the Company and J.P. Morgan Trust Company, National Association (as successor to AmeriTrust Company National Association), as trustee, as supplemented from time to time, the Company issued from time to time senior notes consisting of the 7.00% notes due July 1, 2012, the 6.50% notes due November 1, 2013, the 7.00% notes due March 15, 2016, the 6.80% notes due May 1, 2029 and the 7.875% notes due July 1, 2032. The debt commitments contemplate that in connection with the merger transaction, the entire aggregate principal amount of such senior notes, which stood at approximately $2.3 billion as of December 31, 2006, will remain outstanding after completion of the merger.

Equity Financing

The Sponsors have collectively agreed to cause up to $4.6 billion of cash to be contributed to Parent, which will constitute the equity portion of the merger financing. Subject to certain conditions, each of the Sponsors may assign all or a portion of its equity commitment obligation to one or more of its affiliates or to one or more private equity funds sponsored or managed by its affiliates, in which case it will be relieved of a corresponding portion of its equity commitment.

The commitment of each of the Sponsors pursuant to the equity commitment letters is as follows:

TPG Partners V, L.P.	$ 2,750,000,000
GS Capital Partners VI Fund, L.P.	$ 1,850,000,000

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As of the date of this proxy statement, each of CGMI and RBS Securities Corporation (RBS Securities and, collectively with CGMI in this context, the Bridge Financing Sources) entered into a letter agreement in favor of TPG Partners V, L.P. in which each of the Bridge Financing Sources has committed, subject to the terms and conditions set forth therein, to purchase at the effective time of the merger securities of Parent, directly or through an entity established by TPG or its affiliates, for an aggregate cash purchase price of $450 million. The Sponsors and the Bridge Financing Sources intend to further assign their commitments in the future.

The equity commitments described above are generally subject to the satisfaction or waiver of all of the conditions to the obligations of Parent and Merger Sub to effect the closing of the merger under the merger agreement in accordance with its terms.

The equity commitment letter provided by each of the Sponsors will terminate:

- upon the occurrence of the end date;
- upon the valid termination of the merger agreement;
- if Alltel or any of its affiliates asserts any claim under any limited guarantee of the Sponsors (described below);
- if Alltel or any of its affiliates asserts any claim against either of the Sponsors or any of their affiliates in connection with the merger agreement or any of the transactions contemplated by the equity commitment letters or the merger agreement; or
- if the other equity commitment letter terminates.

Guarantees; Remedies

In connection with the merger agreement, TPG Partners V, L.P. and GS Capital Partners VI Fund, L.P. (which we refer to in this context as guarantors) each provided Alltel a guarantee of certain payment obligations of Parent, including the parent termination fee described below, up to a maximum amount equal for each of the guarantors to $312.5 million (plus, if applicable, accrued interest on an unpaid termination fee due by Parent). The guarantees may be assigned to one or more affiliates of each of the guarantors or to one or more private equity funds in connection with any assignment of the equity commitment; however, no such assignment relieves any of the guarantors of their obligations to Alltel under the guarantees. The guarantees will remain in full force and effect until the earliest of (1) the effective time of the merger (but only if Parent s obligation to deposit the merger consideration with the paying agent has been performed in full), (2) termination of the merger agreement in accordance with its terms by mutual consent of Parent, Merger Sub and Alltel or under circumstances set forth in the merger agreement in which Parent or Merger Sub would not be obligated to pay the termination fee payable by Parent or otherwise make payments pursuant to the merger agreement and (3) 240 days after any termination of the merger agreement pursuant to which Parent or Merger Sub would be obligated to make termination payments, provided that the guarantee will not terminate as to any claim for payments for which notice has been given to the respective guarantor prior to such 240^{th} day until final resolution of such claim. However, if we bring certain legal claims relating to certain provisions of the guarantee, then (1) the guarantor s obligations under the guarantee may terminate and (2) the guarantor may be entitled to recover certain payments made to Alltel under any of the guarantees.

We cannot seek specific performance to require Parent or Merger Sub to complete the merger, and our exclusive remedy for the failure of Parent and Merger Sub to complete the merger is a termination fee of $625 million payable to us under the circumstances described under The Merger Agreement Fees and Expenses beginning on page 61. The merger agreement also provides that in no event can we seek to recover in excess of $625 million for a breach of the merger agreement by Parent or Merger Sub.

Interests of Alltel s Directors and Executive Officers in the Merger

In considering the recommendation of the Alltel board of directors that you vote to approve the merger agreement, you should be aware that some of Alltel s executive officers and directors have interests in the merger

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and have arrangements that may be considered to be different from, or in addition to, those of Alltel s stockholders generally. The Alltel board of directors was aware of these interests and considered them, among other matters, in reaching its decisions to approve the merger agreement and to recommend that you vote in favor of approving the merger agreement.

Equity Compensation Awards.

The merger agreement provides that, upon completion of the merger, each Alltel stock option that is outstanding immediately prior to closing will be canceled, with the holder of each option becoming entitled to receive, for each share subject to the option, an amount in cash equal to the excess, if any, of $71.50 over the exercise price per share of stock subject to the option. In addition, the merger agreement provides that each Alltel restricted share outstanding immediately before closing will vest and be converted at closing into the right to receive $71.50.

Change of Control Arrangements

Alltel is party to change of control employment agreements with each of its executive officers, including each of Messrs. Ford, Beebe, Fox and Massey and Ms. Gasaway (the Named Executive Officers). Each agreement provides generally that the executive s terms and conditions of employment, including position, location, compensation and benefits, will not be adversely changed during the three-year period after a change of control such as consummation of the merger. If the executive s employment is terminated by us other than for cause, death or disability or if the executive resigns for good reason, as defined in the agreements, during this three-year period or upon certain terminations in connection with or in anticipation of a change of control or, in the case of the Named Executive Officers, if the executive resigns for any reason during the 90-day period commencing on the first anniversary of a change of control, the executive will be generally entitled to receive:

- an annual incentive bonus for the year in which the termination of employment occurs, pro-rated through the date of termination,
- a long-term incentive bonus for each performance period outstanding in which the termination of employment occurs, pro-rated through the date of termination,
- three times the executive s annual base salary, annual incentive bonus and long-term incentive bonus,
- three years of continued welfare and fringe benefits,
- a lump sum payment equal to the actuarial value of the additional benefits under Alltel s qualified and supplemental defined benefit and defined contribution retirement plans the executive would have received had he remained employed for three years after the date of termination, and
- outplacement services.

The annual incentive bonus components of this severance amount will be based on the annualized maximum short-term bonus payable to the executive for the fiscal year in which the change of control occurs or, if no short-term bonus(es) are established for that year, the fiscal year immediately preceding the fiscal year in which the change of control occurs or, if higher, the annualized amount of the pre-established maximum short-term bonus(es) that may be earned by the executive under Alltel s short-term bonus plans for the fiscal year in which the termination of employment occurs. The long-term incentive bonus components of this severance amount will be based on the pre-established maximum bonus that may be earned by the executive for the performance period commencing immediately prior to the change of control or, if higher, the pre-established maximum bonus that may be earned by the executive under the long-term incentive plan for the performance period commencing immediately prior to the termination of employment. Each change-of-control employment agreement also provides that if any payments or benefits that the executive receives are subject to the excise tax imposed under Section 4999 of the Internal Revenue Code of 1986, as amended (the Code), the executive will be entitled to an additional payment so that the executive is placed in the same after-tax position as if no excise tax had been imposed.

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Under an employment agreement with Mr. Joe Ford, Mr. Ford will receive a lump sum $750,000 payment upon closing of the merger.

Supplemental Executive Retirement Plan

Alltel maintains a supplemental executive retirement plan, which we refer to as the SERP, under which each of the Named Executive Officers of Alltel are eligible for retirement benefits. If a participant s employment terminates under circumstances giving rise to severance benefits under the change of control employment agreement described above, the participant will receive the following benefits under the SERP: (1) the benefit under the SERP will be increased to (a) the normal retirement benefit formula (60% of SERP eligible compensation), if the participant was entitled to an early retirement benefit before termination of employment, (b) the early retirement benefit formula (45% of SERP-eligible compensation increased ratably for years of service after early retirement eligibility, up to a maximum of 60%), if the participant was not entitled to any benefit under the SERP before termination of employment or (c) the greater of the early retirement benefit formula and the special early retirement benefit formula (40% of SERP-eligible compensation increased ratably for years of service and age after special early retirement benefit eligibility, up to a maximum of 60%), if the participant was entitled to a special early retirement benefit before termination of employment; (2) the compensation used to determine these benefits under the SERP will include amounts payable under all of Alltel s incentive compensation plans at the maximum payout levels; and (3) to the extent not previously vested, the participant would become fully vested in the post retirement medical benefits and the related tax gross up.

Deferred Compensation Plans

Alltel maintains deferred compensation plans for its directors and executive officers under which, unless otherwise elected prior to December 31, 2007, all account balances will be distributed upon a change of control, such as consummation of the merger.

Indemnification and Insurance

Parent and Merger Sub agreed that all rights to exculpation, indemnification and advancement of expenses for acts or omissions occurring at or prior to the completion of the merger, whenever asserted or claimed, now existing in favor of the current or former directors, officers or employees, as the case may be, of Alltel or its subsidiaries as provided in their respective charters or by-laws or other organizational documents or in any agreement as in effect on the date of the merger agreement will survive the merger and continue in full force and effect. Parent will cause the surviving corporation to maintain in effect any and all exculpation, indemnification and advancement of expenses provisions of Alltel s and any of its subsidiaries charters and by-laws or similar organizational documents or in any indemnification agreements of Alltel or its subsidiaries with any of their respective current or former directors, officers or employees, in each case in effect as of the date of the merger agreement, and will not, for a period of six years from the date of the merger agreement, amend, repeal or otherwise modify any such provisions in any manner that would adversely affect the rights thereunder of any individuals who at the effective time of the merger were current or former directors, officers or employees of Alltel or any of its subsidiaries and all rights to indemnification thereunder in respect of any action pending or asserted or any claim made within such period will continue until the disposition of such action or resolution of such claim.

From and after the completion of the merger, Alltel will, to the fullest extent permitted under applicable law, indemnify and hold harmless (and advance funds in respect of each of the foregoing) each current and former director, officer or employee of Alltel or any of its subsidiaries against any costs or expenses (including advancing reasonable attorneys fees and expenses), judgments, fines, losses, claims, damages, liabilities and amounts paid in settlement in connection with any actual or threatened action arising out of, relating to or in connection with any action or omission occurring or alleged to have occurred whether before or at the completion of the merger in connection with that person s serving as an officer, director, employee or other fiduciary of Alltel or any of its Subsidiaries, or of any other entity if such service was at the request or for the benefit of Alltel.

For a period of six years from the completion of the merger, Parent will either cause to be maintained in effect the current policies of directors and officers liability insurance and fiduciary liability insurance maintained by Alltel and its subsidiaries or cause to be provided substitute policies or purchase, or cause Alltel to purchase, a tail policy, in either case of at least the same coverage and amounts and containing terms and conditions that are not less advantageous than such policy with respect to matters arising on or before the effective time of the merger. However, Parent and the surviving corporation will not be required to pay for these insurance policies in respect of any one policy year annual premiums in excess of a specified dollar amount prior to the date of the merger agreement, but in such case will purchase policies with the greatest coverage available for a cost not exceeding such amount. If the surviving corporation purchases a tail policy and the annualized cost of coverage for the six-year period exceeds a specified dollar amount, the surviving corporation will purchase a policy with the greatest coverage available for a cost not exceeding such amount.

Employment Arrangements with the Surviving Corporation

We understand that Parent currently intends to have discussions with members of our management team regarding their employment by the Company after the merger, possibly including the opportunity to serve on the board of directors of the post-closing company, and that in connection with their continued employment these members may be offered the opportunity to exchange some portion of their current Alltel shares, stock options and other equity interests, instead of receiving a cash payment for them, for equity in the post-closing company. Further, Parent has informed us that it currently intends to establish equity-based incentive compensation plans for management of the surviving corporation, a portion of which may be allocated to our executive officers. It is anticipated that equity awards granted under these incentive compensation plans would generally vest over a number of years of continued employment and would entitle management to share in the future appreciation of the surviving corporation.

Although certain members of our current management team may enter into new arrangements with Parent or its affiliates regarding employment (and severance arrangements) with, and the right to purchase or participate in the equity of, the post-closing company, there can be no assurance that any parties will reach an agreement. Scott Ford, Alltel s Chief Executive Officer, has expressed a willingness to remain in his current role after the closing of the merger. However, these matters are subject to further discussion and negotiation and, as of the date of this document, no terms or conditions have been finalized and no agreements relating to these matters have been entered into.

Material U.S. Federal Income Tax Consequences of the Merger to Our Stockholders

The following discussion is a summary of the anticipated material U.S. federal income tax consequences of the merger to U.S. holders (as defined below) of Alltel stock whose shares are converted into the right to receive cash in the merger. This summary is based on the provisions of the Code, U.S. Treasury regulations promulgated thereunder, judicial authorities and administrative rulings, all as in effect as of the date of the proxy statement and all of which are subject to change, possibly with retroactive effect.

For purposes of this discussion, the term U.S. holder means a beneficial owner of shares of our stock that is, for U.S. federal income tax purposes:

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

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

a trust that (i) is subject to the supervision of a court within the United States and the control of one or more U.S. persons or (ii) has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person; or

an estate that is subject to U.S. federal income tax on its income regardless of its source.

Holders of our stock who are not U.S. holders may be subject to different tax consequences than those described below and are urged to consult their tax advisors regarding their tax treatment under U.S. and non-U.S. tax laws.

The following does not purport to consider all aspects of U.S. federal income taxation of the merger that might be relevant to U.S. holders in light of their particular circumstances, or those U.S. holders that may be subject to special rules (for example, dealers in securities or currencies, brokers, banks, financial institutions, insurance companies, mutual funds, tax-exempt organizations, stockholders subject to the alternative minimum tax, partnerships or other flow-through entities and their partners or members), persons whose functional currency is not the U.S. dollar, stockholders who hold our stock as part of a hedge, straddle, constructive sale or conversion transaction or other integrated investment, stockholders who acquired our stock pursuant to the exercise of an employee stock option or otherwise as compensation, or U.S. holders who exercise statutory appraisal rights, if available), nor does it address the U.S. federal income tax consequences to U.S. holders that do not hold our stock as capital assets within the meaning of Section 1221 of the Code (generally, property held for investment). In addition, the discussion does not address any aspect of foreign, state, local, estate, gift or other tax law that may be applicable to a U.S. holder.

The tax consequences to stockholders that hold our stock through a partnership or other pass-through entity, generally, will depend on the status of the stockholder and the activities of the partnership. Partners in a partnership or other pass-through entity holding our stock should consult their tax advisors.

This summary of certain material U.S. federal income tax consequences is for general information only and is not tax advice. Holders are urged to consult their tax advisors with respect to the application of U.S. federal income tax laws to their particular situations as well as any tax consequences arising under the U.S. federal estate or gift tax rules, or under the laws of any state, local, foreign or other taxing jurisdiction or under any applicable tax treaty.

Exchange of Shares of Stock for Cash Pursuant to the Merger Agreement. The receipt of cash in exchange for shares of our stock pursuant to the merger agreement in the merger will be a taxable transaction for U.S. federal income tax purposes. In general, a U.S. holder whose shares of stock are converted into the right to receive cash in the merger will recognize capital gain or loss for U.S. federal income tax purposes in an amount equal to the difference, if any, between the amount of cash received with respect to such shares and the stockholder s adjusted tax basis in such shares. Gain or loss will be determined separately for each block of shares (*i.e.*, shares acquired at the same cost in a single transaction) surrendered for cash pursuant to the merger. Such gain or loss will be long-term capital gain or loss provided that a stockholder s holding period for such shares is more than 12 months at the time of the consummation of the merger. Long-term capital gains of individuals are generally eligible for reduced rates of taxation. The deductibility of capital losses is subject to certain limitations.

Backup Withholding and Information Reporting. A stockholder may be subject to backup withholding at the applicable rate (currently 28 percent) on the cash payments to which such stockholder is entitled pursuant to the merger, unless the stockholder properly establishes an exemption or provides a taxpayer identification number and otherwise complies with the backup withholding rules. Each stockholder should complete and sign the substitute Internal Revenue Service (IRS) Form W-9 included as part of the letter of transmittal and return it to the paying agent in accordance with the procedures described below under The Merger Agreement Exchange and Payment Procedures beginning on page 46, in order to provide the information and certification necessary

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to avoid backup withholding, unless an applicable exemption applies and is established in a manner satisfactory to the paying agent. Backup withholding is not an additional tax. Any amounts withheld under the backup withholding rules generally will be allowable as a refund or a credit against a stockholder s U.S. federal income tax liability provided the required information is timely furnished to the IRS.

Regulatory Approvals

Under the provisions of the HSR Act, the merger could not be completed until the expiration of a 30-day waiting period following the filing of notification and report forms with the Antitrust Division and the FTC, unless a request for additional information and documentary material is received from the Antitrust Division or the FTC or unless early termination of the waiting period is granted. Effective June 5, 2007 Alltel and Parent filed their respective notification and report forms with the FTC and the Antitrust Division. The applicable waiting period expired on July 5, 2007.

At any time before or after the merger, the Antitrust Division, the FTC, or a state attorney general could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the merger or seeking divestiture of substantial assets of Alltel, Parent, or their subsidiaries and affiliates. Private parties may also bring legal actions under the antitrust laws under certain circumstances.

In order to complete the merger, we and Parent must also obtain approvals from the Federal Communications Commission (the FCC). We, our relevant subsidiaries and Parent filed the required applications with the FCC on June 6, June 7 and June 14, 2007, respectively, seeking approval of the transfer of control to Parent of the Alltel entities that hold FCC licenses and authorizations.

There can be no assurance that a challenge to the merger on antitrust grounds or in connection with FCC approval or of any federal, state or foreign governmental entity regulating competition and telecommunications businesses, will not be made or, if a challenge is made, of the result of such challenge. We and Parent are required to take certain actions as further described under The Merger Agreement Agreement to Take Further Action and to Use Reasonable Best Efforts beginning on page 55.

Delisting and Deregistration of Our Common Stock and Series C Preferred Stock

If the merger is completed, our common stock and the Series C Preferred will be delisted from the NYSE and deregistered under the Exchange Act and we will no longer file periodic reports with the SEC on account of our common stock and the Series C Preferred.

Litigation Related to the Merger

Subsequent to the announcement of the merger agreement, Alltel, its directors, and in certain cases the Sponsors (or entities purported to be affiliates thereof), were named in sixteen putative class actions alleging claims for breach of fiduciary duty and aiding and abetting such alleged breaches arising out of the proposed sale of Alltel. Eight of the complaints were filed in the Circuit Court of Pulaski County, Arkansas: *Hockstein* v. *Alltel Corporation, et al.*, Case No. CV07-6406; *Suprina* v. *Alltel Corporation, et al.*, Case No. CV07-6526; *Pirelli Armstrong Tire Corporation Retiree Medical Benefits Trust* v. *Alltel Corporation, et al.*, Case No. CV07-6573; *Perrin* v. *Alltel Corporation, et al.*, Case No. CV07-6631; *Plumbers & Pipefitters Local 572 Pension Fund* v. *Alltel Corporation, et al.*, Case No. CV07-6734; *Young* v. *Alltel Corporation, et al.*, Case No. CV07-6751; *Dalton* v. *Alltel Corporation, et al.*, Case No. CV07-6976; and *Houston* v. *Alltel Corporation, et al.*, Case No. CV07-7088 (collectively, the Arkansas Actions). By an Order of the Circuit Court of Pulaski County, Arkansas, the Arkansas Actions have been consolidated in an action styled *In re Alltel Corp. Shareholders Litigation*, Lead Case No. 07-6406. The remaining eight complaints were filed in the Delaware Court of Chancery: *Engel* v. *Alltel Corporation, et al.*, No. CA2970-CC; *Schwartz* v. *Alltel Corporation, et al.*, No. CA2972-CC; *Cottrell* v. *Alltel Corporation, et al.*, No. CA2975-CC; *Director* v. *Alltel Corporation, et al.*, No. CA2977-CC; *Seinfeld* v. *Alltel Corporation, et al.*, No. CA2979-CC; *Laborers Local 235 Pension Fund* v. *Alltel*

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Corporation, et al., No. CA2987-CC; *Philadelphia Marine Trade Association/International Longshoremen s Association Pension Fund* v. *Alltel Corporation, et al.*, No. CA2992-CC; and *City of Tallahassee Pension Plan* v. *Alltel Corporation, et al*., No. CA3004-CC (collectively, the Delaware Actions). By Orders of the Delaware Court of Chancery, the Delaware Actions have been consolidated in an action styled *In re Alltel Corporation Shareholders Litigation*, No. CA2975-CC. On July 2, 2007, plaintiffs in the Delaware Actions filed a First Consolidated Amended Complaint. On July 3, 2007, plaintiffs in the Arkansas Actions filed a Consolidated Class Action Complaint for Breach of Fiduciary Duty. The complaints in the Arkansas and Delaware Actions allege that the directors of Alltel breached their fiduciary duties by failing to maximize shareholder value in connection with the proposed transaction with the Sponsors, and (in certain cases) that the Sponsors (or entities purported to be affiliates thereof) aided and abetted those alleged breaches. Among other things, one or more of the Actions alleges that (1) Alltel conducted an inadequate process for extracting maximum value for Alltel shareholders, including by prematurely terminating an auction process by entering into a merger agreement with Parent on May 20, 2007, despite previously setting June 6, 2007, as the outside date for submitting bids; (2) the Alltel directors are in possession of material non-public information about Alltel; (3) the Alltel directors have material conflicts of interest and are acting to better their own interests at the expense of Alltel s shareholders, including through the vesting of certain options for Scott Ford, the retention of an equity interest in Alltel, after the merger, by certain of Alltel s directors and executive officers, and the employment of certain Alltel executives, including Scott Ford, by Alltel (or its successors) after the merger is completed; (4) taking into account the current value of Alltel stock, the strength of its business, revenues, cash flow and earnings power, the intrinsic value of Alltel s equity, the consideration offered in connection with the proposed merger is inadequate; (5) the merger agreement contained provisions that will deter higher bids, including a $625 million termination fee payable to the Sponsors and restrictions on Alltel s ability to solicit higher bids; (6) that the Advisors have conflicts, including because of their relationships with the Sponsors; and (7) that the preliminary proxy statement filed by Alltel failed to disclose material information concerning the merger. The complaints seek, among other things, class action status, a court order enjoining Alltel and its directors from consummating the merger, and the payment of attorneys fees and expenses.

On July 19, 2007, the parties in the shareholder litigation entered into a memorandum of understanding contemplating the settlement of the litigation described above. Shareholders of the Company who are members of the class expected to be certified in the shareholder litigation will receive written notice of the terms of the proposed settlement. Among other things, the memorandum of understanding provides that: (1) the termination fee payable under certain circumstances by the Company to Parent is waived by Parent to the extent it exceeds $550 million; (2) certain additional disclosures were made in this proxy statement; and (3) shares personally owned by Scott Ford and Warren Stephens will be voted in the same proportion in favor, against and abstaining as all votes were cast other than with respect to such shares. In addition, Alltel agreed that, at a regularly scheduled board meeting on July 19, 2007, the board would request and receive oral advice from JPMorgan and Merrill Lynch concerning whether they had learned of any matter that would cause them to withdraw or modify their fairness opinions. At the July 19 meeting of the Alltel board of directors, JPMorgan and Merrill Lynch advised the board that, taking into consideration the types of factors and analyses considered in rendering their May 20, 2007 opinions, they were aware of no matter, during the period since May 20, 2007, that would cause them to withdraw or modify their fairness opinions. In connection with their review and analysis, among other things, JPMorgan and Merrill Lynch met with the Company s chief financial officer to review the Company s financial performance since May 20, 2007, and reviewed acquisition events in the wireless industry since May 20, 2007. Certain provisions of the proposed settlement and the memorandum of understanding are subject to court approval, and stockholders of the Company who are members of the class expected to be certified in the shareholder litigation will receive, at a future date, detailed written notice of the terms of the proposed settlement.

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THE MERGER AGREEMENT

The summary of the material provisions of the merger agreement below and elsewhere in this proxy statement is qualified in its entirety by reference to the merger agreement, a copy of which is attached to this proxy statement as Annex A and which we incorporate by reference into this document. This summary does not purport to be complete and may not contain all of the information about the merger agreement that is important to you. We encourage you to read carefully the merger agreement in its entirety.

The description of the merger agreement in this proxy statement has been included to provide you with information regarding its terms. It is not intended to provide any factual information about the Company. Such information can be found elsewhere in this proxy statement and in the other public filings the Company makes with the Securities and Exchange Commission, which are available without charge at www.sec.gov.

The Merger

The merger agreement provides for the merger of Merger Sub with and into Alltel upon the terms, and subject to the conditions, of the merger agreement, upon which Merger Sub will cease to exist. As the surviving corporation, Alltel will continue to exist following the merger. Upon consummation of the merger, the directors of Merger Sub will be the initial directors of the surviving corporation and the officers of Alltel will be the initial officers of the surviving corporation.

Effective Time; Marketing Period

The effective time of the merger will occur at the time that we file the certificate of merger with the Secretary of State of the State of Delaware on the closing date of the merger (or such later time as Parent and Alltel may agree and as provided in the certificate of merger). The closing date will occur on the date following the satisfaction or waiver of the conditions described under Conditions to the Merger beginning on page 58 that is the earlier to occur of a date specified by Parent on at least three business days notice to us and the final day of the Marketing Period (as defined below), or such other date as Alltel and Parent may agree.

For purposes of the merger agreement, Marketing Period means the first period of 20 consecutive calendar days throughout and at the end of which (i) Parent has received certain required, current financial information (with valid audit opinions) from us and (ii) the mutual closing conditions have all been satisfied and nothing has occurred and no condition exists that would cause any of the conditions to the obligations of Parent and Merger Sub (other than delivery of an officer s certificate by us) to fail to be satisfied assuming the closing date was to be scheduled at any time during such 20 calendar day period. Furthermore the Marketing Period must occur either entirely before or entirely after each of the periods (1) from and including August 17, 2007 through and including September 3, 2007, (2) from and including November 21, 2007 through and including November 25, 2007 and (3) from and including December 21, 2007 through and including January 1, 2008. The Marketing Period shall not be deemed to have commenced if, prior to the completion of the Marketing Period:

- our independent auditor shall have withdrawn its audit opinion, until such time as a new unqualified audit opinion is issued;
- we shall have publicly announced any intention to restate our financial statements, until any restatement has been completed; or
- we shall fail to file certain reports with the SEC when required, until such reports have been filed.

Finally, if the required financial statements available to Parent on the first day of any such 20-consecutive-day period would not be sufficiently current on any day during such 20-consecutive-day period to permit (1) a registration statement using such financial statements to be declared effective by the SEC on the last day of the 20-consecutive-day period and (2) our independent auditor to issue a customary comfort letter on the last day of the 20-consecutive-day period, then a new Marketing Period shall commence upon Parent receiving updated required financial statements.

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The purpose of the Marketing Period is to provide Parent a reasonable and appropriate period of time during which it can market and place the permanent debt financing contemplated by the debt financing commitment for the purposes of financing the merger. To the extent Parent determines it does not need the benefit of the Marketing Period to market and place the debt financing, it may, in its sole discretion, determine to waive the Marketing Period and close the merger prior to the expiration of the Marketing Period if all closing conditions are otherwise satisfied or waived.

Merger Consideration

Each share of our common stock issued and outstanding immediately prior to the effective time of the merger will be converted into the right to receive $71.50 in cash, without interest, and each share of the Series C Preferred and Series D Preferred will be converted into the right to receive $523.22 and $481.37, respectively, in cash, without interest, other than, with respect to each class of stock, the following shares:

- shares held by any direct or indirect wholly owned subsidiary of Alltel (which will remain outstanding);
- shares owned, directly or indirectly, by Parent or Merger Sub, or held by Alltel (which will be cancelled without any consideration);
- any shares the holders of which have perfected their appraisal rights in accordance with Delaware law.

After the merger is effective, each holder of any shares of our common stock, the Series C Preferred or Series D Preferred (other than the excepted shares described above) will no longer have any rights with respect to the shares, except for the right to receive the merger consideration.

Treatment of Options and Other Awards

Stock Options. Immediately prior to the effective time of the merger, except as separately agreed by Parent and a holder thereof, all outstanding options to acquire our common stock, whether or not then vested or exercisable, will become fully vested and, subject to the terms of the Company stock option plans, be converted into the right to receive, on or as soon as reasonably practicable after the effective time of the merger, but in any event within five business days thereafter, a cash payment equal to the number of shares of our common stock underlying the options multiplied by the amount (if any) by which $71.50 exceeds the exercise price, without interest and less any applicable withholding taxes.

Restricted Shares. Immediately prior to the effective time of the merger, except as separately agreed by Parent and a holder thereof, each outstanding share of restricted stock and any accrued stock dividends will vest in full and each outstanding restricted share will be converted into the right to receive $71.50 in cash, less any required withholding taxes. The surviving corporation will pay all cash dividends accrued on such shares of restricted stock to the holders thereof within five business days after the effective time of the merger. The cash payment for the shares of restricted stock that vest will be paid in accordance with the exchange and payment procedures applicable to all outstanding shares as described below under Exchange and Payment Procedures .

Employee Stock Purchase Plan. No later than seven days prior to the effective time of the merger, each participant in the Company s Employee Stock Purchase Plan (the ESPP) will be entitled to apply the payroll deductions of such participant accumulated as of the final date for the then-current period to the purchase of whole shares of Alltel common stock in accordance with the terms of the ESPP, which number of shares will be canceled and be converted into the right to receive the common stock merger consideration.

Exchange and Payment Procedures

At or immediately prior to the effective time of the merger, Parent will deposit, or will cause to be deposited, with a U.S. bank or trust company chosen by Parent and approved in advance by us (our approval not

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to be unreasonably withheld), sufficient cash to pay the merger consideration to each holder of shares of Alltel common stock. As soon as reasonably practicable after the effective time of the merger and in any event not later than five business days following the effective time, this bank or trust company, which we refer to as the paying agent, will mail a letter of transmittal and instructions to you and the other stockholders. The letter of transmittal and instructions will tell you how to surrender your common stock certificates or shares you may hold represented by book entry in exchange for the merger consideration.

You should not return your stock certificates with the enclosed proxy card, and you should not forward your stock certificates to the paying agent without a letter of transmittal.

You will not be entitled to receive the merger consideration until you surrender your stock certificate or certificates (or book-entry shares) to the paying agent, together with a duly completed and executed letter of transmittal and any other documents as may be required by the letter of transmittal. The merger consideration may be paid to a person other than the person in whose name the corresponding certificate is registered if the certificate is properly endorsed or is otherwise in the proper form for transfer. In addition, the person who surrenders such certificate must either pay any transfer or other applicable taxes or establish to the satisfaction of the surviving corporation that such taxes have been paid or are not applicable.

No interest will be paid or will accrue on the cash payable upon surrender of the certificates (or book-entry shares). The paying agent will be entitled to deduct, withhold, and pay to the appropriate taxing authorities, any applicable taxes from the merger consideration. Any sum that is withheld and paid to a taxing authority by the paying agent will be deemed to have been paid to the person with regard to whom it is withheld.

At the effective time of the merger, our stock transfer books will be closed and there will be no further registration of transfers on our stock transfer books of shares of Alltel stock that were outstanding immediately prior to the effective time of the merger. If, after the effective time of the merger, certificates are presented to the surviving corporation for transfer, they will be cancelled and exchanged for the applicable merger consideration.

Any portion of the merger consideration deposited with the paying agent that remains undistributed to former holders of our stock for one year after the effective time of the merger will be delivered, upon demand, to the surviving corporation. Former holders of our stock who have not complied with the above-described exchange and payment procedures will thereafter only look to the surviving corporation for payment of the applicable merger consideration. None of Alltel, Parent, Merger Sub, the surviving corporation, the paying agent or any other person will be liable to any former holders of Alltel stock for any cash delivered to a public official pursuant to any applicable abandoned property, escheat or similar laws.

If you have lost a certificate, or if it has been stolen or destroyed, then before you will be entitled to receive the merger consideration, you will have to make an affidavit, in form and substance reasonably acceptable to Parent, of the loss, theft or destruction, and if required by Parent or the paying agent, post an indemnity agreement or, at the election of Parent or the paying agent, a bond in a customary amount sufficient to protect it or the surviving corporation against any claim that may be made against it with respect to that certificate. These procedures will be described in the letter of transmittal that you will receive, which you should read carefully in its entirety.

All cash paid upon surrender of certificates in accordance with the above terms will be deemed to have been paid in full satisfaction of all rights pertaining to the shares of our stock formerly represented by such certificates.

Representations and Warranties

The merger agreement contains representations and warranties by each of the parties to the merger agreement made to each other as of a specific date. These representations and warranties (and the assertions embodied therein) have been made for purposes of allocating risk to one of the parties if those statements prove

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to be inaccurate rather than for the purpose of establishing matters as facts. The representations and warranties have been qualified by certain disclosures that were made to the other party in connection with the negotiation of the merger agreement, which disclosures are not reflected in the merger agreement. In general, standards of materiality may apply under the merger agreement in a way that is different from what may be viewed as material to you or other investors. The representations and warranties were made only as of the date of the merger agreement or such other date or dates as may be specified in the merger agreement and are subject to more recent developments. Accordingly, these representations and warranties may not describe the actual state of affairs as of the date they were made or at any other time. The representations and warranties in the merger agreement and the description of them in this document should be read in conjunction with the other information contained in the reports, statements and filings Alltel publicly files with the Securities and Exchange Commission.

In the merger agreement, Alltel made representations and warranties relating to, among other things:

- our and our subsidiaries proper organization, good standing and qualification to do business;
- our capitalization, including in particular the number of shares of our stock (including our common stock, the Series C Preferred and the Series D Preferred), stock options and restricted stock;
- our subsidiaries and our equity interests in them;
- our corporate power and authority to enter into the merger agreement and to consummate the transactions contemplated by the merger agreement;
- the adoption and recommendation of our board of directors of the merger, the merger agreement and the other transactions contemplated by the merger agreement;
- the enforceability of the merger agreement against us;
- the required consents and approvals of governmental entities in connection with the transactions contemplated by the merger agreement;
- the absence of conflicts with or defaults under our or our subsidiaries governing documents, applicable laws or certain agreements as a result of entering into the merger agreement and the consummation of the merger;
- our SEC filings since January 1, 2004, including financial statements contained therein;
- the absence of undisclosed liabilities;
- our and our subsidiaries permits and compliance with applicable legal requirements;
- environmental matters;

matters relating to our and our subsidiaries employee benefit plans;

absence of related-party transactions;

the absence of certain changes relating to us or our subsidiaries since December 31, 2006 through May 20, 2007 and the absence of a material adverse effect since December 31, 2006;

investigations, legal proceedings and governmental orders;

accuracy and compliance with applicable securities law of the information supplied by Alltel for inclusion in this proxy statement and other filings made with the SEC in connection with the merger and the other transactions contemplated by the merger agreement;

tax matters;

labor matters affecting us or our subsidiaries;

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- intellectual property;
- real property;
- the required vote of our stockholders in connection with the approval of the merger agreement and the approval of the merger and the other transactions contemplated by the merger agreement;
- our insurance policies;
- material contracts and performance of obligations thereunder;
- the absence of undisclosed brokers fees;
- the receipt by the board of directors of a fairness opinion from each of JPMorgan, Merrill Lynch and Stephens; and
- state takeover statutes and anti-takeover provisions in our certificate of incorporation.

Many of Alltel s representations and warranties are qualified by a Company Material Adverse Effect standard (that is, they will not be deemed to be untrue or incorrect unless their failure to be true or correct, individually or in the aggregate, has or is reasonably expected to have a Company Material Adverse Effect). Company Material Adverse Effect means any fact, circumstance, event, change, effect or occurrence (other than the excepted events described in the next paragraph) that, individually or in the aggregate with all other facts, circumstances, events, changes, effects, or occurrences, (1) has or would be reasonably expected to have a material adverse effect on or with respect to the business, results of operations or financial condition of the Company and its Subsidiaries taken as a whole, or (2) that prevents the Company from consummating, or materially delays or materially impairs the ability of the Company to consummate, the merger.

A Company Material Adverse Effect, however, would not include facts, circumstances, events, changes, effects or occurrences:

- generally affecting the U.S. mobile wireless voice and data communications industry or the segments thereof in which the Company and its subsidiaries operate except to the extent that the impact of such fact, circumstance, event, change, effect or occurrence is materially disproportionately adverse to the business, results of operations or financial condition of the Company and its subsidiaries, taken as a whole, and is not otherwise excluded from the definition of Company Material Adverse Effect ;
- generally affecting the economy or the financial, debt, credit or securities markets, in the United States, including effects on such industry, segments, economy or markets resulting from any political conditions or developments in general, or resulting from any outbreak or escalation of hostilities, declared or undeclared acts of war or terrorism except to the extent that (x) such fact, circumstance, event, change, effect or occurrence causes any direct damage or destruction to or renders physically unusable or inaccessible any facility or property of the Company or any of its subsidiaries and that (y) the impact of such fact, circumstance, event, change, effect or occurrence is materially disproportionately adverse to the business, results of operations or financial condition of the Company and its subsidiaries, taken as a whole, and is not otherwise excluded from the definition of Company Material Adverse Effect);
- reflecting or resulting from changes or proposed changes in law (including rules and regulations), interpretations thereof, regulatory conditions or U.S. generally accepted accounting principles (or authoritative interpretations thereof); or

resulting from actions of the Company or any of its subsidiaries which Parent has expressly requested in writing, or resulting from the announcement of the merger agreement and the transactions contemplated thereby.

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The merger agreement also contains various representations and warranties made by Parent and Merger Sub that are subject, in some cases, to specified exceptions and qualifications. The representations and warranties relate to, among other things:

- their organization, valid existence and good standing;
- their corporate or other power and authority to enter into the merger agreement and to consummate the transactions contemplated by the merger agreement;
- the enforceability of the merger agreement as against Parent and Merger Sub;
- the required consents and approvals of governmental entities in connection with the transactions contemplated by the merger agreement;
- the absence of any violation of or conflict with their governing documents, applicable law or certain agreements as a result of entering into the merger agreement and consummating the merger;
- accuracy of the information supplied by Parent or Merger Sub for inclusion in this proxy statement and other filings made with the SEC in connection with the merger and the other transactions contemplated by the merger agreement;
- validity of debt and equity financing commitments;
- the ownership and lack of prior operations of Merger Sub;
- the absence of undisclosed brokers fees;
- the absence of contracts between Parent, Merger Sub and the Sponsors on the one hand and our officers and directors on the other hand relating to the transactions contemplated by the merger agreement;
- investigations, legal proceedings and governmental orders;
- the delivery by the Sponsors of their respective guarantees;
- the solvency of the surviving corporation; and
- the ownership interests of the members of the Parent group.

Some of Parent s and Merger Sub s representations and warranties are qualified by a Parent Material Adverse Effect standard. For the purposes of the merger agreement, Parent Material Adverse Effect means any fact, circumstance, event, change, effect or occurrence that, individually or in the aggregate, prevents or materially delays or materially impairs the ability of Parent and Merger Sub to consummate the merger prior to the end date of the merger agreement, or would be reasonably expected to do so.

The representations and warranties of each of the parties to the merger agreement will expire upon the effective time of the merger.

Conduct of Our Business Pending the Merger

Under the merger agreement, we have agreed that, subject to certain exceptions and unless Parent gives its prior written consent (not to be unreasonably withheld or delayed), between May 20, 2007 and the effective time of the merger, we and our subsidiaries will:

- conduct business in all material respects in the ordinary course; and

- use reasonable best efforts to maintain and preserve intact our and our subsidiaries business organization and business relationships, preserve our and our subsidiaries assets, rights and properties in good repair and condition and to retain the services of our and our subsidiaries key officers and key employees, in each case, in all material respects.

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We have also agreed that, between May 20, 2007 and the effective time of the merger, subject to certain exceptions or unless Parent gives its prior written consent (not to be unreasonably withheld or delayed), we will not, and will cause each of our subsidiaries not to:

adjust, split, combine or reclassify any capital stock or other equity interests or otherwise amend the terms of our capital stock or other equity interests;

other than as required by the terms of the Series C Preferred or Series D Preferred, make, declare or pay any dividend, or make any other distribution on, or directly or indirectly redeem, purchase or otherwise acquire or encumber, any shares of our capital stock or other equity interests or any securities or obligations convertible into or exchangeable for any shares of our capital stock or other equity interests, except in connection with the exercise of stock options or settlement of other awards or obligations outstanding as of May 20, 2007 (or permitted by the merger agreement to be granted after that date); we are, however, expressly permitted to continue to pay our quarterly cash dividends in the ordinary course of business consistent with past practices (but in no event in an amount in excess of $0.125 per quarter per share of our common stock) and dividends required by the terms of the Series C Preferred and Series D Preferred, in each case with record dates consistent with the record dates for comparable quarterly periods of 2006;

grant any person any right to acquire any shares of our capital stock or other equity interests;

other than as required by the terms of the Series C Preferred or the Series D Preferred, issue or sell any shares of capital stock or other equity interests, any securities convertible into, or any rights, warrants or options to acquire, any such shares of capital stock or other equity interests, except pursuant to the exercise of conversion rights of currently outstanding securities, the exercise of stock options or settlement of other awards outstanding as of May 20, 2007 (or permitted by the merger agreement to be granted after that date) and in accordance with the terms of such instruments or as required under any Company benefit plan;

except with respect to the repayment of indebtedness, sell, lease, license, transfer, mortgage, abandon, encumber or otherwise subject to a lien or otherwise dispose of, in whole or in part, any properties, rights or assets having a value in excess of $50 million individually or $100 million in the aggregate (other than (x) sales of inventory, (y) commodity, sale or hedging agreements which can be terminated on 90 days or less notice without penalty, in each case in the ordinary course of business consistent with past practice or (z) the use of cash as payment consideration);

make or authorize any capital expenditures in a manner reasonably expected to cause expenditures to exceed budgeted amounts;

except (i) in connection with refinancings of existing indebtedness at its maturity, (ii) for borrowings under the Company s existing credit and securitization facilities or issuances or repayment of commercial paper in the ordinary course of business or (iii) in connection with outstanding surety bonds or surety bonds entered into in the ordinary course of business, incur or otherwise become liable for, or repay or prepay any specified indebtedness (including the issuance of any debt security) in an aggregate principal amount in excess of $100 million;

other than in connection with capital expenditures, make any investment in excess of $75 million individually or $100 million in the aggregate, whether by purchase of stock or securities, contributions to capital, loans to, property transfers, or entering into binding agreements with respect to such investment;

make any acquisition (or enter into a binding agreement with respect to an acquisition) in excess of $75 million individually or $100 million in the aggregate;

except in the ordinary course of business, enter into, renew, extend, materially amend, cancel or terminate any specified material contract other than permitted loan agreements and permitted contracts relating to compensation or benefits or the Company benefit plans;

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increase the compensation or benefits of employees, independent contractors or directors, other than increases for persons who are not executive officers or directors (other than in the ordinary course of business consistent with past practice), amend or adopt any Company benefit plan except for amendments or adoptions that are immaterial and otherwise made in the ordinary course of business consistent with past practice or accelerate the vesting of, or the lapsing of restrictions with respect to, or payment of the compensation payable or the benefits provided or to become payable or provided to any of its current or former directors, officers, employees, consultants or service providers, or otherwise pay any amounts not due or otherwise payable to such individual in the ordinary course of business consistent with past practice or grant any stock or stock-based awards or any other award that may be settled in shares or other securities of the Company or any of its subsidiaries or any restricted stock units or stock appreciation rights, regardless of whether they are settled in cash or shares or other securities of the Company or any of its subsidiaries, except that the Company may establish a retention pool of up to $114 million in consultation with the Sponsors;

settle litigation other than in the ordinary course of business consistent with past practice that involve only payment of monetary damages (x) not in excess of $10 million individually or $25 million in the aggregate or (y) consistent with the reserves reflected in the Company s balance sheet at December 31, 2006, in any case without the imposition of material equitable relief on, or the admission of wrongdoing by, the Company or any of its subsidiaries;

amend or waive any material provision of our organizational documents or, in the case of Alltel, enter into any agreement with any of its stockholders in their capacity as such;

enter into any new line of business outside of our existing business;

enter into any new lease or amend the terms of any existing lease of real property which would require payments over the remaining term in excess of $15 million;

adopt or enter into a plan of complete or partial liquidation, dissolution, merger, consolidation, restructuring, recapitalization or other reorganization;

implement or adopt any material change in our financial accounting principles, practices or methods;

change any method of tax accounting, enter into any closing agreement with respect to material taxes, settle or compromise any material liability for taxes (except to the extent any such settlement or compromise is consistent with reserves reflected in the Company s balance sheet at December 31, 2006), make, revoke or change any material tax election, file or surrender any claim for a material refund of taxes or file any material amended tax return, in each case other than in the ordinary course of business consistent with past practice; or

agree or commit to do any of the foregoing.

The merger agreement further provides that, from and after May 20, 2007, neither party to the merger agreement may take any action which is intended to or which would reasonably be expected to materially adversely affect or materially delay the ability of such party from obtaining any necessary approvals of any regulatory agency or other governmental entity required for the transactions contemplated by the merger agreement, performing its covenants and agreements under the merger agreement or consummating the transactions contemplated by the merger agreement or otherwise materially delay or prohibit consummation of the merger or other transactions contemplated by the merger agreement.

Stockholders Meeting

The merger agreement requires us, as promptly as reasonably practicable, to call, give notice of and hold a meeting of our stockholders for the purpose of obtaining the vote of our stockholders necessary to satisfy the vote condition described in Conditions to the Merger beginning on page 58. Subject to our board of directors withdrawing or modifying its recommendation that our stockholders vote in favor of approval of the merger

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agreement and the transactions contemplated by the merger agreement as described below in No Solicitation of Transactions , we are required to use reasonable best efforts to solicit stockholder proxies in favor of the approval of the merger agreement. Unless the merger agreement has been terminated prior to the meeting of stockholders, we are required to submit the merger agreement to a vote of stockholders even if our board has approved, endorsed or recommended another takeover proposal or withdraws, modifies or amends its recommendation, as described below in No Solicitation of Transactions , that our stockholders vote in favor of approval of the merger agreement.

The merger agreement provides that if on a date for which the special meeting is scheduled, we have not received proxies representing a sufficient number of shares to approve the merger, whether or not a quorum is present, we will have the right to postpone or adjourn the special meeting no more than 45 days. If we continue not to receive proxies representing a sufficient number of shares to approve the merger, whether or not a quorum is present, we may make one or more successive postponements or adjournments thereof as long as the date of the special meeting is not postponed or adjourned more than an aggregate of 45 days from the original date of the special meeting in reliance on this provision of the merger agreement. In the event that the special meeting is adjourned or postponed as a result of applicable law, including the need to supplement this proxy statement, any days resulting from such adjournment or postponement shall not be included for purposes of these calculations.

No Solicitation of Transactions

We have agreed that between May 20, 2007 and the effective time of the merger, we and our subsidiaries (and our and our subsidiaries officers, directors, employees, agents and representatives) will not directly or indirectly:

- initiate, solicit, knowingly encourage (including by providing information) or knowingly facilitate any inquiries, proposals or offers with respect to any Alternative Proposal (as defined below) or any inquiry, proposal or offer that is reasonably likely to lead to an Alternative Proposal;
- engage, continue or participate in any negotiations concerning, or provide or cause to be provided any information or data relating to us or any of our subsidiaries in connection with, or have any discussions (other than to state that such persons are not permitted to have discussions) with any person relating to, or that is reasonably likely to lead to, an actual or proposed Alternative Proposal, or otherwise knowingly encourage or knowingly facilitate any effort or attempt to make or implement an Alternative Proposal;
- approve, endorse or recommend, or propose publicly to approve, endorse or recommend, any Alternative Proposal;
- execute or enter into, any letter of intent, agreement in principle, merger agreement, acquisition agreement, option agreement or other similar agreement relating to any Alternative Proposal; or
- resolve to propose or agree to do any of the foregoing.

In addition, we have agreed to, and to cause our subsidiaries and direct our representatives to, immediately cease any existing solicitations, discussions or negotiations existing on May 20, 2007 with any person who has made or indicated an intention to make an Alternative Proposal, and to request the prompt return or destruction of all confidential information previously furnished in connection therewith.

An Alternative Proposal is defined in the merger agreement to mean any inquiry, proposal or offer relating to, in a single transaction or series of transactions:

- a merger, reorganization, consolidation, share exchange, business combination, recapitalization, liquidation, dissolution or similar transaction involving a direct or indirect acquisition of Alltel (or any subsidiaries of Alltel whose business constitutes 20% or more of the net revenues, net income or assets (based on fair market value) of Alltel and its subsidiaries, taken as a whole); or

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- the acquisition (including by way of tender or exchange offer) in any manner, directly or indirectly, of over 20% of (x) our common stock or (y) the consolidated total assets (based on fair market value) of Alltel and its subsidiaries.

We have agreed that, if we receive:

- any inquiries, proposals or offers regarding any Alternative Proposal;
- any request for information (other than requests not reasonably expected to be related or lead to an Alternative Proposal); or
- any inquiry or request for discussions or negotiations regarding or that would reasonably be expected to result in an Alternative Proposal,

We will notify Parent promptly (and in any event within 48 hours) of the identity of the person making the Alternative Proposal or indication or inquiry or offer or request and the material terms and conditions of any such Alternative Proposal or indication or inquiry or offer or request. We have agreed to keep Parent reasonably informed on a reasonably current basis of the status of any such discussions or negotiations regarding any such Alternative Proposal or indication or inquiry or offer or any material developments relating thereto.

We have also agreed that neither we nor any of our subsidiaries will enter into any confidentiality agreement with any person subsequent to May 20, 2007 which prohibits the Company from providing information to Parent.

We may, however, prior to obtaining the requisite vote of our stockholders at the special meeting:

- engage in discussions or negotiations with, or furnish or disclose non-public information to, a person who has made a bona fide written Alternative Proposal received after May 20, 2007 and not solicited by us in violation of our above-described obligations, so long as:
  - our board has determined in good faith, after consultation with its outside counsel and financial advisors, that the Alternative Proposal constitutes or is reasonably expected to lead to a Superior Proposal (as defined below), and that failure to take such action would be inconsistent with our board s fiduciary obligations to our stockholders; and
  - if we are furnishing material non-public information to such a person, we must (i) enter into a confidentiality agreement with that person containing terms substantially similar to, and no less favorable to us than, those set forth in the confidentiality agreements between us and the Sponsors and (ii) disclose that information to Parent (if it has not already been disclosed) concurrently with or as soon as practicable after providing such information to such other Person; and
- withhold, withdraw or modify our board recommendation in a manner adverse to Parent or Merger Sub or propose to do so, if our board of directors determines in good faith, after consultation with outside counsel and its financial advisor, that an unsolicited bona fide written Alternative Proposal received by us constitutes a Superior Proposal (after taking into account any adjustments to the terms of the merger made by Parent during a five business day negotiation period we must provide Parent (and each material amendment to the Superior Proposal would trigger another negotiation period of two-days with Parent)) and the failure to take such action would be inconsistent with its fiduciary obligations to our stockholders.

A Superior Proposal is defined as any bona fide written Alternative Proposal on terms which our board of directors determines in good faith, after consultation with its outside legal counsel and financial advisors, to be more favorable from a financial point of view to the holders of our common stock than the merger, taking into account all the terms and conditions of the proposal (including the likelihood and timing of the consummation of the proposal), and the merger agreement (including any changes to the terms of the merger agreement committed to by Parent in good faith to us in response to such proposal or otherwise); provided that for purposes of the definition of Superior Proposal, the references to 20% in the definition of Alternative Proposal are deemed to be references to 50%.

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These provisions will not prevent our board of directors from making certain disclosures contemplated by the securities laws, except that in specified circumstances our board of directors will be deemed to have withdrawn its recommendation unless it expressly reaffirms its recommendation in favor of approval of the merger agreement at least two business days prior to the special meeting of stockholders.

Employee Benefits

The parties have agreed that:

- from the date of completion of the merger until December 31, 2009, the surviving corporation will provide our current employees with annual base salary and base wages, cash incentive compensation opportunities and benefits, in each case, that are no less favorable than those that we provide (excluding equity-based compensation) as of immediately prior to the effective time of the merger; and

- the surviving corporation will provide employees terminated within two years following completion of the merger (other than those covered by an individual agreement providing severance benefits outside of our severance policies) with severance benefits at the level and pursuant to the terms of the Alltel severance plan, as amended, substantially in the form set forth in the merger agreement.

From and after the effective time of the merger, Parent will cause the surviving corporation and its subsidiaries to honor all obligations under Alltel s benefit plans and compensation and severance arrangements and agreements in accordance with their terms as in effect immediately before the effective time of the merger and recognize past service for all purposes, including vesting, eligibility to participate and level of benefits generally.

Agreement to Take Further Action and to Use Reasonable Best Efforts

Each of the parties to the merger agreement has agreed to use its reasonable best efforts to do anything necessary, proper or advisable to ensure that the conditions to the merger are satisfied and that the merger is consummated as promptly as practicable. In particular, the parties have agreed to use such efforts to make necessary filings and obtain necessary governmental consents and approvals, including those required to be filed with the FCC, under the HSR Act and state regulatory commissions. To the extent necessary to obtain such approvals, the parties have agreed to take all steps as may be necessary to obtain an approval, clearance, or waiver from, or avoid an action or proceeding by, any governmental entity which would prevent or delay the closing beyond the end date in the merger agreement (except that the Company, Parent and their respective affiliates will only agree to dispose of any of their assets or businesses if such disposition is conditional on the closing). We have also agreed to use our reasonable best efforts to obtain necessary consents or waivers from third parties (although neither the Company nor its subsidiaries is required to pay prior to the consummation of the merger any consideration or incur any liability in connection with obtaining such consents or waivers and must not commit to any such payment without the prior consent of Parent), to defend any lawsuit challenging the merger or the merger agreement, and to execute and deliver any additional documents necessary to complete the merger.

The parties have agreed to keep each other reasonably apprised of the status of matters relating to the completion of the merger and the other transactions contemplated by the merger agreement, including promptly furnishing the other with copies of notices or other written communications received from any third party and/or governmental entity. The parties have also agreed to give each other a reasonable opportunity to review in advance, and will consider in good faith the views of the other party in connection with, any proposed written communication to a governmental entity. To the extent practicable under the circumstances, the parties will not participate in any substantive meeting or discussion with a governmental entity in connection with the proposed transactions without consulting with the other party in advance and, to the extent permitted, giving the other party the opportunity to attend and participate. If any administrative or judicial proceeding is instituted (or threatened to be instituted) challenging the merger or any other transaction contemplated by the merger

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agreement, the parties will cooperate in all reasonable respects with each other and use their reasonable best efforts to contest and resist the proceeding and any order, whether temporary, preliminary or permanent, prohibiting, preventing or restricting the merger or any related transaction.

Financing Commitments; Company Cooperation

Parent has agreed to use its reasonable best efforts to arrange the financing in connection with the merger on terms described in the equity and debt financing commitment letters delivered in connection with the signing of the merger agreement or, at Parent s election, on other terms that would not adversely impact the ability of Parent or Merger Sub to timely consummate the merger and the other transactions contemplated by the merger agreement, including using its reasonable best efforts to:

- negotiate definitive documents on the terms contained in the financing commitment letters (or, at Parent s election, on other terms that would not adversely impact the ability of Parent or Merger Sub to timely consummate the merger and the other transactions contemplated by the merger agreement);
- satisfy the conditions applicable to Parent in the definitive financing documents and consummate the financing at or before closing (except to the extent requiring action by us);
- comply with its obligations under the financing commitment letters; and
- enforce its rights under the financing commitment letters.

Parent has agreed to give us prompt notice upon learning of any material breach by any party or any termination of the financing commitment letters. Parent has also agreed to keep us informed on a reasonably current basis and in reasonable detail of the status of its efforts to arrange the financing (including providing us with copies of documents related to the financing).

Parent will be permitted to amend, modify or replace the debt commitment letters delivered in connection with the signing of the merger agreement with new financing commitments, so long as the change in the new commitment:

- does not reduce the aggregate amount of the debt financing below the amount required to consummate the merger and the related transactions;
- does not adversely amend or expand the conditions to the drawdown of the debt financing in any respect that could make the conditions less likely to be satisfied by the end date of the merger agreement or that would expand the possible circumstances under which the conditions would not be satisfied by such date;
- is not reasonably expected to delay the closing or the date on which financing could be obtained; or
- is not otherwise adverse to our interests in any other material respect.

In the event that all conditions to the financing commitments (other than, in connection with the debt financing, the availability or funding of any of the equity financing) have been satisfied, Parent has agreed to, from and after the final day of the Marketing Period and subject to the satisfaction of the mutual closing conditions and the conditions to the obligation of Parent and Merger Sub to effect the merger, as described in Conditions to the Merger beginning on page 58, use its reasonable best efforts to cause the lenders and other persons providing such financing to fund the financing required to consummate the merger on the closing date.

In the event that Parent becomes aware of any event or circumstance that makes procurement of any portion of the financing unlikely to occur as contemplated in the financing commitment letters, Parent has agreed to notify us and to use its reasonable best efforts to obtain, as promptly as practicable but in no event later than one day prior to the closing date, any such portion from alternative debt financing sources on terms no less favorable to Parent and no more adverse to the ability of Parent to consummate the merger and the other transactions contemplated in the merger agreement (in each case, as determined in the reasonable judgment of Parent).

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In the event that on the final day of the Marketing Period:

- all or any portion of the debt financing to be structured as high yield securities has not been consummated;
- all closing conditions described in Conditions to the Merger beginning on page 58 have been satisfied or waived (other than those conditions that by their nature will not be satisfied until the closing); and
- the bridge financing is available substantially on the terms and conditions described in the debt commitment letters,

then Parent shall borrow under and use the proceeds of the bridge financing to replace such affected portion of the high yield financing no later than the last day of the Marketing Period.

We have agreed to provide, and to cause our subsidiaries to provide, and to use reasonable best efforts to cause our representatives to provide, all cooperation reasonably requested by Parent in obtaining financing, including:

- providing financial and other information as Parent reasonably requests in order to consummate the debt financing, including our financial statements and other financial data;
- participating in meetings, drafting sessions and due diligence sessions;
- assisting in the preparation of materials and offering documents in connection with the financing;
- cooperating with the marketing efforts for any of the debt financing, including helping to prepare for and participating in road shows, meetings, drafting sessions and due diligence sessions with prospective lenders, investors, rating agencies and others;
- providing monthly financial statements (excluding footnotes) within 30 days after the end of each month prior to the closing date;
- executing and delivering necessary pledge, security, or other legal documents and entering into one or more credit or other agreements and documents reasonably requested by Parent in connection with the debt financing;
- taking all actions reasonably necessary to permit potential lenders to evaluate our current assets, cash management and accounting systems, policies and procedures relating thereto for the purpose of establishing collateral agreements and to establish bank accounts and other accounts and blocked account agreements and lock box arrangements; and
- using reasonable best efforts to permit any cash of the Company and its subsidiaries to be made available to the Company at the effective time of the merger.

The merger agreement limits our obligation to incur any fees or liabilities with respect to the debt financing prior to the effective time of the merger. Parent has also agreed to reimburse us for all reasonable out-of-pocket costs (including reasonable attorneys fees) incurred in connection with our cooperation, and to indemnify us against losses we incur in connection with the arrangement of the financing and any information used in connection therewith, except with respect to any information provided by us.

Existing Indebtedness

We agreed to take certain actions with regard to outstanding notes of the Borrower and certain other subsidiaries of the Company, including a tender offer and consent solicitation, or an optional redemption or satisfaction and discharge of the notes after the effective time of the merger, if requested by Parent. In addition, we agreed to use commercially reasonable efforts to negotiate payoff letters from third-party lenders and trustees with respect to certain other indebtedness specified by Parent. Our obligation to consummate any actions described in this paragraph is subject to the closing of the merger.

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Other Covenants and Agreements

The merger agreement contains additional agreements among Alltel, Parent and Merger Sub relating to, among other things:

- the filing of this proxy statement with the SEC, and cooperation in preparing this proxy statement and in responding to any comments received from the SEC on those documents;
- actions necessary to exempt the transactions contemplated by the merger agreement and related agreements from the effect of any takeover statutes;
- coordination of press releases and other public statements about the merger and the merger agreement;
- indemnification and insurance of directors and officers, including maintaining, or providing a tail policy, to Alltel s directors and officers liability insurance with a claims period of six years following the effective time of the merger;
- giving Parent and its advisors access to our properties, contracts, books, records, officers, employees and agents;
- notices of certain events, and consultation to mitigate any adverse consequences of those events;
- actions necessary to exempt dispositions of equity securities by our directors and officers pursuant to the merger under Rule 16b-3 under the Exchange Act;
- the payment of real estate transfer taxes; and
- actions by Parent to cause Merger Sub to fulfill its obligations.

Conditions to the Merger

The obligations of the parties to complete the merger are subject to the satisfaction or waiver of the following mutual conditions:

- *Stockholder Approval*. The merger agreement must be adopted by the vote of holders of at least a majority of the votes entitled to be cast at the close of business on the record date.
- *No Law or Orders*. No governmental entity of competent jurisdiction shall have enacted, issued or entered any restraining order, preliminary or permanent injunction or similar order or legal restraint or prohibition which remains in effect that enjoins or otherwise prohibits consummation of the merger.
- *HSR Approval.* The waiting period under the HSR Act (and any extension thereof) must have expired or been terminated.

FCC Approval. All approvals and authorizations required to be obtained from the FCC for the transfer of control of the Alltel entities holding FCC licenses and authorizations in connection with the merger shall have been obtained, except for those approvals and authorizations to be obtained from the FCC that in the aggregate are immaterial to the Company and have not been denied by the FCC, regardless of whether the FCC shall have issued a final order.

Our obligation to complete the merger is subject to the satisfaction or waiver of the following additional conditions:

Representations and Warranties. Parent s and Merger Sub s representations and warranties must be true and correct as of May 20, 2007 and as of the closing date of the merger (unless any such representation or warranty is made only as of a specific date, in which event such representation or warranty must be true and correct only as of such specific date), except to the extent the failure of such representations and warranties to be true and correct would not prevent or materially delay or materially impair the ability of Parent and Merger Sub to consummate the merger prior to the end date of the merger.

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Performance of Covenants. Parent and Merger Sub must have performed, in all material respects, their covenants and agreements in the merger agreement.

Officer s Certificate. Parent must deliver to us at closing a certificate with respect to the satisfaction of the conditions relating to Parent s and Merger Sub s representations, warranties, covenants and agreements.

The obligations of Parent and Merger Sub to complete the merger are subject to the satisfaction or waiver of the following additional conditions:

Representations and Warranties. Our representations and warranties (other than our representations and warranties with respect to capitalization and absence of any Company Material Adverse Effect since December 31, 2006) must be true and correct (disregarding all qualifications or limitations as to materiality, Company Material Adverse Effect and words of similar import set forth therein) as of May 20, 2007 and as of the closing date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date), except where the failure of such representations and warranties to be true and correct would not, individually or in the aggregate, have a Company Material Adverse Effect. Our representations and warranties with respect to (i) capitalization must be true and correct in all material respects as of May 20, 2007 and as of the closing date (except to the extent such representations and warranties expressly relate to an earlier date, in which case as of such earlier date) and (ii) absence of any Company Material Adverse Effect since December 31, 2006 must be true and correct in all respects as of May 20, 2007 and as of the closing date.

Performance of Covenants. We must have performed, in all material respects, our covenants and agreements in the merger agreement.

Officer s Certificate. We must deliver to Parent at closing an officer s certificate with respect to the satisfaction of the conditions relating to our representations, warranties, covenants and agreements.

Termination

We and Parent may terminate the merger agreement by mutual written consent at any time before the completion of the merger (including after our stockholders have approved the merger agreement). In addition, with certain exceptions, either Parent or Alltel may terminate the merger agreement at any time before the completion of the merger:

if the merger has not been completed by the end date, which is May 20, 2008, but which may be extended by Parent or Alltel one or more times until July 20, 2008 if the mutual conditions to the closing (other than the receipt of stockholder approval) have not been satisfied (we refer to this deadline as the end date); in addition, the end date will be extended, if at either of those dates the Marketing Period has commenced but not have ended, until 30 days following the initial commencement date of the Marketing Period, but in no event later will the end date be later than August 20, 2008;

if any court of competent jurisdiction has issued or entered a final non-appealable order enjoining or prohibiting the completion of the merger, so long as the party seeking to terminate has used reasonable best efforts as may be required by the merger agreement to prevent, oppose and remove such injunction or restraint; or

if the merger agreement has been submitted to our stockholders for approval and the required vote has not been obtained.

In addition, we may terminate the merger agreement at any time before the completion of the merger if:

Parent or Merger Sub has breached or failed to perform any of its representations, warranties, covenants or other agreements in the merger agreement and such breach or failure would result in the failure of a closing condition and cannot be cured by the end date of the merger agreement, so long as we have given Parent 30 days written notice and are not in material breach of our representations, warranties, covenants or other agreements in the merger agreement;

in order to enter into a transaction that is a Superior Proposal, if, prior to the receipt of our stockholder approval and at such time we are not in material breach of any of our obligations in the merger agreement regarding non-solicitation described above in No Solicitation of Transactions beginning on page 53:

our board of directors has received a Superior Proposal;

we have notified Parent in writing of our intention to terminate the merger agreement in order to enter into a transaction that is a Superior Proposal, and included with such notice the identity of the person making such proposal, the most current written agreement relating to the transaction that constitutes such Superior Proposal and all related transaction agreements;

at least five business days following Parent s receipt of the notice, and taking into account any revised proposal made by Parent since receipt of the notice, our board of directors has determined in good faith and after consultation with its outside counsel and financial advisors that such Superior Proposal continues to be more favorable to our stockholders from a financial point of view than the revised proposal made by Parent, if any (it being understood and agreed that during such five business day period we will, and will cause our representatives to, negotiate in good faith with Parent and its representatives, to the extent Parent wishes to negotiate), provided that any amendment to the terms of such Superior Proposal requires a new notice and a new two business day period; and

prior to or concurrently with such termination, we pay the termination fee described below in Fees and Expenses beginning on page 61 and enter into a definitive agreement with respect to the Superior Proposal; or

if the merger has not been completed on the third business day after the final day of the Marketing Period and all of the mutual closing conditions and all of the conditions to the obligations of Parent and Merger Sub have been satisfied and at the time of such termination such conditions continue to be satisfied.

Parent may terminate the merger agreement at any time before the completion of the merger if:

we have breached or failed to perform any of our representations, warranties, covenants or other agreements in the merger agreement and such breach or failure would result in the failure of a closing condition and cannot be cured by the end date of the merger agreement, so long as Parent has given us 30 days written notice and neither it nor Merger Sub is in material breach of its representations, warranties, covenants or other agreements in the merger agreement;

our board of directors:

withdraws, modifies or qualifies in a manner adverse to Parent or Merger Sub its recommendation that our stockholders approve the merger agreement and the transactions contemplated by the merger agreement;

fails to include in the proxy statement its recommendation to our stockholders that they approve the merger agreement and the transactions contemplated by the merger agreement;

publicly approves, endorses or recommends any Alternative Proposal; or

fails to recommend against acceptance of a tender or exchange offer for any outstanding shares of our capital stock that constitutes an Alternative Proposal (other than by Parent or any of its affiliates), including, for these purposes, by taking no position with respect to the acceptance of such tender offer or exchange offer by its stockholders, which will constitute a failure to recommend against acceptance of such tender offer or exchange offer, within ten business days after commencement; or

we have notified Parent in writing of our intention to terminate the merger agreement in order to enter into a transaction that is a Superior Proposal.

Fees and Expenses

In general, all expenses incurred by a party to the merger agreement will be paid by that party (except for certain expenses incurred by Alltel in connection with the debt financing, as described above in Financing Commitments; Company Cooperation beginning on page 56). However, if the merger agreement is terminated in certain circumstances described below, we may be required to pay as directed by Parent, or Parent may be required to pay to us, a termination fee of $625 million. However, pursuant to the memorandum of understanding referred to in this proxy statement, the termination fee payable under certain circumstances by the Company to Parent is waived by Parent to the extent it exceeds $550 million, as described under The Merger Litigation Related to the Merger. In addition, if Alltel or Parent fails to pay any termination fee when due, it will be obligated to pay the costs and expenses (including legal fees) incurred in connection with any action to co