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THE REQUESTED TRANSFER IS IN THE PUBLIC INTEREST 050938-TP

Alltel Florida, Inc., Alltel Communications, Inc., Alltel Holding Corp., Valor Communications Group, and Alltel Holding Corporate Services, Inc. (collectively, "Applicants") are requesting the Commission's approval to transfer control of Alltel Florida, Inc. and existing Alltel Communications, Inc. long distance customers from Alltel Corporation to the entity resulting from the merger of Alltel Holding Corp. and Valor, and Alltel Holding Corporate Services, Inc., respectively. These transactions are in the public interest and should be approved. The wireline separation and Valor merger are appropriate given dramatic changes in the telecommunications industry in the last several years, especially considering the widespread intermodal competition between wireline and wireless services. The capital structure for the New Holding Company compares favorably to most of its publicly-traded rural local exchange company ("RLEC") peers and allows the resulting Merged Wireline Business to maintain a high level of service quality, compete effectively in the marketplace, service its debt, invest in its network and pay a dividend to its shareholders. The attached analysis shows that the Company will have more than adequate operating cash flow to accomplish all of the above attributes and pursue strategic opportunities as they arise.

The Merged Wireline Business will be a more viable company compared to its present status because all of its resources will be dedicated solely to the wireline business. A comparison of the financial position of the New Holding Company to Alltel's Wireline Business as it exists today may create the illusion of the New Holding Company being a "weaker" entity. However, the opposite is true. The New Holding Company will have an infinitely stronger management and centralized services support team and a more focused capital investment program than Alltel's wireline business does today because the New Holding Company's management, centralized support and operations will be singularly focused on the wireline business. In sharp contrast, the majority of Alltel Corporation's existing resources are focused on wireless opportunities, which is increasingly concerning for Alltel Corporation's present wireline business given the competitive environment and related industry trends. Separating Alltel's wireline business and merging it with Valor establishes a leading RLEC that exhibits much greater strength as a viable wireline competitor. Indeed, the New Holding Company actually will possess a greater level of managerial capability and financial support to provide high quality and innovative wireline service to Florida customers when compared to Alltel Corporation's existing focus on and support of the Alltel Florida wireline business today.

The New Holding Company will be very reasonably leveraged and will possess the requisite financial capability to continue providing quality service to its current and prospective Florida customers. Its capital structure and leverage ratio are reasonable when compared to other publicly-traded RLECs, and the New Holding Company will remain capable of funding additional strategic initiatives. We expect a leverage ratio of 3.2 times net debt/OIBDA (or Operating Income Before Depreciation and Amortization) and a targeted dividend payment ratio of 70%, thereby allowing flexibility for continued investment and pursuit of strategic opportunities that enhance the scale, scope and product/service delivery capabilities of the Merged Wireline Business. This capital structure is the right structure to balance the long-term return to shareholders and provide for continued capital investment in the wireline business.

Ultimately, the most meaningful test as to the reasonableness of a company's financial viability and corresponding ability to raise capital is the willingness of lenders to commit financing. The New Holding Company has received commitments from JP Morgan and Merrill Lynch (two of the world's leading banks) to provide up to $4.2 billion in financing. After completing their extensive due diligence reviews investigating the Merged Wireline Business, these lenders concluded that the New Holding Company's financial projections are reasonable and attainable and that the New Holding Company will be able to meet its debt service and other cash flow requirements.

The transactions will transform Alltel's wireline business from a less strategic division of a wireless-focused corporation into the nation's largest RLEC whose strategic focus will be aligned with the local telephone needs of Alltel Florida's customers. The transaction will achieve this change while maintaining a capital structure for the New Holding Company that compares favorably to most of its RLEC peers and also providing the business with ample liquidity to maintain a high level of service quality, invest in its network, service its debt and pay a dividend to shareholders. The separation of Alltel's wireline business and its merger with Valor will create an RLEC with significant scale and, at the same time, will greatly enhance the wireline strategic and growth opportunities going forward. Such growth opportunities are to the benefit of Alltel's current and prospective Florida's customers and therefore, this transaction is in the public interest.

See attached analysis of the projected New Holding Company cash flows, including net income and capital expenditures.

NEWCO
Projected Cash Flow
For the years 2005 - 2008

(Dollars in millions)	Pro Forma 2005	Projected 2006	Projected 2007	Projected 2008
Net Income				
Synergies (1)				
Net Income with Synergies				
Add: Depreciation and Amortization				
Less: Capital Expenditures (2)				
Taxes:				
Expense included in net income				
Cash paid				
Difference between book tax and cash tax				
Adjusted equity free cash flow				
Basic shares outstanding				
Adjusted equity free cash flow per share				
Planned dividends per share				
Excess cash flow per share				
Total projected excess cash flow (3)				

Notes:

(1) We expect $[redacted] million of annualized synergies which were not included in the pro-forma 2005 net income, and thus, have been added back. The $[redacted] million of synergies are included in the projected Net Income for the years 2006 thru 2008

(2) The reduction in capex results from synergies, improved pricing, and significant broadband investments already made in the past 3 years (broadband addressability will be nearly [redacted]% of total access lines by the end of 2006).

(3) The excess free cash flow of roughly $[redacted] million to $[redacted] million annually can be used to a) pay down debt, b) share repurchases, which would lower the total dividend obligation, and/or c) strategic/growth opportunities for the business.