

FILED<sup>2</sup>

BEFORE THE PUBLIC SERVICE COMMISSION  
OF THE STATE OF MISSOURI

DEC 22 2005

Missouri Public  
Service Commission

In the Matter of the Application for )  
Approval of the Transfer of Control of )  
Alltel Missouri, Inc. and the Transfer of )  
Alltel Communications, Inc. Interexchange )  
Service Customer Base. )

Case No. \_\_\_\_\_

**APPLICATION FOR APPROVAL OF TRANSFER OF CONTROL  
OF ALLTEL MISSOURI, INC. AND  
TRANSFER OF ALLTEL COMMUNICATIONS, INC.  
INTEREXCHANGE SERVICE CUSTOMER BASE**

Alltel Missouri, Inc., Alltel Communications, Inc., Alltel Holding Corp., Alltel Holding Corporate Services, Inc. and Valor Communications Group, Inc. ("Valor") (hereafter referred to collectively as "Applicants") respectfully submit this Application requesting approval of the Missouri Public Service Commission ("Commission") for the transfer of control of Alltel Missouri, Inc. and the transfer of the resale interexchange service customer base of Alltel Communications, Inc. (the incumbent local exchange and interexchange service businesses, collectively "the Wireline Business") from Alltel Corporation to the entity resulting from the merger of Alltel Holding Corp. and Valor, and Alltel Holding Corporate Services, Inc., respectively. This Application is submitted in compliance with and pursuant to Section 392.300, RSMo. 2000, Commission Rules 4 CSR 240-2.060, 4 CSR 240-3.535, 4 CSR 240-3.520 and 4 CSR 240-33.150 and any other applicable statutes and/or rules.

**I. INTRODUCTION**

1. The telecommunications industry has changed dramatically in the last several years and is expected to change even more significantly in the coming years. Intermodal competition, between wireline and wireless telecommunications services for example, is



now widespread even in the territories served by Applicants. As a result of intermodal competition and the rapidly changing fundamentals of the wireline business, wireline companies need to adapt their existing business models to more effectively compete. Specifically, wireline businesses will require enhanced strategic flexibility in the future to bring new products and services to the marketplace faster and improve their existing overall customer service. The need to execute strategies faster in the future will require greater focus and access to adequate human and financial capital resources.

2. As a result of these changes, Alltel Corporation ("Alltel") is separating its Wireline Business from its wireless businesses and merging the Wireline Business with Valor. In order to carry out the separation, two new subsidiaries of Alltel have been created, Alltel Holding Corp. and Alltel Holding Corporate Services, Inc. This pre-separation corporate structure is illustrated on **Exhibit 1** to this Application, which is incorporated herein by reference.

3. Alltel will first transfer ownership of Alltel Missouri, Inc. and Alltel's other incumbent local exchange company subsidiaries to Alltel Holding Corp. Likewise, the customer base of Alltel Communications, Inc.'s interexchange businesses will be transferred to Alltel Holding Corporate Services, Inc.<sup>1</sup>, which will become a wholly-owned subsidiary of Alltel Holding Corp.<sup>2</sup> The ownership of Alltel Holding Corp. then

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<sup>1</sup> Contemporaneous with the filing of this Application, Alltel Holding Corporate Services, Inc. is filing an application with the Commission for a certificate of service authority to provide interexchange telecommunications services, pursuant to 4 CSR 240-3.510. Existing customers will be notified of the transfer to Alltel Holding Corporate Services, Inc. pursuant to the Federal Communications Commission ("FCC") anti-slamming rules and 4 CSR 240-33.150(4).

<sup>2</sup> Applicants respectfully submit that Section 392.300, RSMo. 2000 appears to apply to these aspects of the transfer of control. The remaining steps of the process, however, may not be subject to the Commission's jurisdiction, whereas the actions involve non-regulated parent corporations of the regulated company, and there is no change in the operations of the regulated company. Applicants respectfully request that the Commission make a determination and enter the appropriate order(s) accordingly. To the extent additional information or items may be deemed required, Applicants request the opportunity to "furnish such



will be transferred from Alltel to Alltel's shareholders, thereby establishing Alltel Holding Corp. (with its subsidiary, Alltel Holding Corporate Services, Inc.) as a stand-alone holding company. The post-separation corporate structure is illustrated on **Exhibit 2** to this Application.

4. In the final step of this process, Alltel Holding Corp. will merge into Valor, a holding company with its own local exchange company subsidiaries operating in the states of Texas, New Mexico, Oklahoma and Arkansas (resulting in the "Merged Wireline Business"). Following this merger, the shareholders of Alltel will own 85% of the Merged Wireline Business, and the shareholders of Valor will own 15%. Additionally, as described later in this Application, the principal officers of the Merged Wireline Business will be certain current officers of Alltel. The Merged Wireline Business will adopt a name and corporate logo that is presently being determined. The corporate offices of the Merged Wireline Business will be located in Little Rock, Arkansas. Because end user customers will continue to receive the same rates and high quality service from the same dedicated local operations, the transfer will appear merely as a name change. The resulting corporate structure is illustrated on **Exhibit 3** to this Application.

5. In this Application, Applicants request the Commission's approval with respect to the change of control of the Wireline Business as described above. As explained in detail below, this transfer of control is not detrimental to the public interest and, indeed, is in the public interest and compliant with applicable law. The Merged Wireline Business will continue to have the requisite managerial, technical and financial capability to provide the services that it currently provides. Moreover, the change of control will

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information prior to the granting of the authority sought," as contemplated by the Commission's rules.



produce benefits for the wireline local exchange residential and business customers.

6. Separating the Wireline Business into an independent, stand-alone corporate structure and merging with Valor allows the Merged Wireline Business to enhance both strategic flexibility and financial and operational opportunities. The Merged Wireline Business will focus on providing a full portfolio of high quality services to its residential and business customers. Through its subsidiaries, the new wireline-focused company will continue to meet the needs of local exchange and long distance customers throughout its service areas.

## **II. PARTIES INVOLVED IN THE TRANSFER**

7. Alltel Missouri, Inc. is an incumbent local exchange telecommunications company ("ILEC") authorized to provide basic local exchange telecommunications service in Missouri. The legal name and principal office or place of business of Alltel Missouri, Inc. is:

Alltel Missouri, Inc.  
One Allied Drive  
P.O. Box 2177  
Little Rock, Arkansas 72203  
Telephone: (501) 905-8460  
Facsimile: (501) 905-4443

Alltel Missouri, Inc. is a Missouri corporation, and a Certificate of Corporate Good Standing from the Missouri Secretary of State was attached to an application filed in Case No. TO-2002-169, which is incorporated herein by reference.

Alltel Missouri, Inc. has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of the date of the Application. Alltel Missouri, Inc. does not have any overdue annual reports or assessment fees owed to the Missouri Public Service Commission.



8. Alltel Communications, Inc., a Delaware corporation, received a certificate of service authority from this Commission in Case No. TA-97-41 to provide interLATA interexchange telecommunications services, and was classified as a competitive telecommunications company. Subsequently, that certificate of service authority was amended in Case No. TA-99-53, to permit Alltel Communications, Inc. to also provide intrastate intraLATA interexchange services, as well as associated operator and directory assistance to business and residential customers located throughout the state of Missouri. Further, Alltel Communications, Inc. again was classified as a competitive company and certain statutes and regulatory rules were waived.<sup>3</sup>

The legal name and principal office or place of business of Alltel Communications, Inc. is:

Alltel Communications, Inc.  
One Allied Drive  
P.O. Box 2177  
Little Rock, Arkansas 72203

Alltel Communications, Inc. is authorized to do business in the state of Missouri, and a Certificate of Corporate Good Standing – Foreign Corporation from the Missouri Secretary of State was attached to the Application filed in Commission Case No. TO-2002-355, and is incorporated herein by reference.

Alltel Communications, Inc. has no pending action or final unsatisfied judgments or decisions against it from any state or federal agency or court which involve customer service or rates, which action, judgment or decision has occurred within three (3) years of

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<sup>3</sup> Alltel Communications, Inc. also has a certificate of service authority to provide basic local telecommunications services in Missouri ("CLEC business") pursuant to the Commission's Report and Order issued in Case No. TA-99-298. However, the CLEC business is not a part of, nor impacted by, the subject Application.



the date of the Application. Alltel Communications, Inc. does not have any overdue annual reports or assessment fees owed to the Missouri Public Service Commission.

9. Alltel Missouri, Inc. and Alltel Communications, Inc., together with Alltel's other subsidiaries, currently provide wireless, long distance, internet, broadband, directory publishing, telecommunications equipment and local communications services in numerous states. As of June 30, 2005, Alltel Missouri, Inc. and its ILEC affiliates served approximately 3.0 million local access lines in fifteen states, including 69,224 access lines in this state. Alltel Communications, Inc. currently provides long distance service in 49 states.

10. Alltel Holding Corp., a Delaware corporation, is a newly-formed subsidiary of Alltel. As described above, immediately upon the separation of Alltel's Wireline Business from its wireless businesses, Alltel Holding Corp. will become the owner of the Wireline Business and then merge into Valor. Alltel Holding Corp. is not seeking authority to become a regulated telecommunications carrier or public utility.

11. Alltel Holding Corporate Services, Inc., a Delaware corporation, is a newly created subsidiary of Alltel and will become part of the Merged Wireline Business. It is seeking authority to become the owner of Alltel Communications, Inc.'s current interexchange business and, as discussed *supra*, Footnote 1, contemporaneous with the filing of this Application, Alltel Holding Corporate Services, Inc. is filing an application with the Commission for a certificate of service authority to provide interexchange telecommunications services, pursuant to 4 CSR 240-3.510. Alltel Holding Corporate Services Inc. is authorized to do business in the state of Missouri, and a Certificate of



Authority from the Missouri Secretary of State is attached hereto as **Exhibit 4**, and is incorporated herein by reference.

12. Valor Communications Group, Inc. is a Delaware corporation and is the owner of local exchange operating companies that, as of June 30, 2005, provide local exchange service to approximately 530,000 access lines in four states. As a result of its merger with Alltel Holding Corp., Valor will become the owner of the Merged Wireline Business but itself will not be a certificated public utility.

13. All correspondence, communications, and orders and decisions of the Commission regarding this Application should be sent to:

Larry W. DORITY  
FISCHER & DORITY, P.C.  
101 Madison, Suite 400  
Jefferson City, Missouri 65101  
Telephone: (573) 636-6758  
Facsimile: (573) 636-0383

And

Stephen B. Rowell  
PO Box 2177  
One Allied Drive  
Little Rock, Arkansas 72203  
Telephone 501 905 8460  
Facsimile 501 905 4443

### **III. REQUIREMENTS FOR APPROVAL OF TRANSFER OF CONTROL**

14. Section 392.300, RSMo. 2000 grants the Commission authority to approve the transfers requested in this Application. Commission Rule 4 CSR 240-3.535 addresses the filing requirements for telecommunications company applications for authority to acquire the stock of a public utility. Commission Rule 4 CSR 240-3.520 addresses the filing requirements for telecommunications company applications for authority to sell,



assign, lease or transfer assets. Applicable case law provides that the Commission's standard of review when considering the transfer of stock and assets is that the Commission shall approve such transfers unless the transfer would be detrimental to the public interest.<sup>4</sup> This standard has been incorporated into the above-referenced rules at 4 CSR 240-3.535(1)(C) and 4 CSR 240-3.520(2)(D). The above-described transfer of control of the Wireline Business satisfies all applicable criteria. The Merged Wireline Business will maintain the capability to provide high quality telecommunications services and introduce advanced services, and the transfer is not detrimental to the public interest for the reasons set forth herein.

15. In accordance with 4 CSR 240-3.520(2)<sup>5</sup>, and as more fully described herein, Applicants state that Alltel Communications, Inc. is transferring its resale interexchange customer base to Alltel Holding Corporate Services, Inc. A copy of the Agreement is attached hereto as **Exhibit 5**. The reasons the proposed transfer of assets is not detrimental to the public interest is fully described herein, including the fact that Alltel Holding Corporate Services, Inc. will continue providing the same high quality service that Alltel Communications, Inc. does today and that the transfer will be transparent to the customers. Applicants further state that no transfer contemplated by this Application will impact the tax revenues of a political subdivision in which any structures, facilities or equipment of the companies involved are located. Attached hereto as **Exhibit 6** is a copy of the sample "customer notification to be provided to any customers who will receive service from a different telecommunications company, informing them of the transaction."

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<sup>4</sup> See *State ex rel. City of St. Louis v. Public Serv. Comm'n*, 73 S.W.2d 393, 400 (Mo. banc 1934).

<sup>5</sup> Pursuant to 4 CSR 240-3.520(1), "Competitive telecommunications companies are exempt from



16. In accordance with the 4 CSR 240-3.535, Applicants request that the Commission waive the application of 4 CSR 240-3.535(1)(A) for good cause pursuant to 4 CSR 240-2.015. This rule requires an application for authority to acquire the stock of a public utility to include a statement of the offer to purchase the stock of the public utility or a copy of any agreement entered with shareholders to purchase stock. As fully described, supra, because the transfer of ownership of Alltel Missouri, Inc. to Alltel Holding Corp. will occur by an inter-company transfer, there will be no "purchase" of stock as contemplated in Rule 3.535(A). The certified copy of the resolution of the directors required by Rule 3.535(B) is not available at this time and, in accordance with Rule 3.535(2), will be furnished prior to the granting of the authority sought. The many "reasons why the proposed acquisition of the stock of the public utility is not detrimental to the public interest," in accordance with Rule 3.535(1)(C), is fully described and discussed herein.

#### **IV. TRANSACTION AND NEW CORPORATE STRUCTURE**

17. As described above, **Exhibit 1** illustrates the corporate structure of Alltel before the separation and merger described in this Application, **Exhibit 2** illustrates the resulting post-separation corporate structure for Alltel Holding Corp., and **Exhibit 3** illustrates the structure that results from the merger with Valor.

18. Although the entities comprising the Wireline Business will become subsidiaries of a different holding company and the entities' names will change, from an operational perspective, little will change. Immediately following the separation and merger, the Merged Wireline Business will continue to provide the same services, at the

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subsections (2)(C) and (E) of this rule."



same rates and pursuant to the same tariffs, albeit under a new name.<sup>6</sup> Alltel Missouri, Inc. will continue as the same legal entity operating and providing local exchange service in Missouri as a price cap regulated company. Alltel Holding Corporate Services, Inc., as successor to the interexchange business, will continue providing the same high quality service that Alltel Communications, Inc. does today. In addition to the incumbent local exchange and interexchange businesses, the Alltel Internet access, broadband, directory publishing, and telecommunications products businesses will also be transferred to the Merged Wireline Business. (The term "the Merged Wireline Business" as used throughout this Application also includes all of these enumerated services and products.) The Merged Wireline Business will maintain the same technical, financial and managerial ability to provide reliable service subsequent to the separation as its does today.

#### **V. CONTINUED TECHNICAL, MANAGERIAL, AND FINANCIAL CAPABILITY**

19. The Merged Wireline Business will continue to be managed by very capable, experienced executives and employees, many of whom are transferring from Alltel to the Merged Wireline Business. For example, Alltel Chief Financial Officer, Jeffrey Gardner, has been named Chief Executive Officer of the Merged Wireline Business, and John Koch, Alltel President of Wireline Services, will be the Chief Operating Officer. Attached as **Exhibit 7** is a list of several officers of the Merged Wireline Business and a description of their qualifications. The collective experience of these officers demonstrates that the Merged Wireline Business will maintain the same technical and managerial ability to continue providing reliable high quality services subsequent to the

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<sup>6</sup> As the name of the company changes, a filing will be made to change the name on the tariff.



separation as it does today. In fact, the Merged Wireline Business' senior management team will have an average tenure in the telecommunications industry of nearly 20 years, with over 130 years of combined telecommunications industry experience. Moreover, the Merged Wireline Business will have the necessary financial security as it does today. All of these factors, along with the additional details below, demonstrate that the Merged Wireline Business will continue to possess the technical, managerial, and financial capability necessary to provide high quality service and, thereby, to promote the public interest.

**A. Continued Technical Capability**

20. The Merged Wireline Business will maintain the same technical capabilities after the transfer of control as it possesses today. All equipment, buildings, systems, software licenses and other assets owned and used by the Merged Wireline Business in the provision of its service will remain assets of Alltel Missouri, Inc. or will transfer to the Merged Wireline Business or a subsidiary thereof. For example, the Signaling System 7 network used to provide routing of communications traffic will be part of the Merged Wireline Business.

21. Some assets held by an Alltel affiliate are jointly used to provide services to the Wireline Business and one or more other affiliates that may not become part of the Merged Wireline Business. However, to the extent the Merged Wireline Business requires continued use of these assets or services from Alltel, they will be provided through lease arrangements or service agreements with the separated Alltel companies.

22. Following the transfer of control, the Merged Wireline Business will continue to own or have arrangements to use all of the necessary network assets and ordering,



provisioning, billing, and customer care capabilities required to continue to provide high quality retail and wholesale services seamlessly.

**B. Continued Managerial Capability**

23. The Merged Wireline Business will employ personnel experienced and dedicated to the provision of high quality communications service. The customer service, network and operations functions that are critical to the success of the Wireline Business today will persist, and the business will be staffed to ensure that continuity. For example, Alltel Missouri Inc.'s local operations will continue to be staffed and managed by employees with established ties to the community and extensive knowledge of the local telephone business.

24. The Merged Wireline Business will continue to receive certain centralized management services. The Merged Wireline Business will be staffed by many of the same experienced and knowledgeable persons currently providing these services. Presently, centralized functions include human resource, finance, tax, media, legal, planning, general support, and information services, thereby allowing the individual ILECs to benefit from the efficiencies enjoyed with centralized support services. After the transfer of control, the Merged Wireline Business will continue to receive similar centralized management services and thus, will continue to enjoy efficiencies from centralized support services and the benefits of an experienced staff.

**C. Continued Financial Capability**

25. Upon the transfer of control, the Merged Wireline Business will continue to be financially capable of fulfilling all of the requirements of a public utility. This capability will be unaffected by the change in the corporate parent.



26. Attached as **Exhibit 8** are pro forma balance sheet and income statement for the Merged Wireline Business. The Merged Wireline Business will serve approximately 3.4 million access lines in 16 states. As reflected on **Exhibit 8**, its revenues will be approximately \$3.4 billion per year and is expected to generate approximately \$1.7 billion of annual operating income before depreciation and amortization. The Merged Wireline Business will clearly retain the financial stability to succeed in the ever-increasing competitive telecommunications marketplace.

27. The parent company of the Merged Wireline Business, which among other things will raise capital for Alltel Missouri, Inc., will possess the financial capability to allow the Merged Wireline Business to provide high quality telecommunications services to customers. Upon completion of the separation and merger, the Merged Wireline Business will be a publicly traded company, whose stock is expected to be traded on the New York Stock Exchange. Moreover, the Merged Wireline Business will be one of the largest independent local exchange carriers in the nation. The Merged Wireline Business will have the ability to raise capital in order to invest in network, employees and information systems to continue providing high quality service.

28. The Merged Wireline Business expects to generate ample cash flow and pay an attractive dividend to investors. These sound financial characteristics ensure that the Merged Wireline Business will have the fiscal stability to position itself in the industry to pursue strategies necessary to assist the Merged Wireline Business in succeeding in a competitive environment.

29. The Merged Wireline Business' capital structure will include a mix of debt and equity that balances financial risk with business risk while maintaining an



appropriate cost of capital, thereby maximizing the value of the Merged Wireline Business. The Merged Wireline Business' debt financing has been committed by two of the world's largest banks, JP Morgan and Merrill Lynch. The debt to equity ratio of the parent company will provide sufficient leverage to produce specific benefits for the Merged Wireline Business and the resulting debt leverage will be among the lowest in the RLEC industry. The planned capital structure and dividend policy are reasonable relative to the company's size, service areas, industry position, operating income, and cash flow.

30. All of the above facts demonstrate that the Merged Wireline Business will maintain the requisite financial capability to fully support its operations subsequent to the transfer of control.

## **VI. NO DETRIMENT TO THE PUBLIC INTEREST**

31. The Merged Wireline Business will operate in an industry that has been and continues to be subject to rapid technological advances, evolving consumer preferences, and dynamic change. These factors, combined with regulatory developments, create an environment in which the interests of the wireline business are best served by the separation. The establishment of the Merged Wireline Business as part of an independent, stand-alone wireline-centric corporation serves the public interest by allowing Alltel's separated ILECs to focus squarely on building their local wireline operations to provide a full range of high quality services to local residential and business customers.

32. This separation has the beneficial effect of better aligning the interests of the Merged Wireline Business with the interests of its customers. The company's strategic



wireline focus will allow for a stronger local emphasis and permits the Merged Wireline Business to provide services tailored to the needs of its customers. The separation and merger, other than a change of name, will be virtually transparent to customers.

33. The Merged Wireline Business will ensure that service quality and the customer experience remain high priorities. Customers will experience no less than business as usual, but very likely an improved experience, as the Merged Wireline Business enhances service delivery, product development, and customer interaction.

## **VII. TRANSPARENCY TO CUSTOMERS**

34. Up to and after the separation and merger, customers will receive the same full range of products and services that it offered prior to the separation, at the same prices, and under the same terms and conditions. Currently, Alltel Missouri, Inc. offers bundles of local calling and custom calling features combined with other services via sales of its own services or its own services combined with the services of another provider sold via a sales agency arrangement. These bundled offerings were designed to meet the customer demand for a true "one stop shop" for communications needs. As described above, the Merged Wireline Business will enter into the necessary arrangements to allow it to continue providing bundled service offerings.

35. Significantly, the customer interface with the Merged Wireline Business will not change. Customers will continue to call existing numbers to order new services, report service problems, and inquire about billing or other customer care issues. The Merged Wireline Business will provide customers notice of the transfer and name change via bill messages. A sample customer notice will be provided to the Commission in advance of its distribution.



36. The Merged Wireline Business will concentrate even more on the local operations of wireline customers and local affairs will continue to be managed by men and women with established local relationships and extensive knowledge of the local telephone business. Applicants' participation in the local community will be ongoing and continue to be of great importance. Furthermore, the senior executive team will be comprised of many of the same executives that have guided Alltel's local operations in the past. Their experience and expertise, combined with new flexibility to pursue wireline-only strategic goals, will ensure that the Merged Wireline Business service quality and standards will remain at the highest levels.

37. The Merged Wireline Business will provide the same high quality local exchange and resold long distance service it does today, subject to the same rules, regulations, and applicable tariffs. The mere transfers of control will not effect the existing price regulation plan, service quality obligations, or tariffs.<sup>7</sup> Further, any subsequent end user rate changes by the Merged Wireline Business will continue to be governed by the same rules and procedures. Similarly, the terms and prices for existing wholesale services under applicable access tariffs will remain unchanged as a result of this transfer. Finally, the transfer of control will not impact the terms of any existing interconnection agreements or obligations under state and federal laws regarding interconnection.

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<sup>7</sup> Although this transfer will not result in substantive tariff changes, Applicants will amend tariffs to reflect their new names.



38. Applicable Labor contracts entered into by the Wireline Business will remain in effect in accordance with the terms and conditions of those agreements.

39. Consequently, for the reasons stated above, the separation of Alltel's wireline and wireless interests and merger with Valor serves the public interest. Such transfers of control allow increased operational focus and customer attention.

WHEREFORE, for the foregoing reasons, Applicants have demonstrated that transferring control of Alltel Missouri, Inc. and the transfer of the interexchange service customer base of Alltel Communications, Inc. from Alltel Corporation to the entity resulting from the merger of Alltel Holding Corp. and Valor, and Alltel Holding Corporate Services, Inc., respectively, is not detrimental to the public interest. As the Merged Wireline Business will continue to have the requisite technical, managerial, and financial capability to provide quality communications services, Applicants request that the Commission approve the transactions described herein and grant any other necessary and proper relief.

Respectfully submitted this 22<sup>nd</sup> day December, 2005.

  
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Larry W. Dority MBN 25617  
FISCHER & DORITY, P.C.  
101 Madison Street, Suite 400  
Jefferson City, Missouri 65101  
Tel.: (573) 636-6758  
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Attorneys for Applicants

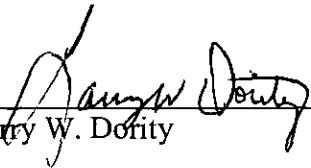


## CERTIFICATE OF SERVICE

I hereby certify that a true and correct copy of the above and foregoing document was hand-delivered or mailed, United States Mail, postage prepaid, this 22<sup>nd</sup> day of December, 2005, to:

Lewis R. Mills, Public Counsel  
Office of the Public Counsel  
P.O. Box 7800  
Jefferson City, MO 65102

Dana K. Joyce, General Counsel  
Missouri Public Service Commission  
P.O. Box 360  
Jefferson City, MO 65102

  
\_\_\_\_\_  
Larry W. Dority



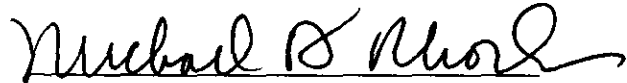
**VERIFICATION**

STATE OF ARKANSAS )

) SS

COUNTY OF PULASKI )

I, Michael D. Rhoda, of lawful age, being first duly sworn upon my oath, state that I am the Vice President, Wireline Regulatory and Wholesale Services of Alltel Missouri, Inc. and further state that I am authorized to submit this verification on behalf of Applicants; the facts set forth in the foregoing Application are true to the best of my knowledge, information and belief.

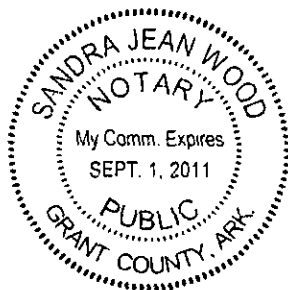
  
Michael D. Rhoda

Subscribed and sworn to before me this 19<sup>th</sup> day of December, 2005.

  
Notary Public

My Commission expires:

September 1, 2011



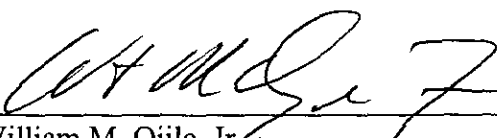


VERIFICATION

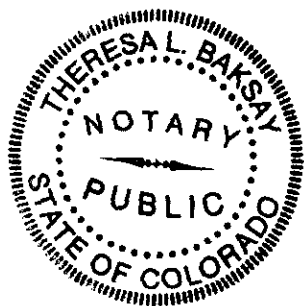
STATE OF COLORADO)


COUNTY OF ARAPAHOE)

THE UNDERSIGNED, William M. Ojile, Jr., being duly sworn states under oath as follows: I am Senior Vice President, Chief Legal Officer & Secretary for Valor Communications Group ("Valor") and am familiar with the foregoing Application submitted for and on behalf of Valor. I am authorized to execute this oath and file said pleading on behalf of Valor. The matters and things set forth in said Application are true and correct to the best of my knowledge, information and belief.

  
William M. Ojile, Jr.

SWORN TO AND SUBSCRIBED before me this the 20 day of December, 2005.

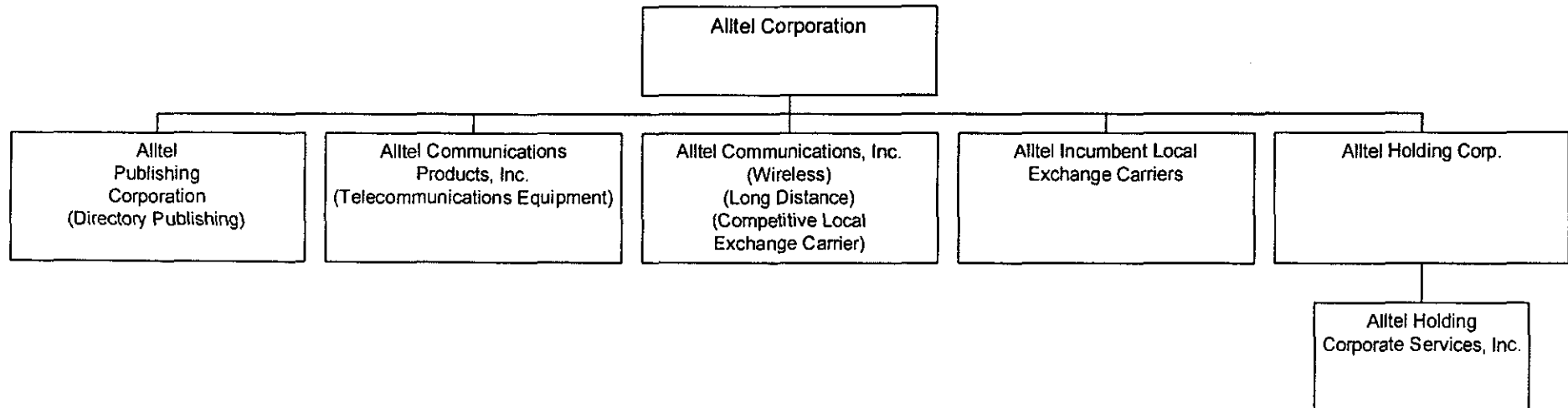


  
NOTARY PUBLIC



## PRE-SEPARATION CORPORATE STRUCTURE

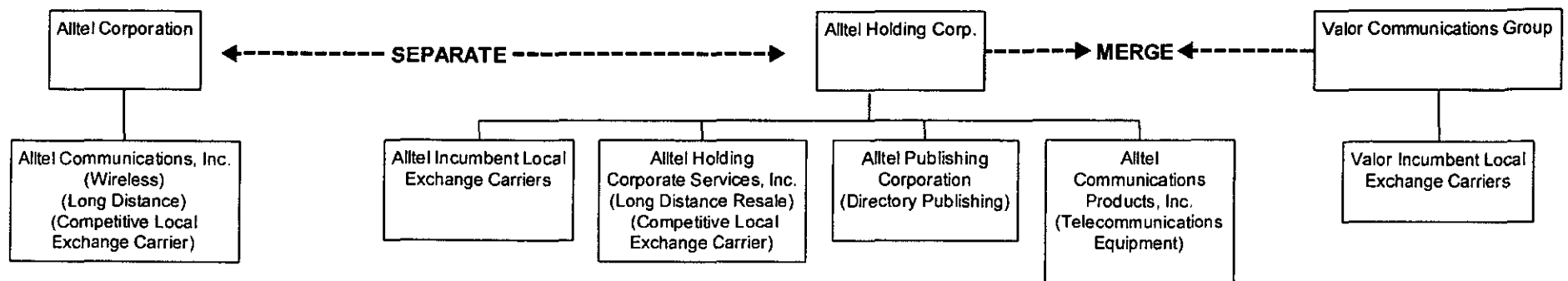
EXHIBIT 1





## POST-SEPARATION CORPORATE STRUCTURE

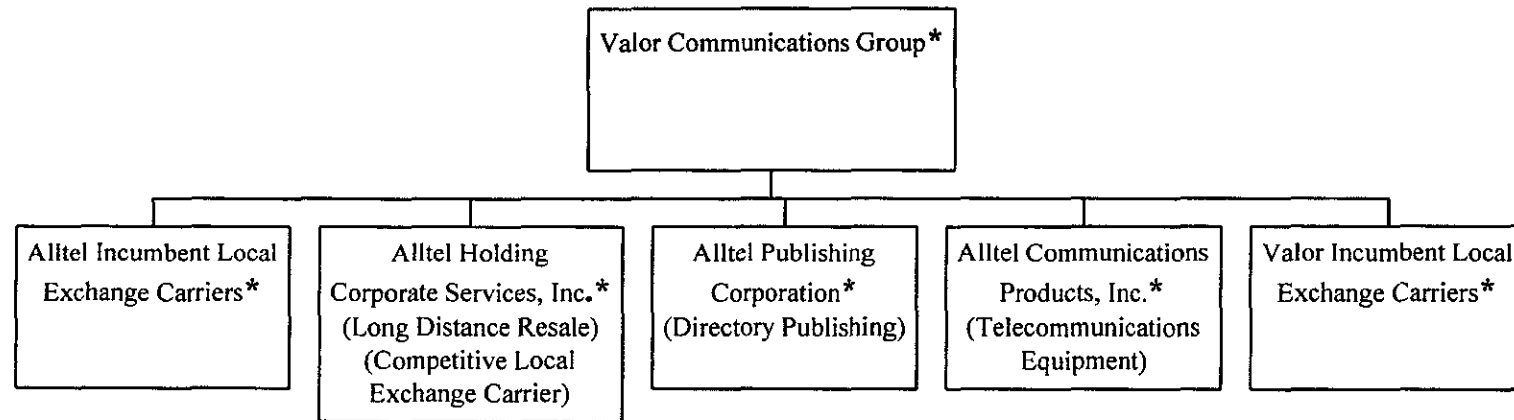
EXHIBIT 2





## MERGED WIRELINE BUSINESS

EXHIBIT 3



**\* ACTUAL NAMES ARE YET TO BE DETERMINED.**



# STATE OF MISSOURI



Robin Carnahan  
Secretary of State

## CERTIFICATE OF AUTHORITY

WHEREAS,

*ALLTEL HOLDING CORPORATE SERVICES, INC.*  
*F00703436*

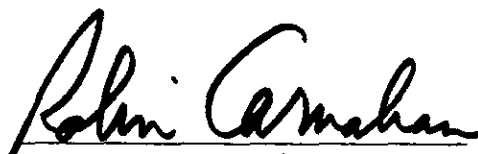
using in Missouri the name

*ALLTEL HOLDING CORPORATE SERVICES, INC.*

has complied with the General and Business Corporation Law which governs Foreign Corporations; by filing in the office of the Secretary of State of Missouri authenticated evidence of its incorporation and good standing under the Laws of the State of Delaware.

NOW, THEREFORE, I, ROBIN CARNAHAN, Secretary of State of the State of Missouri, do hereby certify that said corporation is from this date duly authorized to transact business in this State, and is entitled to all rights and privileges granted to Foreign Corporations under the General and Business Corporation Law of Missouri.

IN TESTIMONY WHEREOF, I have set my hand and imprinted the GREAT SEAL of the State of Missouri, on this, the 15th day of December, 2005.

  
Secretary of State





## ASSIGNMENT AND ASSUMPTION AGREEMENT

Alltel Communications, Inc., a Delaware corporation, ("ACI"), effective on a date to be mutually determined by the parties following receipt of all necessary regulatory approvals, which is anticipated to be in the second quarter of 2006, agrees to transfer, assign, grant and convey to Alltel Holding Corporate Services, Inc., a Delaware corporation ("AHCSI"), all rights, assets, interest, liabilities, customer accounts and obligations of ACI in and to the long distance toll resale business and competitive local exchange telecommunications business of ACI in all states where ACI is conducting such business (the "Business").

AHCSI hereby accepts the assignment from ACI with respect to the Business and assumes all rights, interest, liabilities and obligations of ACI with respect to and in the Business.

Each party agrees to bear its own costs associated with this transfer and agrees to cooperate in executing and exchanging such other documents as may be legally necessary to carry out the provisions of this Agreement, including, bills of sale, deeds or assignment and consents of agreements.

Executed and entered into this 21st day of December, 2005

Alltel Communications, Inc.

By: Stephen B. Roue

Title: Vice President

Alltel Holding Corporate Services, Inc.

By: Breg

Title: Chief Financial Officer



AHCSI  
One Allied Drive  
Little Rock, AR 72202

[DATE]

NAME  
ADDRESS 1  
ADDRESS 2  
CITY, STATE ZIP

**IMPORTANT:  
NOTICE OF CHANGE IN LONG DISTANCE SERVICE PROVIDER**

Dear NAME:

Alltel Holding Corporate Services, Inc (AHCSI) soon will succeed Alltel Communications as your long distance service provider. AHCSI is excited about this chance to provide you service, and we look forward to serving you beginning [EFFECTIVE DATE].

Rest assured there will be no change in your current rates or in the terms and conditions of your service. Also, there will be no charges associated with transitioning your long distance service to AHCSI.

You have the right to choose your long distance provider and are free to choose another carrier for your long distance service. If you choose to select another carrier, you need to contact that carrier immediately to ensure that your services are transferred before [EFFECTIVE DATE]. You may have to pay a transfer charge to the new carrier if you change carriers.

As a customer of Alltel Communications, Inc., you will be transferred automatically to AHCSI, unless you select another long distance carrier before [EFFECTIVE DATE]. If you have a PIC freeze on your account, you will need to contact your local telephone company to arrange a new PIC freeze after your long distance service is transferred to your new provider.

Customer service is the foundation of our business. Please let us know how we can work with you to meet your needs. If you have questions about the transition of your long distance service to AHCSI, please contact us at 1-800-222-6825.

Please watch for upcoming communications from AHCSI. Thank you for letting us serve you!

Sincerely,



## **MANAGEMENT BIOGRAPHIES**

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### **BOARD OF DIRECTORS**

#### **Francis X. "Skip" Frantz - Chairman**

One Allied Drive  
Little Rock, AR  
501-905-8111

Francis X. "Skip" Frantz, Executive Vice President - General Counsel and Secretary of Alltel Corporation, has been named Chairman of the Board of the new wireline company to be formed through the spin-off of Alltel's wireline business and merger with VALOR Communications group of Irving, Texas.

Frantz joined Alltel in 1990 as Senior Vice President and General Counsel and was appointed Corporate Secretary in January 1992 and Executive Vice President in 1998. He is responsible for the wireline wholesale services group, federal and state government and external affairs, corporate communications, administrative services and corporate governance.

Prior to joining Alltel, he was a partner in the law firm of Thompson, Hine and Flory, where he represented Alltel in connection with various business transactions and corporate matters for the last several years of his 12-year tenure with that firm.

Mr. Frantz is the 2005-2006 Chairman of the Board and of the Executive Committee of the USTelecom, a telecom trade association that represents 1,200 member companies. During his association with USTelecom, he has served as First Vice Chairman and as a member of the Executive Committee, Nominating Committee and Telecom Reform Task Force Committee.

#### **Dennis E. Foster - Director**

600 The Grange Lane  
Lexington, Kentucky 40511  
859 294 7663

Mr. Foster is currently the Principal in Foster Thoroughbred Investments. Prior to June 30, 2000, he was Vice Chairman of the Board of Alltel; Director of Yellow Corp. and NiSource Inc. He was initially elected as a Director of Alltel in 1998 and during his tenure was Chairman of the Compensation Committee and member of the Executive Committee. Prior to joining the Alltel Board, Mr. Foster was the president of 360 Communications.



**Jeffery R. Gardner - Director**  
One Allied Drive  
Little Rock, AR  
501-905-8707

Jeffery Gardner, is currently the Executive Vice President and Chief Financial Officer of Alltel Corporation. In addition to becoming a member of the board of the new wireline company, he has been named President and Chief Executive Officer.

Gardner has been in the communications industry since 1986 and joined Alltel in 1998 when the company merged with 360 Communications

He has held a variety of senior management positions such as Senior Vice President of Finance, which included treasury, accounting and capital markets; President of the Mid-Atlantic Region; Vice President and General Manager of Las Vegas and Director of Finance.

Gardner is a member of the Board of Directors for RF Micro Devices, based in Greensboro, N.C., where he serves on the audit committee. He also serves on the board of the Arkansas Symphony Orchestra, the Arthritis Foundation and Pulaski Academy School in Little Rock.

Gardner received his Bachelor of Science degree in Finance from Purdue University and a Master's degree in Business Administration from William and Mary. He is a Certified Public Accountant.

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## **OFFICERS**

### **Francis X Frantz - Chairman**

(See biography above)

### **Jeffery R. Gardner - President and Chief Executive Officer**

(See biography above)



**John B. Koch - Chief Operating Officer**

One Allied Drive  
Little Rock, AR  
501-905-8981

John Koch , President - Wireline Services, has been named Chief Operating Officer of the new wireline company to be formed through the spin-off of Alltel's wireline business and merger with VALOR Communications Group of Irving, Texas.

Since joining Alltel in 1998 when the company merged with 360 Communications, Koch has held a variety of management positions such as president - Southeast Region, Executive Vice President of Marketing and Emerging Business and Executive Vice President of Network Services.

Koch previously was with Sprint Cellular, Centel Cellular and has worked as a consultant for the Analytic Sciences Corporation (TASC).

Koch received his Bachelor of Science degree and Master's degree in systems engineering from the University of Virginia.

**Brent Whittington - Executive Vice President and  
Chief Financial Officer**

One Allied Drive  
Little Rock, AR  
501-905-6558

Brent Whittington, Senior Vice President - Operations Support of Alltel Communications, Inc., has been named Executive Vice President and Chief Financial Officer of the new wireline company.

Whittington joined Alltel in 2002. He also served as Vice President - Finance & Accounting.

Prior to joining Alltel, Whittington was an Audit Manager for Arthur Anderson.

He has a degree in accounting from the University of Arkansas in Little Rock.

Whittington is active in his community. He currently serves on the board of Big Brothers and Big Sisters of Central Arkansas



**Rob Clancy - Senior Vice President and  
Treasurer**  
One Allied Drive  
Little Rock, AR

Rob Clancy, Vice President - Investor Relations of Alltel, has been named Senior Vice President and Treasurer of the new wireline company. Clancy also will lead the new wireline company's investor relations and corporate communications efforts.

Clancy has been in the communications industry since 1987 and joined Alltel in 1998 when the company merged with 360 Communications.

He has held a variety of management positions throughout his tenure including Vice President of Sales and Distribution, Vice President of Internal Audit, Vice President of Finance, Vice President and General Manager for the Central North Carolina Market, and Southeast Region Marketing Director.

Clancy has a degree in accounting from Northern Illinois University in Dekalb. He is a Certified Public Accountant.

**Frank A. Schueneman - Senior Vice President Network Operations**  
One Allied Drive  
Little Rock, AR  
501-905-8482

As Vice President - Engineering for Alltel, Schueneman is responsible for design and implementation of Alltel's wireless and wireline networks including switching, transport, RF and data. He will be Senior Vice President Network Operations for the new wireline company.

Before being named to his current position, Schueneman was responsible for the operation of wireless networks in Alltel's West Region which included the operation and maintenance of wireless switching systems and cell sites, wireless system performance and optimization, and cell site project engineering and construction. Other duties included regional capital budget management and wireline outside plant engineering and construction.

Schueneman has served more than 25 years with Alltel where he has a broad technical background that includes planning, engineering and operation of wireless, wireline, long distance and data networks. Schueneman attended the University of Akron where he received a Bachelor of Science degree in Electronic Technology.



**Daniel A. Powell - Area President**

130 West New Circle Road  
Lexington, KY  
859-357-6101

Dan Powell is responsible for the day to day operations for ALLTEL's wireline and CLEC operations in Nebraska, Kentucky, Ohio, Pennsylvania and New York. Powell will continue in this role for the new wireline company.

Powell joined Alltel in 1993 and has held a variety of operations and corporate positions including Vice President and General Manager of the Virginia Market Area, Vice President of Marketing, Manager of Corporate Strategy and Vice President of Investor Relations.

Most recently, he has served as Area President for wireline services for Arkansas, Missouri, Nebraska, Oklahoma and Texas. He has also served as Market Area President for New York, North Carolina, Pennsylvania, Tennessee, Virginia and West Virginia where he was responsible for wireless, wireline, CLEC, long distance, DSL and broadband communications.

Prior to joining the company, Powell was with Andersen Consulting. Powell is a graduate of Albion College in Albion, Mich., with a Bachelor's degree in Economics and Management. Powell also holds a Master's degree in Business Administration from the University of Michigan.

**Gregg L. Richey - Area President**

One Alltel Center  
Alpharetta, GA  
678-351-2050

Richey is responsible for the day to day operations for Alltel's wireline and CLEC operations in Arkansas, Alabama, Georgia, Florida, Louisiana, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina and Texas. Richey will continue in this role for the new wireline company.

Richey joined Alltel in 1991 as General Manager of Alltel's Gainesville, Fla., market. Prior to his current position, Richey has served as Senior Vice President - Sales and Distribution for Alltel Communications, President of Alltel's Mid-South Market, and Vice President and General Manager for the company's Florida, Georgia, and Alabama wireless operations. In 1994, he won Alltel's ALEX Award for helping the Gainesville, Fla., market achieve Market of the Year status.

Richey holds a Bachelor's Degree in computer science from the University of Mississippi in Oxford. He currently serves on the Board of Directors for the Georgia Chamber of Commerce.



Merged Wireline Business  
Unaudited Pro Forma Combined Condensed Statement of Income  
For the Year Ended December 31, 2004  
Dollars and shares in millions

<b>Revenues and sales:</b>	<b>\$ 3,449.4</b>
<b>Costs and expenses:</b>	
Cost of services	963.3
Cost of products sold	333.8
Selling, general, administrative and other	430.6
Depreciation and amortization	607.6
Restructuring and other charges	<u>11.8</u>
<b>Operating income</b>	<b>1,102.3</b>
Other income, net	(80.0)
Interest expense	<u>(366.0)</u>
Income (loss) before income taxes	656.3
Income taxes	<u>274.7</u>
<b>Net income (loss)</b>	<b><u>\$ 381.6</u></b>
<b>Earnings per share:</b>	
Basic	\$ 0.81
Diluted	\$ 0.81
<b>Average common shares outstanding:</b>	
Basic	473.7
Diluted	473.7

**Note:** This financial statement is unaudited. It represents the combination of Alltel Corporation's wireline business and Valor Communications Group.



Merged Wireline Business  
Unaudited Pro Forma Combined Condensed Balance Sheet  
As of December 31, 2004  
Dollars in millions

**Assets**

Cash and short-term investments	\$ 122.5
Other current assets	460.1
Total current assets	<u>582.6</u>
Investments	2.3
Goodwill	5,360.6
Other intangibles	671.5
Property, plant and equipment, net	3,941.1
Other assets	290.2
Total assets	<u><u>\$ 10,848.3</u></u>

**Liabilities and Shareholders' Equity**

Current liabilities	\$ 365.3
Long-term debt	5,454.0
Deferred income taxes	986.0
Other liabilities	197.1
Common stock	-
Additional paid-in capital	5,868.4
Treasury stock	(3.2)
Accumulated other comprehensive income	0.5
Deferred equity compensation	(18.3)
Retained earnings (deficit)	(2,001.5)
Total liabilities and shareholders' equity	<u><u>\$ 10,848.3</u></u>

**Note:** This financial statement is unaudited. It represents the combination of Alltel Corporation's wireline business and Valor Communications Group.