ALLTEL CORPORATION

One Allied Drive Little Rock, AR 72203-2177 P. O. Box 2177 501-905-8000 Letter of Comment No: // File Reference: 1099-001

July 30, 2004

Ms. Suzanne Bielstein
Director of Major Projects and Technical Activities
Financial Accounting Standards Board
401 Merritt 7
P.O. Box 5116
Norwalk, CT 06856-5116

Re: File Reference No. 1099-001

Dear Ms. Bielstein,

ALLTEL Corporation ("ALLTEL" or the "Company") appreciates this opportunity to comment on the Proposed Interpretation, Accounting for Conditional Asset Retirement Obligations, an interpretation of FASB Statement No. 143 ("Exposure Draft").

ALLTEL provides wireless, local telephone, long-distance, Internet and high-speed data services to over 12 million residential and business customers in 26 states. The majority of the facilities owned by the Company and used in the provisioning of local telephone services were constructed prior to 1980, and therefore are presumed to contain asbestos. Consistent with most of its industry peers, ALLTEL determined upon adoption of Statement of Accounting Standards No. 143, Accounting for Asset Retirement Obligations, ("SFAS No. 143") that any obligations associated with asbestos were outside the scope of SFAS No. 143.

Although ALLTEL supports the FASB's efforts to provide guidance on the appropriate accounting for asset retirement obligations, the Company continues to believe that conditional asset retirement obligations, such as those associated with asbestos, are outside the scope of SFAS No. 143. Further, the Company believes that the fair value of such conditional obligations is not only inherently difficult, if not impossible, to determine, but also provides neither reliable nor relevant information to investors and other users of financial statements. Accordingly, we respectfully disagree with the FASB's conclusions in the Exposure Draft.

Scope of SFAS No. 143

Upon adoption of SFAS No. 143, ALLTEL determined that obligations to remove asbestos in its owned facilities were outside the scope of SFAS No. 143. Paragraph A6 of SFAS No. 143 clearly states that "Activities necessary to prepare an asset for an alternative use are not associated with the retirement of the asset and are not within the scope of the Statement." Current federal regulations require the remediation of asbestos if it becomes friable. Accordingly, if at any time an entity were to renovate a facility containing asbestos, and during such renovation the asbestos became dislodged or disturbed in any manner, the entity would be required to remediate the asbestos as part of the renovation project. Due to these federal regulations, asbestos typically is remediated prior to the retirement of the facility in which it is contained. As a result, obligations associated with the remediation of asbestos are not associated with the retirement of the related facility, and therefore would be outside the scope of SFAS No. 143. We continue to believe, based on this rationale, that obligations associated with the remediation of asbestos, and similar obligations, should be accounted for under other existing accounting literature, including SFAS No. 5, Accounting for Contingencies.

Determination of Fair Value

For the reasons outlined above, not only does ALLTEL disagree with the FASB that conditional obligations are within the scope of SFAS No. 143, we also believe that applying the recognition and measurement provisions of SFAS No. 143 to conditional obligations provides neither reliable nor relevant information to investors and other users of financial statements. Unlike the fair value of a financial instrument, or even the fair value of a long-lived asset, such as a building, the fair value of

a conditional asset retirement obligation cannot be reliably measured through observation of the value of identical or similar obligations in the market place, because presently no market exists to assume the liabilities associated with conditional asset retirement obligations. The lack of a current market value for conditional asset retirement obligations is illustrated by the following facts. Remediation of asbestos triggered by an insurable event, such as fire damage, is generally covered by commercial property insurance. However, ALLTEL's experience is that insurance carriers, in determining the cost of commercial property insurance coverage, do not differentiate between buildings containing asbestos and asbestos-free facilities. Historically, ALLTEL has not been required to pay any additional premiums to insure its buildings that contain asbestos. Additionally, if ALLTEL were to voluntarily remediate a facility containing asbestos, the Company's insurance carriers have indicated that there would be no discount or other adjustment attributable to the remediation that would be made to the premiums ALLTEL currently pays to obtain insurance coverage. Finally, because asbestos that has been properly contained imposes no foreseeable obligation to the owner of the facility, ALLTEL's recent experience in buying and selling commercial real estate is that for purposes of establishing market values, the real estate market does not directly distinguish between buildings containing asbestos and those that do not.

Therefore, because the fair value of a conditional asset retirement obligation cannot be measured through a reliable market mechanism, fair value would have to be determined based on the use of discounted cash flows, combined with management's expectations of the probable outcome of various scenarios. In the case of a conditional asset retirement obligation, the assignment of probabilities at the time of acquisition of the asset would require the use of highly speculative assumptions that could not be objectively verified based on current market data, since no reliable market exists as noted above. Consequently, any fair value related to a conditional asset retirement obligation determined using a probability-weighted discounted cash flow analysis in accordance with the provisions of SFAS No. 143 would not be a reliable measurement. Accordingly, we do not believe that recording an obligation based upon unreliable estimates that lack a corresponding market value provides meaningful information to investors. Instead, we believe that the amount of an obligation associated with a conditional asset retirement obligation that is calculated in compliance with the provisions of SFAS No. 5, that is, when it is both probable and estimable, provides both relevant and reliable information for investors.

In summary, ALLTEL respectfully disagrees with the conclusions reached by the FASB in the Exposure Draft, and suggests that the appropriate guidance to be followed in accounting for conditional asset retirement obligations continues to be SFAS No. 5. We appreciate your consideration of our comments.

Sincerely,

/s/ Sharilyn S. Gasaway Sharilyn S. Gasaway Controller