ALLTEL CORPORATION

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October 28, 2005

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 1204-001

Dear Ms. Bielstein,

ALLTEL Corporation ("Alltel" or the "Company") appreciates this opportunity to comment on the recently issued Proposed Statement of Financial Accounting Standards, Business Combinations, a replacement of FASB Statement No. 141 (the "Exposure Draft"). Alltel is a customer-focused telecommunications company with more than 15 million customers in 36 states. Over the past four years, Alltel has completed more than 10 different acquisitions of varying sizes. As a result, the Company appreciates the Board's efforts to simplify and eliminate inconsistencies in the existing business combinations accounting guidance. However, we have the following concerns about the proposed guidance in the Exposure Draft.

- Recognizing minority interests in the acquired business at fair value and remeasuring minority
 interests previously owned at fair value upon obtaining control provides little benefit to financial
 statement users and adds significant additional costs for the acquirer to complete third party
 appraisals and other valuation studies.
- Financial assets for which readily observable market values are not available, such as accounts
 receivable, should continue to be recognized at the present value of future cash flows, net of a
 valuation allowance.
- Recognizing contingent consideration at fair value is impractical and injects unnecessary subjectivity into the calculation of total purchase price.
- The value of equity interests issued to consummate an acquisition measured on the date that the
 acquisition is completed is not reflective of the market value of the business acquired due to
 influences on the stock price of other activities of the acquiring company subsequent to the
 announcement date.
- Requiring retroactive application of changes in the purchase price allocation during the measurement period raises practical questions about the financial statement audit process.

Fair Value of Minority Interests

As stated in the Objective in paragraph 1, one of the underlying principles of the Exposure Draft, as is that the acquirer should measure and recognize the fair value of the acquiree as a whole. If 100% of the ownership interests are acquired, measuring and recognizing 100% of the fair value is both appropriate and informative. However, if less than 100% of the ownership interests are acquired, recognizing the fair value of 100% of the business acquired is not representative of the value actually acquired. In the instance in which certain minority owners retain their ownership interest, recognizing the fair value of that minority interest does not provide sufficient benefit to financial statement users to justify the additional cost incurred to calculate that fair value. In the instance in which the acquirer previously held a minority position,

Letter of Comment No: 60 File Reference: 1204-001 remeasuring that minority interest to fair value and recognizing any resulting gain in income provides opportunities for earnings manipulation.

Although it may be relatively easy to determine the fair value of previously held interests in the newly consolidated entity, it may be difficult to determine the fair value of minority interests retained by independent parties. Each of the applicable examples included in the Exposure Draft assumes that the acquiree is a public company. However, in most situations, when acquiring a public company, all of the ownership interests will be acquired through a stock exchange or a stock buyout. Most acquisitions that result in minority owners retaining their ownership interests are acquisitions of privately held entities. In those instances, calculating the fair value of the minority interest will be difficult, both due to the difficulty in valuing the control premium and in determining the market value of those minority interests. In many cases, the reason that the minority owners retain their ownership interests is that those minority owners demand more than fair value to relinquish their ownership interests. In such situations, which value represents fair value — the amount of consideration that the majority owners were willing to accept per unit, or the amount of consideration that the minority owners demand? At a minimum, requiring minority interests to be recorded at fair value will require the acquirer to engage third party appraisers to complete costly valuation studies to that would not otherwise be necessary.

In addition, in return for the time consuming, expensive and difficult task of determining the fair value of minority interests, little valuable information is obtained. Measuring and recognizing the fair value of the whole business acquired provides a user of the consolidated financial statements with the fair value of that business as of that single point in time. Because that business is consolidated with other operations recorded at a mixture of current value and historical cost, the result is no closer to fair value for the consolidated business than if the value of the minority interests continue to be recognized at historical cost. In addition, while the value recognized for the business acquired may be representative of fair value on the acquisition date, it indicates little about the fair value of that business in subsequent periods, again providing no more information to a user of the financial statements than recording the minority interests at historical costs.

Non-Marketable Financial Assets

Paragraph 34 of the Exposure Draft prohibits recognition of a valuation allowance related to assets required to be recognized at fair value, such as an allowance for uncollectible receivables. However, prohibiting the use of a valuation allowance does not change the value reported for the related assets on a net basis, and it actually reduces the amount of information reported. It is unclear to us how reducing the amount of information provided to users of the financial statements results in an improvement in financial reporting.

In addition to providing less information to users of the financial statements, recording purchased receivables at fair value is also impractical. SFAS No. 5, "Accounting for Contingencies," SFAS No. 114, "Accounting by Creditors for Impairment of a Loan," and AICPA Statement of Position 01-6, "Accounting by Certain Entities (Including Entities with Trade Receivables) That Lend to or Finance the Activities of Others" all recognize that large groups of smaller-balance homogenous receivables cannot be reviewed for impairment on an individual basis. Instead, the impairment analysis is performed on the pool of receivables as a whole. Therefore, we are unsure how to calculate the fair value of individual receivables acquired in a business combination when the accounting literature recognizes that it cannot be done for receivables generated in the normal course of business.

In addition, because the receivables represent cash payments due from customers, they must still be recorded at face value in the acquiring company's accounting system in order to ensure that collection efforts encompass the entire amounts due. Reporting those receivables at fair value would then require the use of dual systems to track receivables balances internally and for external reporting purposes, similar to the current requirements for a separate tax-basis ledger for property and equipment, but even more complex due to the fact that the cost basis constantly changes as payments are received or additional fees are charged. Given the lack of additional information provided by reporting the receivables at fair value discussed above, we believe that the costs required to do so far outweigh the benefits. As a result, Alltel believes that purchased receivables should continue to be recognized at the present value of future cash flows, net of a valuation allowance.

Fair Value of Contingent Consideration

As proposed, the Exposure Draft would require recognition of the fair value of contingent consideration included in the purchase price at the acquisition date. However, in most instances, contingent consideration is included in the purchase price because the acquirer and the seller could not agree on a fixed price. In discussing how to calculate the fair value of items without readily observable market prices, the Exposure Draft refers to the guidance in the Proposed Statement of Financial Accounting Standards, "Fair Value Measurements." This proposed statement in turn requires the use of any market information available in determining fair value. In the instance of contingent consideration, however, the two most knowledgeable market participants, the acquirer and the seller, could not agree on its value. Therefore, similar to valuing minority interests discussed above, which "market information" should the acquirer use to value contingent consideration, the information that it used in determining what it was willing to pay, or the information that the seller used to determine what it was willing to accept? In addition, because of the lack of verifiable market data, the valuation assigned to contingent consideration will by definition be very subjective, and thus difficult to audit, creating an opportunity for manipulation of the amounts recognized.

Measurement Date of Equity Instruments Issued in a Business Combination

Currently, SFAS No. 141 requires measurement of equity securities issued to effect a business combination using the stock price on the date on which the acquisition was announced. The Exposure Draft, however, would revise the measurement date to be the date on which the acquisition is completed. In most instances, a significant amount of time passes after announcement of an acquisition before that acquisition is completed due to the various shareholder, legal and/or regulatory approvals that often must be obtained. In these instances, the difference between the stock price of the acquiring company on the date that the acquisition is announced and the stock price on the date that the acquisition is completed may be significant, because of other activities and transactions effected by the acquiring company. Therefore, we do not believe that measuring equity securities issued in a business combination as of the acquisition date reflects the fair value of the acquired business. A more appropriate measure is the value agreed upon by the buyer and seller, which necessarily must be measured at the announcement date.

Changes in Purchase Price Allocations

The Exposure Draft continues current practice of allowing changes to be made to the purchase price allocation during a measurement period not to exceed one year. However, any changes made during that measurement period would have to be applied retrospectively to the date of acquisition, resulting in a restatement of prior periods when presented for comparative purposes. We believe that requiring retrospective application poses particular problems for the financial statement audit process. We are uncertain how an audit firm will be able to sign an audit opinion knowing that the information on which it is opining will be changing. In addition, requiring retrospective application implies that the numbers reported based on a preliminary purchase price allocation are inaccurate, when actually, they are reflective of the information on hand at that date. We believe that changes in a purchase price allocation should not be treated differently than other estimates that change due to the discovery of new information, which are recognized prospectively under the guidance in SFAS No. 154.

In conclusion, we respectfully request that the Board reconsider the proposed guidance included in the Exposure Draft on recognizing the fair value of the whole business acquired when less than 100% of the ownership interests are acquired, recording accounts receivable at fair value, recognizing the fair value of contingent consideration at the acquisition date, measuring the value of equity instruments at the acquisition date, and requiring retrospective application of changes in a purchase price allocation. We appreciate your consideration of our comments.

Sincerely,

Sharilyn Gasaway
Controller