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Alltel produces double-digit revenue growth in first quarter

Company adds 165,000 net new wireless customers, reduces churn rate

LITTLE ROCK, Ark. – Alltel produced double-digit revenue growth, strong wireless customer net additions and record broadband wireline customer growth in the first quarter. Alltel reported fully diluted earnings per share under Generally Accepted Accounting Principles (GAAP) of 77 cents, which includes a net gain in discontinued operations and expenses related to the integration of Western Wireless properties and the pending wireline separation. Excluding the one-time items, fully diluted earnings per share from current businesses was 82 cents. Results from current businesses also now exclude the effects of non-cash amortization related to the company's previous wireless acquisitions, which was 7 cents in the quarter.

“We are very pleased with the performance of the wireless business and are encouraged by the opportunities we see going forward,” said Alltel President and CEO Scott Ford. “The wireless growth in this quarter was fueled by strong customer growth and a continued focus on reducing churn. We made progress on several strategic goals, including remaining on track to complete the spin-merge of our wireline business with VALOR Communications Group by mid-year.”

Among other highlights for the first quarter:

- Total revenues were \$2.5 billion, a 19 percent increase from a year ago. Net income under GAAP was \$297 million, down 5 percent. Net income from current businesses was \$320 million, a 21 percent increase from a year ago.
- Wireless revenue was \$1.8 billion, a 30 percent increase from a year ago. Service revenue was \$1.64 billion, a 29 percent increase. Segment income was \$356 million, a 25 percent increase.

- Alltel added 165,000 net new wireless customers. Average revenue per wireless customer (ARPU) was \$50.90, a 4 percent increase. Data revenue per customer was \$2.86, a 59 percent increase, and now represents more than 5 percent of total ARPU. Post-pay churn improved to 1.66 percent from 1.72 percent a year ago.
- Wireline revenue was \$575 million, down 3 percent from the previous year. Segment income was \$227 million, up 6 percent from a year ago. The company added a record 44,000 broadband customers, bringing its total broadband customer base to 441,000, a penetration rate of 15 percent of total access lines. Feature revenue per eligible line increased 2 percent, and total average revenue per wireline customer was \$66.77, a 1 percent increase.
- Equity free cash flow from current businesses was \$504 million, a 49 percent increase. Net cash provided from operations was \$733 million.

Alltel is a customer-focused communications company with more than 15 million customers in 36 states and nearly \$10 billion in annual revenues.

Alltel claims the protection of the safe-harbor for forward-looking statements contained in the Private Securities Litigation Reform Act of 1995. Forward-looking statements are subject to uncertainties that could cause actual future events and results to differ materially from those expressed in the forward-looking statements. These forward-looking statements are based on estimates, projections, beliefs, and assumptions and are not guarantees of future events and results. Actual future events and results may differ materially from those expressed in these forward-looking statements as a result of a number of important factors. Representative examples of these factors include (without limitation) adverse changes in economic conditions in the markets served by 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; changes in communications technology; the risks associated with pending acquisitions and dispositions, including the pending acquisition of Midwest Wireless and the pending dispositions of the Bolivian operations and the wireline business; the risks associated with the integration of acquired businesses; the uncertainties related to any discussions or

negotiations regarding the sale of any remaining international assets; adverse changes in the terms and conditions of the wireless roaming agreements of Alltel; the potential for adverse changes in the ratings given to Alltel's debt securities by nationally accredited ratings organizations; the availability and cost of financing in the corporate credit and debt markets necessary to consummate the disposition of the wireline business; the uncertainties related to Alltel's strategic investments; the effects of litigation; and the effects of federal and state legislation, rules, and regulations governing the communications industry. In addition to these factors, actual future performance, outcomes, and results may differ materially because of more general factors including (without limitation) general industry and market conditions and growth rates, economic conditions, and governmental and public policy changes.

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