

VALOR COMMUNICATIONS GROUP INC

Form S-4

February 28, 2006

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**Subject to completion, as filed with the Securities and Exchange Commission on February 28, 2006
Registration No. 333-[]**

**UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
Form S-4
REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933
VALOR COMMUNICATIONS GROUP, INC.
(To be renamed [])
(Exact Name of Registrant as Specified in Its Charter)**

Delaware (State or Other Jurisdiction of Incorporation or Organization)	4813 (Primary Standard Industrial Classification Code Number)	20-0792300 (I.R.S. Employer Identification Number)
--------------------------------------------------------------------------------------	----------------------------------------------------------------------------	-----------------------------------------------------------------

**201 E. John Carpenter Freeway, Suite 200
Irving, Texas 75062**
(Address, Including Zip Code, and Telephone Number, Including Area Code, of Registrant's Principal Executive
Offices)

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Chief Legal Officer and Secretary
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Approximate date of commencement of proposed sale to public: As soon as practicable following the effective date of this Registration Statement and the date on which all other conditions to the merger of Alltel Holding Corp. with and into Valor Communications Group, Inc. pursuant to the merger agreement described in the enclosed document have been satisfied or waived.

If the securities being registered on this Form are being offered in connection with the formation of a holding company and there is compliance with General Instruction G, check the following box.

If this Form is filed to register additional securities for an offering pursuant to Rule 462(b) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

If this Form is a post-effective amendment filed pursuant to Rule 462(d) under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering.

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price(2)	Amount of Registration Fee(3)
Common Stock, par value \$0.0001 per share	402,715,523	N/A	\$3,721,091,432.52	\$398,157.78

(1) This Registration Statement relates to shares of common stock, par value \$0.0001 per share, of Valor Communications Group, Inc. issuable to holders of common stock, par value \$0.01, of Alltel Holding Corp. (Spinco) pursuant to the proposed merger of Spinco with and into Valor. The amount of Valor common stock to be registered represents the maximum number of shares of common stock that Valor will issue to holders of common stock of Spinco upon consummation of the merger based on a formula set forth in the merger agreement, which requires that Valor issue a number of shares of its common stock equal to the aggregate number of shares of Valor common stock issued and outstanding, on a fully diluted basis, as of the effective time of the merger, multiplied by 5.667. Because it is not possible to accurately state the number of shares of Valor common stock that will be outstanding as of the effective time of the merger, this calculation is based on 71,063,265 shares of Valor common stock outstanding as of February 1, 2006.

(2) Estimated solely for purposes of calculating the registration fee pursuant to Rule 457(f)(2) of the Securities Act, based on the book value (computed as of February 1, 2006, the most recent date for which such information is available) of the common stock of Spinco to be exchanged in the merger.

(3) Computed in accordance with Rule 457(f) and Section 6(b) under the Securities Act of 1933 by multiplying (A) the proposed maximum aggregate offering price for all securities to be registered by (B) 0.000107.

The Registrant hereby amends this Registration Statement on such date or dates as may be necessary to delay its effective date until the Registrant shall file a further amendment which specifically states that this Registration Statement shall thereafter become effective in accordance with Section 8(a) of the Securities Act of 1933 or until the Registration Statement shall become effective on such date as the Commission, acting pursuant to said Section 8(a), may determine.

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The information in this proxy statement/ prospectus-information statement is not complete and may be changed. Valor Communications Group, Inc. may not distribute or issue the shares of Valor common stock being registered pursuant to this registration statement until the registration statement filed with the Securities and Exchange Commission is effective. This proxy statement/ prospectus-information statement is not an offer to distribute these securities and Valor Communications Group, Inc. is not soliciting offers to receive these securities in any state where such offer or distribution is not permitted.

SUBJECT TO COMPLETION DATED FEBRUARY 28, 2006

**201 E. John Carpenter Freeway, Suite 200
Irving, Texas 75062**

[], 2006

To the Stockholders of Valor Communications Group, Inc.:

As previously announced, the Board of Directors of Valor Communications Group, Inc. has unanimously approved a strategic merger that will combine Valor and the wireline telecommunications business of Alltel Corporation. Pursuant to the Agreement and Plan of Merger Valor entered into on December 8, 2005 with Alltel Corporation and Alltel Holding Corp. (which we refer to as Spinco), Spinco will merge with and into Valor and Valor will survive as a stand-alone company and will hold and conduct the combined business operations of Valor and Spinco. Following completion of the merger, the separate existence of Spinco will cease. The merger will take place immediately after Alltel contributes the assets making up its wireline telecommunications business to Spinco and distributes the common stock of Spinco to its stockholders. Immediately following the merger, Valor will change its name to [] and its common stock will be quoted on the New York Stock Exchange and will be traded under the ticker symbol []. When the merger is completed, Alltel stockholders will together own approximately 85%, and Valor s stockholders will own approximately 15%, of the shares of common stock of [] on a fully diluted basis.

In the merger, it is presently estimated that each share of Spinco common stock will be converted into the right to receive approximately 1.04 shares of Valor common stock. Existing shares of Valor common stock will remain outstanding. Valor expects to issue approximately 403,000,000 shares of common stock to Alltel stockholders pursuant to the merger. However, this amount is subject to change as a result of compensatory equity grants and other issuances of Valor common stock. For a more complete discussion of the calculation of the number of shares of Valor common stock to be issued pursuant to the merger, see the section titled The Transactions Calculation of Merger Consideration on page [] of the accompanying proxy statement/ prospectus-information statement. Before Valor may issue these shares the Valor certificate of incorporation must be amended to increase the authorized shares of Valor common stock from 200,000,000 to 2,000,000,000.

We cordially invite you to attend the annual meeting of Valor stockholders to be held on [], 2006 at [], at [], local time. At the annual meeting, we will ask you to consider and vote on proposals to adopt and approve the merger agreement and the transactions contemplated thereby. You will also be asked to elect directors and act on other matters normally considered at Valor s annual meeting. **The Board of Directors of Valor has unanimously approved the merger agreement and unanimously recommends that the Valor stockholders vote FOR the proposals to (i) adopt the merger agreement, (ii) approve an amendment to the Valor certificate of incorporation pursuant to the merger increasing the authorized shares of Valor common stock, and (iii) approve the issuance of Valor common stock pursuant to the merger, each of which is necessary to effect the merger, as well as FOR the adoption of the 2006 Equity Incentive Plan (which is conditioned upon stockholder approval of the merger proposals), the Board s nominees for director and the ratification of Valor s independent auditors.**

Your vote is very important. We cannot complete the merger unless the proposals relating to the adoption of the merger agreement, the amendment to Valor s certificate of incorporation pursuant to the merger and the issuance of Valor stock pursuant to the merger are adopted by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of Valor common stock entitled to vote at the annual meeting. Only stockholders who owned shares of Valor stock at the close of business on [], 2006 will be entitled to vote at the annual meeting. **Whether or not you plan to be present at the annual meeting, please complete, sign, date and return your proxy card in the**

enclosed envelope, or authorize the individuals named on your proxy card to vote shares by calling the toll-free telephone number or by using the Internet as described in the instructions included with your proxy card. If you hold your shares in street name, you should instruct your broker how to vote in accordance with your voting instruction form. If you do not submit your proxy, instruct your broker how to vote your shares, or vote in person at the annual meeting, it will have the same effect as a vote against adoption of the merger agreement.

You should be aware that certain stockholders have already agreed with Alltel to vote or cause to be voted all of the Valor shares they own in favor of the adoption of the merger agreement, the amendment to the Valor certificate of incorporation increasing the authorized shares of Valor common stock pursuant to the merger and the issuance of Valor common stock pursuant to the merger. Further, you should also be aware that our directors and executive officers have either entered into this agreement with Alltel or otherwise indicated that they intend to vote their Valor common shares FOR the merger proposals. These stockholders and our executive officers and directors together hold an aggregate of approximately 42% of the aggregate number of votes entitled to be cast.

The accompanying proxy statement/ prospectus-information statement explains the merger, the merger agreement and the transactions contemplated thereby and provides specific information concerning the annual meeting. **Please review this document carefully. You should consider the matters discussed under the heading Risk Factors Risks Relating to the Spin-Off and the Merger on page 21 of the accompanying proxy statement/ prospectus-information statement before voting.**

On behalf of our Board of Directors, I thank you for your support and appreciate your consideration of this matter.
Sincerely,

John J. Mueller
President and Chief Executive Officer
Member of the Board of Directors

Neither the Securities and Exchange Commission nor any state securities regulator has approved or disapproved the merger described in this proxy statement/ prospectus-information statement or the Valor Communications Group, Inc. common stock to be issued in connection with the spin-off and merger, or determined if this proxy statement/ prospectus-information statement is accurate or adequate. Any representation to the contrary is a criminal offense.

This proxy statement/ prospectus-information statement is dated [], 2006,
and is first being mailed to stockholders on or about [], 2006.

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ALLTEL CORPORATION
One Allied Drive Little Rock, Arkansas 72202
Telephone (501) 905-8000
www.alltel.com

[], 2006

To the Stockholders of Alltel Corporation:

On December 9, 2005, we announced that we would spin-off to our stockholders shares of Alltel Holding Corp. (which we refer to as Spinco), a subsidiary of Alltel Corporation into which we will contribute our wireline telecommunications business, and that Spinco would then merge with Valor Communications Group, Inc. After the spin-off and merger, Valor, which will be renamed [], will be a separately traded public company that will own and operate the combined businesses of Spinco and Valor. The new company's common stock will be listed on the New York Stock Exchange under the trading symbol [].

It is presently estimated that approximately 1.04 shares of Valor common stock will be issued to Alltel stockholders for each share of Spinco common stock they are entitled to receive on the distribution date. However, this amount is subject to change based on the number of shares of Spinco common stock to be distributed and as a result of compensatory equity grants and other issuances of Valor common stock. A more complete discussion of the calculation of the number of shares of Valor common stock to be issued pursuant to the merger is contained in the accompanying proxy statement/prospectus-information statement. You and all other holders of Alltel common stock will not be required to pay for the shares of Valor common stock you receive and you will also retain all of your shares of Alltel common stock. When the merger is completed, Alltel stockholders will together own approximately 85%, and Valor's stockholders will own approximately 15%, of the shares of common stock of [] on a diluted basis.

This transaction represents a significant strategic step that will sharpen Alltel's focus on its higher growth wireless telecommunications business. The spin-off will also allow Alltel stockholders to benefit from the success and upside potential of the new company.

Alltel Corporation's Board of Directors has determined that the spin-off of the wireline business and the combination with Valor is advisable and in the best interests of Alltel and its stockholders, and has approved the proposed transaction. You need not take any action to participate in the spin-off or the merger. **No vote of Alltel Corporation stockholders is required in connection with this transaction.**

The following document contains important information describing the terms of the spin-off and the merger. We encourage you to read it carefully.

We look forward to completing the spin-off and merger and to the exciting opportunities it presents for our stockholders.

Sincerely,

Scott T. Ford
President and Chief Executive Officer

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Valor Communications Group, Inc.
201 E. John Carpenter Freeway, Suite 200, Irving, Texas 75062
NOTICE OF ANNUAL MEETING OF STOCKHOLDERS
TO BE HELD [], 2006

To the Stockholders of Valor Communications Group, Inc.:

The annual meeting of stockholders of Valor Communications Group, Inc. will be held on [], 2006 at [], at [], local time. The annual meeting is being held for the following purposes:

1. to adopt the Agreement and Plan of Merger, dated as of December 8, 2005, as such may be amended from time to time (the Merger Agreement), by and among Alltel Corporation, Alltel Holding Corp. (Spinco) and Valor Communications Group, Inc., pursuant to which (i) Spinco will merge with and into Valor, after which Valor will survive as a stand-alone company and will hold and conduct the combined business operations of Valor and Spinco and (ii) each outstanding share of Spinco common stock will be converted into the right to receive approximately 1.04 shares of Valor common stock (subject to variation based on the number of shares of Spinco common stock that is distributed to Alltel stockholders and as a result of compensatory equity grants and other issuances);
2. to approve the amendment to the Certificate of Incorporation of Valor Communications Group, Inc. pursuant to the merger to increase the authorized shares of Valor common stock from 200,000,000 to 2,000,000,000 to be effective contemporaneously with the effective time of the merger;
3. to approve the issuance of up to 403,000,000 shares of Valor common stock to Alltel stockholders in accordance with the terms of the Merger Agreement;
4. to adopt and approve the 2006 Equity Incentive Plan, a copy of which is attached as Annex G to this proxy statement/ prospectus-information statement;
5. to elect eleven (11) directors to serve until the 2007 Annual Meeting of Stockholders or until their successors are duly elected and qualified or until their earlier removal, resignation or death;
6. to ratify the appointment of Deloitte & Touche LLP as Valor 's independent registered public accounting firm for the fiscal year ending December 31, 2006 or until their earlier removal or termination;
7. to adjourn the annual meeting, if necessary, to solicit additional proxies for the adoption of the merger agreement, approval of the amendment to the Certificate of Incorporation of Valor pursuant to the merger or approval of the issuance of shares of Valor common stock pursuant to the merger; and
8. to transact any and all other business that may properly come before the annual meeting or any adjourned session of the annual meeting.

The proposals set forth in items one through three above are conditioned on the other two and approval of each is required for completion of the merger. The proposal set forth in item four is conditioned upon the approval of the first three items. Furthermore, you should be aware that if the merger is completed, then by virtue of the merger the persons elected at the annual meeting to serve as directors shall be replaced by the persons who serve as directors of Spinco immediately prior to the merger. It is currently anticipated that Valor 's post-merger Board of Directors will consist of the following nine persons: Jeffery R. Gardner (who most recently served as Alltel 's Executive Vice President Chief Financial Officer), Francis X. Frantz (who most recently served as Alltel 's Executive Vice President External Affairs, General Counsel and Secretary), six directors designated by Alltel (one of whom will be Dennis E. Foster, a current director of Alltel) and Anthony J. de Nicola (the current Chairman of Valor 's Board of Directors). You should also be aware that if the merger is completed, PricewaterhouseCoopers LLP will become Valor 's

post-merger independent registered public accounting firm for the fiscal year ending December 31, 2006.

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Only stockholders who owned shares of Valor common stock at the close of business on [], 2006, the record date for the annual meeting, are entitled to notice of, and to vote at, the annual meeting and any adjournment or postponement of it. A stockholders list will be available for inspection by any stockholder entitled to vote at the annual meeting during ordinary business hours at Valor's principal offices for ten days prior to the annual meeting as well as at the location of the annual meeting for the entire time of the annual meeting.

The merger agreement and the merger, along with the other transactions which would be effected in connection with the merger, are described more fully in the attached proxy statement/ prospectus-information statement, and we urge you to read it carefully. Valor stockholders have no appraisal rights under Delaware law in connection with the merger.

THE VALOR COMMUNICATIONS GROUP, INC. BOARD OF DIRECTORS HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT AND THE MERGER AND UNANIMOUSLY RECOMMENDS THAT VALOR STOCKHOLDERS VOTE FOR THE PROPOSALS TO ADOPT THE MERGER AGREEMENT, TO APPROVE THE AMENDMENT TO THE VALOR CERTIFICATE OF INCORPORATION PURSUANT TO THE MERGER INCREASING THE AUTHORIZED SHARES OF VALOR COMMON STOCK AND TO APPROVE THE ISSUANCE OF VALOR COMMON STOCK PURSUANT TO THE MERGER, EACH OF WHICH IS NECESSARY TO EFFECT THE MERGER, AS WELL AS FOR THE ADOPTION OF THE 2006 EQUITY INCENTIVE PLAN (WHICH IS CONDITIONED UPON STOCKHOLDER APPROVAL OF THE MERGER PROPOSALS), THE BOARD'S NOMINEES FOR DIRECTOR AND FOR THE RATIFICATION OF VALOR'S INDEPENDENT AUDITORS AND, IF NECESSARY, THE ADJOURNMENT OF THE ANNUAL MEETING TO SOLICIT ADDITIONAL PROXIES FOR THE MERGER PROPOSALS.

To ensure that your shares of Valor common stock are represented at the annual meeting, please complete, date and sign the enclosed proxy card and mail it promptly in the envelope provided. Any executed but unmarked proxy cards will be voted in accordance with the recommendations of the Valor Board of Directors, including FOR adoption of the merger agreement and FOR the election of Board of Director's nominees for director. Valor stockholders may revoke their proxy in the manner described in the accompanying proxy statement/ prospectus-information statement before it has been voted at the annual meeting.

By Order of the Board of Directors,

Irving, Texas
[], 2006

YOUR VOTE IS VERY IMPORTANT

Whether or not you plan to be present at the annual meeting, please promptly complete, sign, date and return your proxy card in the enclosed envelope, or authorize the individuals named on your proxy card to vote shares by calling the toll-free telephone number or by submitting a proxy via the Internet as described in the instructions included with your proxy card or voting information form.

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REFERENCES TO ADDITIONAL INFORMATION

This proxy statement/ prospectus-information statement incorporates important business and financial information about Valor Communications Group, Inc. from documents previously filed with the Securities and Exchange Commission that are not included in or delivered with this proxy statement/ prospectus-information statement. This information is available to you without charge upon your written or oral request. You can obtain documents incorporated by reference in this proxy statement/ prospectus-information statement by requesting them in writing, by telephone or by e-mail from Valor with the following contact information or on Valor's website at www.valortelecom.com:

Valor Communications Group, Inc.
201 E. John Carpenter Freeway, Suite 200
Irving, Texas 75062
Attn: Investor Relations
Tel: (866) 779-1296
Email: investorrelations@valortelecom.com

If you would like to request any documents, please do so by [], 2006 in order to receive them before the annual meeting.

See "Where You Can Find Additional Information" for more information about the documents referred to in this proxy statement/ prospectus-information statement.

In addition, if you have questions about the merger you may contact:

17 State Street, 10th Floor
New York, NY 10004
Call toll free: (888) 206-1124

ALL INFORMATION CONTAINED IN THIS PROXY STATEMENT/ PROSPECTUS-INFORMATION STATEMENT WITH RESPECT TO ALLTEL OR SPINCO AND THEIR SUBSIDIARIES HAS BEEN PROVIDED BY ALLTEL. ALL INFORMATION CONTAINED OR INCORPORATED BY REFERENCE IN THIS PROXY STATEMENT/ PROSPECTUS-INFORMATION STATEMENT WITH RESPECT TO VALOR (INCLUDING THE FINANCIAL ADVISORS TO VALOR) AND ITS SUBSIDIARIES HAS BEEN PROVIDED BY VALOR. NEITHER VALOR ON THE ONE HAND, NOR SPINCO OR ALLTEL, ON THE OTHER HAND, WARRANTS THE ACCURACY OF THE INFORMATION PROVIDED BY THE OTHER PARTY.

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QUESTIONS AND ANSWERS ABOUT THE TRANSACTIONS

Q: What are Valor Communications Group, Inc. stockholders being asked to vote on at the annual meeting?

A: Valor Communications Group, Inc. (also referred to herein as "Valor") stockholders are being asked to consider and vote upon proposals to adopt the merger agreement entered into among Valor, Alltel Corporation (also referred to herein as "Alltel") and Alltel Holding Corp. (also referred to herein as "Spinco"), to approve the amendment to Valor's certificate of incorporation pursuant to the merger increasing the authorized number of shares of Valor common stock, to approve the issuance of Valor common stock to Alltel stockholders pursuant to the merger and to adopt the 2006 Equity Incentive Plan. Other matters to be considered and voted upon at the annual meeting are the election of directors, ratification of Valor's independent auditors and such other matters as may properly come before the meeting.

Q: What will happen in the spin-off and merger?

A: First, Alltel will engage in a series of preliminary restructuring transactions to effect the transfer to Spinco's subsidiaries of all of the assets relating to Alltel's wireline telecommunications business and the transfer to Alltel of all assets not relating to such business. Following these preliminary restructuring transactions, and immediately prior to the effective time of the merger, Alltel will contribute all of the stock of the Spinco subsidiaries to Spinco (which we will refer to as the "contribution") in exchange for:

the issuance to Alltel of Spinco common stock to be distributed to Alltel's stockholders pro rata in the spin-off (which we will refer to as the "distribution"),

the payment of a special dividend to Alltel in an amount not to exceed Alltel's tax basis in Spinco (which equals approximately \$2.4 billion as of June 30, 2005), which Alltel will use to repurchase stock pursuant to a special stock buyback program authorized by the Alltel Board of Directors in connection with the spin-off, to repay outstanding indebtedness, or both, within one year following the spin-off, and

the distribution by Spinco to Alltel of certain Spinco debt securities (which we will refer to as the "exchange notes") in an amount equal to approximately \$1.538 billion, which Alltel intends to exchange for outstanding Alltel debt securities or otherwise transfer to Alltel's creditors, thereby reducing Alltel's outstanding indebtedness. Prior to the distribution, Spinco will consummate certain financing transactions pursuant to which it will incur approximately \$3.965 billion in indebtedness through (1) borrowings under a new senior secured credit agreement or the issuance of senior unsecured debt securities in an offering under Rule 144A, promulgated under the Securities Act of 1933, as amended, or a public offering and (2) the distribution of the exchange notes to Alltel. All proceeds of the financing will be used to pay the consideration to be received by Alltel for the contribution (through payment of the special dividend and distribution of the exchange notes) and to pay related fees and expenses.

After the contribution and immediately prior to the merger, Alltel will spin-off Spinco to the stockholders of Alltel by distributing all of its shares of Spinco common stock to Alltel stockholders on a pro rata basis. Spinco will then merge with and into Valor in accordance with the merger agreement. Valor will survive the merger as a stand-alone company holding and conducting the combined business operations of Valor and Spinco. Immediately following the merger, Valor will change its name to [] and its common stock will be quoted on the New York Stock Exchange. For ease of reference, throughout this proxy statement/prospectus information statement we will refer to [], the new company formed by the merger of Valor and Spinco as "Newco."

Pursuant to the merger, it is presently estimated that Alltel stockholders will receive approximately 1.04 shares of Valor common stock for each share of Spinco common stock they are entitled to receive on the distribution date.

However, this amount is subject to change based on the number of shares of Spinco common stock distributed to Alltel stockholders and as a result of compensatory equity grants and other issuances of Valor common stock that may be made prior to the spin-off. For a more complete discussion

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of the calculation of the number of shares of Valor common stock to be issued in the merger, see the section titled "The Transactions – Calculation of Merger Consideration" on page [] of this proxy statement/prospectus-information statement. Holders of Alltel common stock will not be required to pay for the shares of Valor common stock they receive and will also retain all of their shares of Alltel Corporation. Existing shares of Valor common stock will remain outstanding.

By virtue of the merger, Newco will assume \$261.0 million in Alltel debt on a consolidated basis and \$400.0 million in outstanding Valor debt securities. Newco will also borrow approximately \$781.0 million under its new senior secured credit facility in order to prepay the amounts outstanding under Valor's existing credit facility. These amounts, together with the \$3.965 billion in financings consummated by Spinco prior to the merger and certain expenses related to the transaction, will result in Newco having approximately \$5.5 billion in total debt immediately following completion of the merger. It is expected that Newco will use proceeds from its new senior secured credit facilities to refinance approximately \$81.0 million of Alltel's outstanding bonds (plus an additional approximately \$9.5 million in related make-whole premiums) and to purchase any of Valor's outstanding bonds that may be tendered pursuant to the terms thereof as a result of the merger. However, no Valor bonds are expected to be tendered as a result of the merger.

Q: What will Alltel Corporation stockholders be entitled to receive pursuant to the transactions?

A: As a result of the merger, Alltel stockholders will be entitled to receive approximately 1.04 shares of Valor common stock (subject to variation based on the number of shares of Spinco common stock distributed to Alltel stockholders and as a result of compensatory equity grants and other issuances) for every share of Spinco common stock that they are entitled to receive in the distribution of the Spinco businesses to Alltel stockholders. No fractional shares of Valor common stock will be issued to Alltel stockholders in the merger. Alltel stockholders that otherwise would be entitled to a fraction of a Valor common share will be entitled to receive a cash payment in lieu of issuance of that fractional share. See "The Merger Agreement – Merger Consideration" on page []. Following the merger, approximately 85% of the outstanding common shares of Newco will be held by Alltel stockholders.

Q: Does Valor's Board support the merger?

A: Yes. The Valor Board of Directors has unanimously approved the merger agreement and the merger and unanimously recommends that Valor stockholders vote FOR the proposals to adopt the merger agreement, to approve the amendment to Valor's Certificate of Incorporation pursuant to the merger increasing the authorized number of shares of Valor common stock, to approve the issuance of Valor common stock to Alltel stockholders pursuant to the merger and to adopt the 2006 Equity Incentive Plan.

Q: How will my rights as a Newco stockholder after the merger differ from my current rights as a Valor stockholder?

A: After the merger, your rights as a stockholder will be governed by the amended and restated certificate of incorporation attached to this document as Annex E, rather than the current certificate of incorporation of Valor. A comparison of the differences of your rights as a stockholder under these two governing documents is discussed in the section titled "Comparison of the Rights of Valor Stockholders Before and After the Spin-Off and Merger" starting on page [] of this proxy statement/prospectus-information statement.

Q: What will happen to Valor's dividend policy as a result of the merger?

A:

The merger agreement provides that the initial dividend policy of Newco (which may be changed at any time by Newco's Board of Directors) will provide for the payment, subject to applicable law, of regular quarterly dividends on each issued and outstanding share of common stock of \$0.25 per share. See The Transactions Dividend Policy.

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Q: What are the material tax consequences to Valor stockholders and Alltel stockholders resulting from the spin-off and the merger?

A: The merger will be tax-free to Valor stockholders. Assuming that the spin-off qualifies as a tax-free distribution under Sections 355, 368 and related provisions of the Internal Revenue Code of 1986, as amended (the Code), and that the merger qualifies as a tax-free reorganization under Section 368(a) of the Code, Alltel stockholders will not recognize any gain or loss for U.S. federal income tax purposes as a result of the spin-off or the merger, except for any gain or loss attributable to the receipt of cash in lieu of a fractional share of Valor common stock. The material U.S. federal income tax consequences of the spin-off and the merger are described in more detail under Certain United States Federal Income Tax Consequences of the Spin-Off and the Merger on page [].

Q: Are there risks associated with the merger?

A: Yes. We may not achieve the expected benefits of the merger because of the risks and uncertainties discussed in the section titled Risk Factors starting on page [] and the section titled Special Note Concerning Forward-Looking Statements starting on page []. Those risks include, among other things, risks relating to the uncertainty that we will be able to integrate the existing Valor business with the Spinco business successfully and uncertainties relating to the performance of the businesses following the completion of the merger.

Q: What should Alltel stockholders do now?

A: Alltel common stockholders should carefully read this proxy statement/ prospectus-information statement, which contains important information about the spin-off, the merger, Spinco and Valor. Alltel stockholders are not required to take any action to approve the spin-off, the merger or any of the transactions contemplated thereby. After the merger, Newco will mail to holders of Alltel common stock who are entitled to receive shares of Valor common stock book-entry statements evidencing their ownership of Valor common stock and other information regarding their receipt of Valor common stock.

ALLTEL STOCKHOLDERS WILL NOT BE REQUIRED TO SURRENDER THEIR EXISTING ALLTEL CORPORATION COMMON SHARES IN THE SPIN-OFF TRANSACTION OR THE MERGER AND THEY SHOULD NOT RETURN THEIR ALLTEL STOCK CERTIFICATES.

Q: How will the market price of Alltel common stock be affected by the merger?

A: The market value of Alltel common stock following the merger will decrease in order to give effect to the distribution. Some or all of this decrease in value realized by Alltel stockholders will be offset by the value of the Newco common stock they will receive in the merger. However, there can be no assurances that the combined trading prices of shares of Alltel common stock and Newco common stock after the merger will be equal to or greater than the trading price of shares of Alltel common stock prior to the merger. Until the market has fully evaluated the business of Alltel without the business of Newco, the price at which shares of Alltel common stock trade may fluctuate significantly. Similarly, until the market has fully evaluated the combined businesses of Valor and Spinco on a stand-alone basis, the price at which shares of Newco common stock trade may fluctuate significantly.

Q: What should Valor stockholders do now?

A: After carefully reading and considering the information contained in this proxy statement/ prospectus-information statement, Valor stockholders should vote their shares as soon as possible so that their shares will be represented and voted at the Valor annual meeting. Please follow the instructions set forth on the enclosed proxy card or on

the voting instruction form provided by the record holder if your shares are held in the name of your broker or other nominee.

Q. Have any stockholders already agreed to vote for the merger?

A. Yes. Holders of approximately 41% of Valor common stock have agreed to vote for the adoption of the merger agreement and have signed a Voting Agreement with Spinco to that effect.

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Q: How do Valor stockholders vote?

A: Valor stockholders may vote before the annual meeting in one of the following ways:

use the toll-free number, if any, shown on your proxy card;

visit the website, if any, shown on your proxy card to submit a proxy via the Internet; or

complete, sign, date and return the enclosed proxy card in the enclosed postage-paid envelope.

Q: What if a Valor stockholder does not vote on the matters relating to the merger?

A: If you are a Valor stockholder and you fail to respond with a vote or fail to instruct your broker or other nominee how to vote on the proposals to adopt the merger agreement, to approve the amendment to Valor's certificate of incorporation pursuant to the merger increasing the authorized number of shares of Valor common stock and to approve the issuance of Valor common stock to Alltel stockholders pursuant to the merger, it will have the same effect as a vote against these proposals, each of which must be approved for the merger to occur. In addition, if you fail to vote or instruct your broker or other nominee to vote on the proposal to adopt the 2006 Equity Incentive Plan, it will also have the same effect as a vote against this proposal. If you respond and abstain from voting, your proxy will have the same effect as a vote against these proposals. If you respond but do not indicate how you want to vote on the proposals, your proxy will be counted as a vote in favor of these proposals.

Q: What stockholder approvals are needed in connection with the merger?

A: The merger cannot be completed unless the merger agreement is adopted, the amendment to Valor's certificate of incorporation pursuant to the merger increasing the authorized number of shares of Valor common stock is approved and the issuance of Valor common stock to Alltel stockholders pursuant to the merger is approved by the affirmative vote of the holders of a majority of the voting power of the outstanding shares of Valor common stock entitled to vote at the annual meeting. No vote of Alltel stockholders is required or being sought in connection with the spin-off transaction or the merger.

Q: Why are Valor stockholders being asked to approve the 2006 Equity Incentive Plan?

A: Valor stockholders are being asked to approve the 2006 Equity Incentive Plan to ensure that upon completion of the merger, Newco has in place an equity incentive plan that will enable it to address equity incentives for the management of Newco in a timely manner.

On February 9, 2005, the Board of Directors of Valor adopted the 2005 Long-Term Equity Incentive Plan (the 2005 Plan). A total of 2,500,000 shares of our common stock were reserved for issuance under the 2005 Plan, of which 342,469 remain available for awards. Newco will be a considerably larger company than Valor was at the time of the adoption of the 2005 Plan and will correspondingly have more key employees. To focus the Newco management team on objectives that are designed to enhance the value and performance of the merged entity to the benefit of the Valor stockholders, it is anticipated that Newco will grant equity awards to its key employees following completion of the merger. As a result, to ensure that Newco has adequate means to provide equity incentive compensation for its employees thereafter, the Board of Directors deems it to be in the best interests of Valor for its stockholders to approve the adoption of the 2006 Equity Incentive Plan because if Valor stockholders approve the merger, but not act on the 2006 Equity Incentive Plan at the annual meeting, Newco would be required to either call a special stockholder meeting following completion of the merger or wait until its 2007 annual meeting of stockholders to obtain approval for a new equity compensation plan.

Q: Who can vote at the Valor annual meeting?

A: Holders of Valor common stock can vote their shares at the annual meeting if they are holders of record of those shares at the close of business on [], 2006, the record date for the annual meeting.

Q: When and where is the annual meeting of Valor stockholders?

A: The annual meeting of Valor stockholders will be held at [] on [], 2006 at [], at [], local time.

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Q: If I am not going to attend the annual meeting, should I return my proxy card(s)?

A: Yes. Returning your proxy card(s) ensures that your shares will be represented at the annual meeting, even if you are unable to or do not attend.

Q: Can Valor stockholders change their vote after they mail their proxy card?

A: Yes. If you are a holder of record of Valor common stock and have properly completed and submitted your proxy card, you can change your vote in any of the following ways:

by sending a written notice to the corporate secretary of Valor that is received prior to the annual meeting stating that you revoke your proxy;

by properly completing a new proxy card bearing a later date and properly submitting it so that it is received prior to the annual meeting;

by logging onto the Internet website specified on your proxy card in the same manner you would to submit your proxy electronically or by calling the telephone number specified on your proxy card prior to the annual meeting, in each case if you are eligible to do so and following the instructions on the proxy card; or

by attending the annual meeting and voting in person.

Simply attending the annual meeting will not revoke a proxy.

If you are a Valor stockholder whose shares are held in street name by your broker and you have directed such person to vote your shares, you should instruct such person to change your vote.

Q: If my Valor shares are held in street name by my broker, will my broker vote my shares for me?

A: Your broker will vote your Valor shares only if you provide instructions on how to vote. You should follow the directions provided by your broker regarding how to instruct your broker to vote your shares. Without instructions, your shares will not be voted, which will have the effect of a vote against the adoption of the merger agreement, the approval of the amendment to Valor's certificate of incorporation increasing the authorized number of shares of Valor common stock, the approval of the issuance of Valor common stock to Alltel stockholders pursuant to the merger and the adoption of the 2006 Equity Incentive Plan.

Q: Can Alltel or Valor stockholders demand appraisal of their shares?

A: No. Neither Alltel nor Valor stockholders have appraisal rights under Delaware law in connection with the spin-off, the merger or the transactions contemplated thereby.

Q: When will the merger be completed?

A: We are working to complete the merger as quickly as possible. If approved by the Valor stockholders, we hope to complete the merger as early as the second quarter of 2006. However, it is possible that factors outside our control could require us to complete the merger at a later time or not complete it at all. For a discussion of the conditions to the merger see Merger Agreement Conditions to Merger beginning on page [].

Q: Who can answer my questions?

A: If you are a Valor stockholder and you have any questions about the merger, the annual meeting, or if you need assistance in voting your shares, please contact:

Investor Relations Department
Valor Communications Group, Inc.
201 E. John Carpenter Freeway, Suite 200
Irving, Texas 75062
Attn: Investor Relations
Tel: (866) 779-1296
Email address: investorrelations@valortelecom.com

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If you are an Alltel stockholder and you have any questions regarding the distribution of Spinco shares, the merger or any matter described in this proxy statement/ prospectus-information statement, please direct your questions to:

Investor Relations Department

Alltel Corporation

One Allied Drive

Little Rock, Arkansas 72202

Tel: (877) 446-3682

Email address: alltel.investor.relations@alltel.com

In addition, if you have questions about the merger or if you need additional copies of this proxy statement/ prospectus-information statement you may also contact:

Georgeson Shareholder

17 State Street, 10th Floor

New York, NY 10004

Call toll free: (888) 206-1124

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SUMMARY

This summary highlights selected information from this proxy statement/ prospectus-information statement and may not contain all of the information that is important to you. To understand the transactions fully and for a more complete description of the legal terms of the spin-off and the merger, you should carefully read this entire proxy statement/ prospectus-information statement and the other documents to which we refer you, including in particular the copies of the merger agreement, the distribution agreement and the voting agreement, and the opinions of Wachovia Securities and Bear, Stearns & Co. Inc. that are attached to this proxy statement/ prospectus-information statement as Annexes A, B, C, D-1 and D-2, respectively. See also *Where You Can Find Additional Information* on page []. We have included page references parenthetically to direct you to a more complete description of the topics presented in this summary.

This proxy statement/ prospectus-information statement is:

a prospectus of Valor Communications Group, Inc. relating to the issuance of shares of Valor Communications Group, Inc. common stock in connection with the merger;

a proxy statement of Valor Communications Group, Inc. for use in the solicitation of proxies for Valor's annual meeting; and

an information statement of Alltel Corporation relating to the spin-off of its shares of Spinco common stock to Alltel stockholders.

The Companies (page [])

Valor Communications Group, Inc.

Valor Communications Group, Inc.
201 E. John Carpenter Freeway, Suite 200
Irving, Texas 75062

Valor Communications Group, Inc. (also referred to herein as *Valor*) is one of the largest providers of telecommunications services in rural communities in the southwestern United States and the seventh largest independent telephone company in the country. As of December 31, 2005, Valor operated 518,456 telephone access lines in primarily rural areas of Texas, Oklahoma, New Mexico and Arkansas. Valor believes that in many of its markets it is the only service provider that offers customers an integrated package of local and long distance voice, high-speed data and Internet access as well as a variety of enhanced services such as voicemail and caller identification. Valor generated revenues of \$505.9 million and net income of \$35.3 million in the year ended December 31, 2005.

Valor was formed in connection with the acquisition in 2000 of select telephone assets from GTE Southwest Corporation, which is now part of Verizon. Valor's formation was orchestrated by its equity sponsors Welsh, Carson, Anderson & Stowe, or WCAS, Vestar Capital Partners, Citicorp Venture Capital and a group of founding individuals. Valor completed its initial public offering of shares of common stock on February 9, 2005 and its shares began trading on the NYSE under the symbol *VCG*.

Alltel Holding Corp.

Alltel Holding Corp.
One Allied Drive
Little Rock, AR 72202

Alltel Holding Corp. (also referred to herein as *Spinco*) is currently a wholly-owned subsidiary of Alltel Corporation (also referred to herein as *Alltel*) and was incorporated in its current form as a Delaware corporation on November 2, 2005 to hold Alltel's wireline telecommunications business. Alltel's wireline telecommunications business is currently operated by certain of its subsidiaries, each of which will be transferred to Spinco prior to the closing of the spin-off and the merger. These subsidiaries provide wireline local, long-distance, network access and Internet services. These subsidiaries also sell and warehouse

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telecommunications products, publish telephone directories for affiliates and other independent telephone companies. This proxy statement/prospectus-information statement describes Spinco as if it held the subsidiaries and other assets that will be transferred to it prior to closing for all historical periods presented.

The Annual Meeting (page [])

The annual meeting of Valor stockholders will take place on [], 2006 at [], at [], local time. At the annual meeting, Valor stockholders will be asked to consider and vote on proposals to adopt the merger agreement, to approve the amendment to Valor's certificate of incorporation pursuant to the merger increasing the authorized number of shares of Valor common stock, to approve the issuance of Valor common stock to Alltel stockholders pursuant to the merger and to adopt the 2006 Equity Incentive Plan. Other matters to be acted on at the annual meeting are the election of directors, ratification of Valor's independent auditors and such other matters as may properly come before the meeting.

Annual Meeting Record Date; Voting Information (page [])

Valor stockholders are entitled to vote at the annual meeting if they owned shares of Valor common stock at the close of business on [], 2006, the annual meeting record date.

As of the annual meeting record date, approximately [] shares of Valor common stock were issued and outstanding and entitled to vote at the annual meeting and there were [] holders of record of Valor common stock. Each share of Valor common stock entitles the holder to one vote at the annual meeting.

Required Vote (page [])

The affirmative vote of a majority of the voting power of the outstanding shares of Valor common stock entitled to vote on the proposals voting together as a single class is required to adopt the merger agreement, to approve the amendment to Valor's certificate of incorporation pursuant to the merger increasing the authorized number of shares of Valor common stock and to approve the issuance of Valor common stock to Alltel stockholders pursuant to the merger. The adoption of the 2006 Equity Incentive Plan and the ratification of the appointment of Valor's independent auditors requires the affirmative vote of a majority of the votes represented and entitled to vote on each such matter, and directors shall be elected by a plurality of the votes represented and entitled to vote on the matter.

Voting by Valor Management (page [])

Certain stockholders of Valor have entered into a Voting Agreement with Alltel whereby they have agreed to vote or cause to be voted all of the Valor shares they own in favor of the adoption of the merger agreement and the amendment to the Valor certificate of incorporation increasing the authorized shares of Valor common stock and the issuance of Valor common stock. For more information regarding the Voting Agreement see The Voting Agreement beginning herein at page []. In addition, Valor's directors and executive officers have either entered into this agreement with Alltel in their capacity as a stockholder of Valor or have otherwise indicated they intend to vote their Valor common shares in favor of the merger proposals. These stockholders and Valor's executive officers and directors together hold an aggregate of approximately 42% of the aggregate number of votes entitled to be cast at the annual meeting.

The Transactions (page [])

On December 8, 2005, Alltel, Spinco and Valor entered into an Agreement and Plan of Merger providing for the merger of Valor with the wireline telecommunications business of Alltel. In connection with the merger, Alltel will contribute its wireline telecommunications business to Spinco in exchange for, among other things, a special dividend in the aggregate approximate amount of \$2.4 billion and approximately \$1.538 billion in Spinco debt securities (or exchange notes), which Alltel will exchange for outstanding Alltel debt securities or otherwise transfer to Alltel's creditors, thereby reducing Alltel's outstanding indebtedness. As the sole stockholder of Spinco, Alltel will receive 100% of the special dividend. As a result of the transactions, Alltel will receive approximately \$4.2 billion of combined cash proceeds and debt reduction

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through the special dividend, the distribution of the exchange notes and the assumption by Newco on a consolidated basis of approximately \$261 million in existing Spinco debt securities. After the contribution and immediately prior to the merger, Alltel will effect a spin-off of Spinco to the stockholders of Alltel by distributing all of its shares of Spinco common stock to Alltel stockholders on a pro rata basis. Spinco will then merge with and into Valor in accordance with the merger agreement. Valor will survive the merger as a stand-alone company that will hold and conduct the combined business operations of Valor and Spinco. Immediately following the merger, Valor will change its name to [], and its common stock will be quoted on the New York Stock Exchange. For ease of reference, throughout this proxy statement/ prospectus information statement we will refer to [], the new company formed by the merger of Valor and Spinco as Newco.

In the merger, it is presently estimated that Alltel stockholders will receive approximately 1.04 shares of Newco common stock for each share of Spinco common stock they are entitled to receive on the distribution date. However, this amount is subject to change based on the number of shares of Spinco common stock to be distributed to Alltel stockholders and as a result of compensatory equity grants and other issuances of Valor common stock that may be made prior to the spin-off. For a more complete discussion of the calculation of the number of shares of Valor common stock to be issued in the merger, see the section titled The Transactions Calculation of Merger Consideration on page [] of this proxy statement/ prospectus-information statement. Holders of Alltel common stock will not be required to pay for the shares of Valor common stock they receive and will also retain all of their shares of Alltel Corporation. Existing shares of Valor common stock will remain outstanding. Upon consummation of the merger, on a diluted basis, 85% of Newco will be held by Alltel common stockholders and 15% will be held by the stockholders of Valor.

Valor Board of Directors Recommendation to Valor Stockholders (page [])

The Valor Board of Directors has unanimously determined that the merger is advisable and fair to, and in the best interests of, Valor and its stockholders and unanimously recommends that Valor stockholders vote **FOR** the proposals to adopt the merger agreement, to approve the amendment to Valor's certificate of incorporation pursuant to the merger increasing the authorized number of shares of Valor common stock, to approve the issuance of Valor common stock to Alltel stockholders pursuant to the merger and to adopt the 2006 Equity Incentive Plan and, if necessary, to adjourn the annual meeting to solicit additional proxies for the merger proposals.

Valor's Reasons for the Merger (page [])

In recommending the merger to Valor stockholders, the Valor Board of Directors considered the company's current and historical financial condition and results of operations as well as its future prospects and strategic objectives. The Board of Directors examined the potential impact of industry trends and risks facing the company and the industry as a whole on such prospects and objectives. The Board of Directors reviewed the strategic options available to Valor, both potential transaction opportunities and remaining as a separate public company and the risk associated with each option. The Board of Directors authorized management to explore potential transactions and Valor's senior management subsequently began discussions with Alltel.

In the course of their discussions, both Valor and Alltel recognized that a merger of Alltel's wireline business with Valor could potentially have substantial strategic and financial benefits. Upon completion of the merger, we expect that Newco stock will trade at a modest premium over Valor's current share price. Furthermore, Valor's current stockholders may have an opportunity to improve their long-term returns by holding shares of Newco which we expect will be a leading rural wireline telephone company and one of the largest local telecommunications carriers in the United States.

Opinion of Financial Advisors (page [])

In deciding to approve the merger, the Valor Board of Directors considered separate opinions delivered to it by its financial advisors Wachovia Securities and Bear, Stearns & Co. Inc.

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Each of Wachovia Securities and Bear Stearns delivered its opinion to the Valor Board of Directors, which opinions were subsequently confirmed in writing, that as of December 8, 2005, and based upon and subject to the factors, qualifications, judgments and assumptions set forth therein, the aggregate consideration to be issued by Valor in the merger is fair, from a financial point of view, to Valor and its stockholders.

The full text of the written opinions of each of Wachovia Securities and Bear Stearns, which set forth assumptions made, procedures followed, matters considered and qualifications and limitations on the review undertaken in connection with its opinion, is attached to this proxy statement/ prospectus-information statement as Annexes D-1 and D-2, respectively. Each of Wachovia Securities and Bear Stearns provided its opinion for the information and assistance of the Valor Board of Directors in connection with their consideration of the transactions contemplated by the merger agreement and the distribution agreement. Neither opinion is a recommendation as to how any holder of Valor common stock should vote with respect to the transactions contemplated by the merger agreement. Valor encourages its stockholders to read these opinions in their entirety.

Alltel's Reasons for the Spin-Off and the Merger (page [])

In reaching its decision to approve the spin-off and merger, the Alltel board of directors consulted with its financial and legal advisors and considered a wide variety of factors, including the following:

the belief that the separation of the wireless and wireline segments will better position each to take advantage of emerging strategic, operational and financial opportunities, thereby enhancing stockholder value;

the expectation that Alltel will receive cash proceeds and debt reduction totaling about \$4.2 billion resulting from the spin-off, which will result in Alltel having net debt of about \$1.2 billion and being levered at about 0.5 times net debt to operating income before depreciation and amortization;

the potential value created for Alltel stockholders who, in the aggregate, will hold 85% of the outstanding shares of Newco immediately following the merger;

the potential to create a market leader in the rural wireline telecommunications industry;

the potential positive financial impact resulting from such a combination (including, without limitation, an expected gain of \$40 million in net annual synergies from the combination) the benefit of which would be passed on to Alltel stockholders through the spin-off and merger;

the tax-efficient structure for Alltel and Alltel's stockholders of the proposed spin-off and immediate merger of Spinco with and into Valor; and

the expectation that Newco will pay an annual dividend of \$1 per share of common stock, which equals approximately \$1.04 per equivalent Alltel share.

The Alltel board of directors also considered certain countervailing factors in its deliberations concerning the spin-off and merger, including the possibility that the increased revenues and earnings expected to result for Newco from the merger would fail to materialize and the potential impact that would have on Alltel stockholders receiving Newco common shares in the transaction.

As a result of the consideration of the foregoing and other relevant considerations, the Alltel board of directors determined that the spin-off and merger, including the terms of the merger agreement, distribution agreement and the other agreements relating to the merger, are fair to, and in the best interests of, Alltel and Alltel stockholders.

Interests of Certain Persons in the Merger (page [])

In considering the Valor Board of Directors' determination to approve the merger agreement and to recommend that Valor stockholders vote to adopt the merger agreement, to approve the amendment to Valor's certificate of incorporation pursuant to the merger increasing the authorized number of shares of Valor

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common stock, to approve the issuance of Valor common stock to Alltel stockholders pursuant to the merger and to adopt the 2006 Equity Incentive Plan, Valor stockholders should be aware of potential conflicts of interest of, and the benefits available to, certain Valor stockholders, directors and officers. These stockholders, directors and officers may have interests in the merger that may be different from, or in addition to, the interests of Valor stockholders as a result of, among other things:

the appointment of Valor's current Chairman of the Board of Directors to the board of Newco;

the acceptance of employment or consulting agreements with Newco by certain of Valor's executive officers;

the acceleration of vesting of a portion of each executive officer's cash awards, if any, and shares of restricted stock that were scheduled to vest on January 1, 2007;

amendments to certain executives' employment agreements that will increase severance payable thereunder from 18 months of base salary to 24 months;

amendments to certain executives' employment agreements that will increase bonus payments upon termination of employment to two times annual target bonus;

the acceleration of vesting of restricted stock grants scheduled to vest in 2008 and beyond for those executive officers who will not remain employed by Newco; and

the filing of a shelf registration statement for the benefit of persons affiliated with WCAS, and Vestar Capital Partners, who currently hold in the aggregate approximately 41% of Valor's outstanding common stock, and the grant of certain other registration rights to WCAS and Vestar.

In addition, under the terms of the merger agreement, Alltel and Valor agreed that all rights to indemnification as provided in Valor's Certificate of Incorporation or Bylaws in favor of persons who are or were directors, officers or employees of Valor will survive for a period of six years following the merger. The parties also agreed that for a period of six years following the merger, Newco will indemnify the current and former directors, officers or employees of Valor to the fullest extent permitted by applicable law. The merger agreement further requires that, for six years following the effective time of the merger and subject to certain limitations, Newco will maintain coverage under a director and officer liability insurance policy, with respect to claims arising from facts or events that occurred on or before the effective time of the merger, at a level at least equal to that which Alltel is maintaining prior to the merger, except that Newco will not be required to pay an annual premium for such insurance in excess of \$2,000,000.

Regulatory Approval (page [])

The transactions contemplated by the merger agreement will require the consent of the public service or public utilities commissions of the following states in their capacities as regulators of competitive local exchange carriers (CLEC) and incumbent local exchange carriers (ILEC) operations of Alltel and Valor: Florida, Georgia, Kentucky, Mississippi, Missouri, Nebraska, New York, North Carolina, Ohio, Pennsylvania, South Carolina and Texas. The parties must also obtain state regulator approval of the transfer to Spinco of the long distance customers and certificates of authority of Alltel, or the issuance to Spinco of new certificates of authority, in all states except Alaska.

Valor and Spinco completed the filing of all of the foregoing applications that were required to be filed prior to completion of the merger for the authority and approval with respect to the ILEC operation in January 2006 and expect to complete the remaining of such filings in March 2006. The North Carolina Utilities Commission granted its approval on February 22, 2006. The parties expect that the remaining applicable state regulators will make a determination on these applications no later than the second quarter of 2006.

In addition, under the Communications Act of 1934, before the completion of the merger, the FCC must approve the transfer to Valor of control of Spinco and those subsidiaries of Spinco that hold FCC licenses and

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authorizations. Valor and Spinco filed transfer of control applications with the FCC on December 21, 2005 and received the FCC's approval of the merger on February 1, 2006.

Each party's obligations to complete the merger are subject to receipt of the consents of the above referenced state regulators and FCC authorization that, if not obtained, would reasonably be expected to have a material adverse effect on Valor, Alltel or Spinco.

In addition, completion of the spin-off and the merger requires that we submit filings under the Hart-Scott-Rodino Antitrust Improvements Act of 1976 to the Department of Justice and the Federal Trade Commission and satisfy certain waiting period requirements. Valor and Spinco submitted the required filings under the Hart-Scott-Rodino Act on December 21, 2005 and early termination of the waiting period requirements was granted on January 3, 2006.

The merger agreement provides that each of Valor, Alltel and Spinco, subject to customary limitations, will use their respective reasonable best efforts to take promptly all actions and to assist and cooperate with the other parties in doing all things necessary, proper or advisable under applicable laws and regulations to consummate the merger and the transactions contemplated by the merger agreement. Alltel, Spinco and Valor also agreed to use all reasonable efforts to resolve any objections or challenges from a regulatory authority.

For a more complete discussion of regulatory matters relating to the merger, see "The Transactions - Regulatory Approvals" beginning on page [].

Merger Consideration (page [])

The merger agreement provides that Valor will issue in the aggregate to holders of Alltel common stock a number of shares of Valor common stock equal to (a) the number of shares of Valor common stock outstanding on a fully-diluted basis as the effective time of the merger multiplied by (b) 5.667, we refer to the product of this formula as the aggregate merger consideration. Each share of Spinco common stock which Alltel stockholders will be entitled to receive in the distribution will be converted into the right to receive a number of shares of Valor common stock equal to the aggregate merger consideration, divided by the number of Spinco shares outstanding as the effective time of the merger. The calculation of the aggregate merger consideration as set forth in the merger agreement will result in Alltel's stockholders holding approximately 85% of the outstanding equity interests of Newco immediately after the merger and the stockholders of Valor holding the remaining approximately 15% of such equity interests.

Alltel stockholders that otherwise would be entitled to a fraction of a Valor common share will be entitled to receive a cash payment in lieu of issuance of that fractional share.

Conditions to the Completion of the Merger (page [])

Consummation of the merger is subject to the satisfaction of certain conditions, including, among others:
the obtaining of the requisite approval by the stockholders of Valor;

the receipt of required regulatory approvals, including the approval of the Federal Communications Commission (which Valor received on February 1, 2006), the relevant state public service or public utilities commissions and the expiration of the applicable waiting period under the Hart-Scott Rodino Antitrust Improvements Act of 1976, as amended (which Valor received on January 3, 2006);

the SEC declaring effective the registration statement, of which this proxy statement/ prospectus-information statement is a part;

consummation of the contribution transaction, the distribution transaction and the debt exchange transaction, each of which are described elsewhere in this proxy statement/ prospectus-information statement;

consummation of the financing of Spinco;

receipt of surplus, solvency and certain other opinions;

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each party's compliance in all material respects with its obligations under the merger agreement;

that no event or circumstance shall have occurred that has or would have a Material Adverse Effect on Valor or Spinco; and

receipt of certain rulings from the Internal Revenue Service and certain tax opinions.

Termination (page [])

The merger agreement may be terminated:

by mutual consent of the parties,

by any of the parties if the merger has not been completed by December 8, 2006, the so-called termination date,

by any of the parties if the merger is enjoined,

by Alltel and Spinco, on the one hand, or Valor, on the other hand, upon an incurable material breach of the merger agreement by the other party or parties,

by any party if the requisite approval of Valor's stockholders is not obtained,

by Alltel or Spinco if Valor withdraws its recommendation of the merger or fails to hold its stockholder meeting within 60 days after effectiveness of the registration statement to which this proxy statement/prospectus-information statement is attached, or

by Valor to accept a superior acquisition proposal, provided that Valor gives Alltel prior notice and attempts to renegotiate the transaction, and upon termination Valor enters into a competing transaction.

Termination Fee Payable in Certain Circumstances (page [])

In the event that (i) Valor terminates the merger agreement to accept a superior acquisition proposal, (ii) Alltel and Spinco terminate the merger agreement because Valor has withdrawn its recommendation of the merger, (iii) any of the parties terminates the merger agreement because the termination date has passed or Alltel and Spinco terminate the merger agreement because Valor fails to hold its stockholder meeting, or (iv) prior to such termination, a third party makes a company acquisition proposal, and any of the parties terminates the merger agreement because the requisite approval of Valor's stockholders is not obtained, and in the case of clauses (iii) and (iv) Valor agrees to or consummates a business combination transaction within one year after termination with a third party that, after the date of the merger agreement, made a proposal to Valor regarding an alternative transaction, then Valor must pay Alltel a \$35 million termination fee.

If any party terminates the merger agreement because the termination date has passed or Valor terminates the merger agreement because of a material breach by Alltel or Spinco and, in either case, at the time of termination substantially all other conditions to the merger have been satisfied but the required IRS rulings or tax opinions for the transaction have not been received, then Alltel must pay Valor a \$20 million termination fee and, if Spinco's financing condition has not been satisfied at the time of termination, then Alltel must pay Valor an increased termination fee of \$35 million.

Name Change; Listing (page [])

Immediately following completion of the merger, the Board of Directors will merge a wholly-owned subsidiary of the surviving company into the company and, in connection with such merger, change the name of the company from Valor Communications Group, Inc. to []. On the same day, the company will file a restated certificate of incorporation with the Delaware Secretary of State reflecting the name change. Shares of [] will be traded on the NYSE under the new trading symbol [].

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Distribution Agreement (page [])

The distribution agreement between Alltel and Spinco provides for, among other things, the principal corporate transactions required to effect the proposed distribution of Spinco common stock to Alltel stockholders. The distribution agreement also contains certain other terms governing the relationship between Alltel and Spinco with respect to or in consequence of the spin-off transaction.

Pursuant to the distribution agreement, Alltel will transfer to Spinco's subsidiaries all of the assets relating to Alltel's wireline telecommunications business, including Alltel's ILEC, CLEC and internet access operations, related marketing and sales operations, and other operations comprising Alltel's wireline telecommunications business, as well as all of Alltel's directory publishing operations, telecommunication information services operations, product distribution operations (other than any such operations supporting Alltel's wireless telecommunications business), network management services operations, and wireline long-distance services operations (other than the fiber backbone supporting those operations and the revenues attributable to Alltel's wireless telecommunications business as a result of its use of the fiber backbone). The distribution agreement also provides for the transfer to Alltel's subsidiaries of all assets not relating to such businesses.

Following these transactions, and immediately prior to the effective time of the merger, Alltel will contribute all of the stock of the Spinco subsidiaries to Spinco in exchange for the issuance to Alltel of Spinco common stock to be distributed to Alltel's stockholders pro rata in the spin-off, the special dividend (which Alltel will use to repurchase stock pursuant to a special stock buyback program authorized by the Alltel Board of Directors in connection with the spin-off, to repay outstanding indebtedness, or both, within one year following the spin-off) and the Spinco debt securities to be transferred to Alltel's creditors.

Certain United States Federal Income Tax Consequences of the Spin-Off and the Merger (page [])

The spin-off is conditioned upon Alltel's receipt of a private letter ruling from the Internal Revenue Service (the IRS) to the effect that the spin-off will qualify as tax-free to Alltel, Spinco and the Alltel stockholders for United States federal income tax purposes under Sections 355, 368 and related provisions of the Code. The spin-off is also conditioned upon the receipt by Alltel of an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to Alltel, to the effect that the spin-off will be tax-free to Alltel, Spinco and the stockholders of Alltel under Section 355 and related provisions of the Code. Assuming that the spin-off qualifies as described above:

no gain or loss will be recognized by (and no amount will be included in the income of) Alltel common stockholders upon the receipt by the exchange agent on their behalf of shares of Spinco common stock in the spin-off;

the aggregate tax basis of the Alltel common stock and the Spinco common stock in the hands of each Alltel common stockholder after the spin-off will equal the aggregate tax basis of the Alltel common stock held by the stockholder immediately before the spin-off, allocated between the Alltel common stock and the Spinco common stock in proportion to the relative fair market value of each on the date of the spin-off; and

the holding period of the Spinco common stock received by an Alltel common stockholder will include the holding period at the time of the spin-off of the Alltel common stock on which the distribution is made.

It is a condition to the obligations of Alltel, Spinco and Valor to consummate the merger that Alltel and Spinco receive the opinion of Skadden, Arps, Slate, Meagher & Flom LLP, and that Valor receives the opinion of Kirkland & Ellis LLP, both to the effect that the merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the Code. Assuming that the merger is treated as a tax-free reorganization, as set forth in the tax opinions:

Alltel common stockholders will not recognize gain or loss on the exchange of their Spinco common stock (received by the exchange agent on their behalf in the spin-off) for shares of Valor common

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stock in the merger, except to the extent of any cash received in lieu of a fractional share of Valor common stock;

an Alltel stockholder's tax basis in the Valor common stock received in the merger (including any fractional share interest deemed to be received and exchanged for cash) will equal the stockholder's tax basis in the Spinco common stock surrendered in exchange therefor;

an Alltel stockholder's holding period for the Valor common stock received pursuant to the merger will include the holding period for the shares of Spinco common stock surrendered in exchange therefor;

neither Spinco nor Valor will recognize any gain or loss in the merger; and

Valor stockholders will not recognize any gain or loss in the merger.

Please see "Certain United States Federal Income Tax Consequences of the Spin-Off and the Merger" on page [] for more information.

The Voting Agreement (page [])

In connection with the execution of the distribution agreement and the merger agreement, Spinco entered in a voting agreement with persons affiliated with Welsh, Carson, Anderson & Stowe and Vestar Capital Partners who collectively owned approximately 41% of Valor's outstanding common shares as of December 8, 2005. Pursuant to the voting agreement, these stockholders have agreed to vote all of their shares of Valor common stock (i) in favor of the approval of the merger and the approval and adoption of the merger agreement and (ii) except with the written consent of Spinco, against certain alternative proposals that may be submitted to a vote of the stockholders of Valor regarding an acquisition of Valor. In the event that the merger agreement terminates for any reason, the voting agreement will automatically terminate.

Financing of Newco (page [])

On December 8, 2005, Alltel and J.P. Morgan Securities Inc., JPMorgan Chase Bank, N.A., Merrill Lynch, Pierce, Fenner & Smith Incorporated and Merrill Lynch Capital Corporation entered into a commitment letter and a related engagement and fee letter (which we collectively refer to as the "financing letters") with respect to the financing of Newco following the spin-off and the merger. The commitment letter is subject to customary conditions to consummation, including the absence of any event or circumstance that, individually or in the aggregate, is materially adverse to the business, assets, properties, liabilities or condition (financial or otherwise), of Spinco and its subsidiaries or Valor and its subsidiaries since September 30, 2005. Alltel has agreed to pay JPMorgan and Merrill Lynch certain fees in connection with the commitment letter and has agreed to indemnify JPMorgan and Merrill Lynch against certain liabilities.

These financing letters provide for a commitment of an aggregate amount of up to \$4.2 billion in financing, consisting of a senior secured five-year revolving credit facility in the principal amount of \$500.0 million and senior secured term loan facilities in an aggregate amount of up to \$3.7 billion. A portion of the financing of Newco may also be financed with the proceeds from a Rule 144A offering or public offering of up to \$800.0 million of senior unsecured notes, in which case the term loan facilities, or a portion thereof, will be reduced dollar for dollar.

The proceeds of the term loan facilities will be used (i) to finance the approximately \$2.4 billion special dividend payment to Alltel, which Alltel will use to repurchase stock pursuant to a special stock buyback program authorized by the Alltel Board of Directors in connection with the spin-off, to repay outstanding indebtedness, or both, within one year following the spin-off, (ii) to refinance Valor's existing bank facility in the amount of approximately \$781.0 million and approximately \$81.0 million of Alltel's outstanding bonds (plus an additional approximately \$9.5 million in related make-whole premiums), and (iii) to purchase any of Valor's outstanding bonds that are tendered pursuant to the terms thereof as a result of the merger. The \$3.3 billion of the \$3.7 billion term loan facilities will be available in a single draw down on the date of closing to consummate the spin-off and merger transactions. The revolving credit facility may be used by Newco for general corporate purposes, and a portion will be available for letters of credit. The actual amount initially

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drawn under the revolving credit facility on the date of closing is not expected to exceed \$90.0 million. The term loan facilities and the revolving credit facility are referred to herein as the Senior Secured Credit Facilities.

Newco's direct and indirect domestic subsidiaries will serve as guarantors of the Senior Secured Credit Facilities and hedge agreements entered into in connection therewith. The Senior Secured Credit Facilities, guaranties thereof and hedge agreements entered into in connection therewith will be secured by substantially all of the property and assets of Newco and its subsidiaries.

It is expected that following completion of the merger Newco will have approximately \$5.5 billion in total debt. For a discussion of the debt to be assumed or incurred by Newco in the merger see the section titled "The Transactions" in this proxy statement/ prospectus-information statement beginning on page [].

Management of Newco following the Merger (page [])

The merger agreement provides that, as of the completion of the merger, the Board of Directors of Newco will consist of nine individuals: Francis X. Frantz, who most recently served as the Executive Vice President - External Affairs, General Counsel and Secretary of Alltel, Jeffery R. Gardner, who most recently served as Executive Vice President - Chief Financial Officer of Alltel, six other persons to be named by Alltel and one person to be named by Valor. Additionally, the merger agreement provides that, as of the completion of the merger, Mr. Frantz will serve as Chairman of the Board. Valor has designated Anthony J. de Nicola as its board member and Alltel has selected Dennis E. Foster as one of its designees to the Newco board. Alltel will select its remaining designees to the Newco board prior to mailing of this proxy statement/ prospectus-information statement to Valor's stockholders.

The merger agreement also provides that, as of completion of the merger, Mr. Frantz will serve as Chairman of Newco, Mr. Gardner will serve as the President and Chief Executive Officer and Brent K. Whittington, who most recently served as senior vice president of operations support for Alltel, will serve as Executive Vice President and Chief Financial Officer. The other initial officers of Newco will consist of individuals selected by Alltel. Alltel has already named John P. Fletcher as Executive Vice President and General Counsel, Michael D. Rhoda, who most recently served as vice president - wireline regulatory & wholesale services for Alltel, as Senior Vice President - Governmental Affairs, Robert G. Clancy, Jr., who most recently served as vice president of investor relations for Alltel, as Senior Vice President and Treasurer and Susan Bradley, who most recently served as vice president of human resources for Alltel, as Senior Vice President - Human Resources.

Comparison of the Rights of Stockholders Before and After the Spin-Off and Merger (page [])

Upon completion of the spin-off and merger, the certificate of incorporation and bylaws of Newco will be in the forms attached as Annex E and F, respectively, to this document and incorporated by reference herein. Although there are substantial similarities between the certificate of incorporation and bylaws of Valor prior to the spin-off and merger and the certificate of incorporation and bylaws of Newco after the spin-off and merger, some differences do exist. A summary of the material differences between the rights of Valor stockholders before and after the spin-off and merger is set forth under the heading "Comparison of the Rights of Stockholders Before and After the Spin-off and Merger."

Table of Contents**SELECTED HISTORICAL FINANCIAL DATA OF SPINCO**

Spinco is a newly formed holding company organized for the sole purpose of holding the wireline telecommunications business of Alltel. This proxy statement/ prospectus-information statement describes Spinco as if it held the subsidiaries that will be transferred to it prior to closing of the spin-off and the merger for all periods and dates presented. The following selected historical financial information of Spinco for each of the fiscal years ended December 31, 2005, 2004, 2003 and 2002 has been derived from the financial statements of Alltel, principally representing Alltel's historical wireline and communications support segments, which were audited by PricewaterhouseCoopers LLP, an independent registered public accounting firm. The financial data as of December 31, 2001 and for the year then ended, has been derived from Alltel's unaudited financial statements which include, in management's opinion, all adjustments, consisting only of normal recurring adjustments, necessary to present fairly the results of operations and financial position of Spinco for the periods and dates presented. This information is only a summary and should be read in conjunction with management's discussion and analysis of results of operations and financial condition of Spinco and the financial statements and notes thereto of Spinco included in this proxy statement/ prospectus-information statement beginning on page F-1.

Year Ended December 31,

	2005	2004	2003	2002	2001
	(Unaudited)				
	(Dollars in millions, except per share data)				
Revenues and sales	\$ 2,923.5	\$ 2,933.5	\$ 3,003.3	\$ 2,835.7	\$ 2,607.8
Operating expenses	1,779.8	1,745.6	1,827.8	1,740.1	1,573.6
Depreciation expense	474.2	508.5	519.4	469.8	425.1
Restructuring and other charges	35.7	11.8	12.2	37.9	18.7
Total costs and expenses	2,289.7	2,265.9	2,359.4	2,247.8	2,017.4
Operating income	633.8	667.6	643.9	587.9	590.4
Other income (expense), net	11.6	13.7	5.8	2.0	(1.1)
Intercompany interest income (expense), net	23.3	(15.2)	(21.6)	(26.8)	(19.3)
Interest expense	(19.1)	(20.4)	(27.7)	(39.6)	(44.2)
Gain (loss) on disposal of assets and other			23.9		(2.9)
Income before income taxes	649.6	645.7	624.3	523.5	522.9
Income taxes	267.9	259.4	247.1	202.5	201.8
Income before cumulative effect of accounting change	381.7	386.3	377.2	321.0	321.1
Cumulative effect of accounting change, net of	(7.4)		15.6		16.9

tax

Net income	\$ 374.3	\$ 386.3	\$ 392.8	\$ 321.0	\$ 338.0
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Balance sheet data:

Total assets	\$ 4,929.7	\$ 5,079.2	\$ 5,276.9	\$ 5,519.8	\$ 3,833.6
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Total equity	\$ 3,489.2	\$ 3,706.8	\$ 3,925.6	\$ 4,039.0	\$ 2,362.7
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Total long-term debt (including current maturities)	\$ 260.8	\$ 282.9	\$ 304.8	\$ 587.3	\$ 625.9
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**Cash flows provided by
(used in):**

Operating activities	\$ 953.9	\$ 962.2	\$ 1,135.0	\$ 822.4	N/A
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Investing activities	\$ (352.7)	\$ (329.7)	\$ (356.9)	\$ (2,164.3)	N/A
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Financing activities	\$ (602.4)	\$ (627.1)	\$ (784.2)	\$ 1,340.1	N/A
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**Statistical Data (at
year-end):**

Wireline access lines	2,885,673	3,009,388	3,095,635	3,167,275	2,612,325
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Long-distance customers	1,750,762	1,770,852	1,680,181	1,542,210	1,265,710
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Broadband (DSL) customers	397,696	243,325	153,028	70,182	26,816
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Capital expenditures	\$ 352.9	\$ 333.3	\$ 383.2	\$ 405.0	N/A
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Table of Contents**Notes to Selected Financial Information:**

- A. During 2005, Spinco incurred \$4.4 million of severance and employee benefit costs related to a workforce reduction in its wireline operations. Spinco also incurred \$31.3 million of incremental costs, principally consisting of investment banker, audit and legal fees, related to the pending spin off of its wireline business to Alltel stockholders. These transactions decreased net income \$34.1 million. During 2005, Spinco prospectively reduced depreciation rates for its ILEC operations in Florida, Georgia, North Carolina and South Carolina to reflect the results of studies of depreciable lives completed by Spinco in the second quarter of 2005. The depreciable lives were lengthened to reflect the estimated remaining useful lives of the wireline plant based on Spinco's expected future network utilization and capital expenditure levels required to provide service to its customers. The effects of this change during the year ended December 31, 2005 resulted in a decrease in depreciation expense of \$21.8 million and increase in net income of \$12.8 million. Effective December 31, 2005, Spinco adopted Financial Accounting Standards Board Interpretation No. 47, Accounting for Conditional Asset Retirement Obligations. The cumulative effect of this accounting change resulted in a one-time non-cash charge of \$7.4 million, net of income tax benefit of \$4.6 million.
- B. During 2004, Spinco reorganized its operations and support teams and also announced its plans to exit its Competitive Local Exchange Carrier operations in the Jacksonville, Florida market due to the continued unprofitability of these operations. In connection with these activities, Spinco recorded a restructuring charge of \$13.6 million consisting of \$11.6 million in severance and employee benefit costs related to a planned workforce reduction, \$1.3 million of employee relocation expenses and \$0.7 million of other exit costs. During 2004, Spinco also recorded a \$1.8 million reduction in the liabilities associated with various restructuring activities initiated prior to 2003, consisting of lease and contract termination costs. The reduction primarily reflected differences between estimated and actual costs paid in completing the previous planned lease and contract terminations. These transactions decreased net income \$7.3 million. Effective April 1, 2004, Spinco prospectively reduced depreciation rates for its ILEC operations in Nebraska, reflecting the results of a triennial study of depreciable lives completed by Spinco in the second quarter of 2004, as required by the Nebraska Public Service Commission. The effects of this change during the year ended December 31, 2004 resulted in a decrease in depreciation expense of \$19.1 million and increase in net income of \$11.4 million.
- C. During 2003, Spinco recorded a restructuring charge of \$7.0 million consisting of severance and employee benefit costs related to a planned workforce reduction, primarily resulting from the closing of certain call center locations. Spinco also recorded a \$0.4 million reduction in the liabilities associated with various restructuring activities initiated prior to 2003, consisting of lease termination costs. The reduction primarily reflected differences between estimated and actual costs paid in completing previously planned lease terminations. During 2003, Spinco also wrote off certain capitalized software development costs of \$5.6 million that had no alternative future use or functionality. These transactions decreased net income by \$7.4 million. In 2003, Spinco sold certain assets and related liabilities, including selected customer contracts and capitalized software development costs, associated with Spinco's telecommunications information services operations to Convergys Information Management Group, Inc. In connection with this sale, Spinco recorded a pretax gain of \$31.0 million. In addition, Spinco retired, prior to stated maturity dates, \$249.1 million of long-term debt, representing all of the long-term debt outstanding under the Rural Utilities Services, Rural Telephone Bank and Federal Financing Bank programs during 2003. In connection with the early retirement of the debt, Spinco incurred pretax termination fees of \$7.1 million. These transactions increased net income by \$10.7 million. Effective January 1, 2003, Spinco adopted Statement of Financial Accounting Standards No. 143, Accounting for Asset Retirement Obligations. The cumulative effect of this accounting change resulted in a one-time non-cash credit of \$15.6 million and net of income tax expense of \$10.3 million.
- D. During 2002, Spinco announced its plans to exit its CLEC operations in seven states representing less than 20% of its CLEC access lines. Spinco also consolidated its call center and product distribution operations. In connection with these activities, Spinco recorded restructuring charges totaling \$10.9 million consisting of \$8.2 million in severance and employee benefit costs related to planned workforce reductions and

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\$2.7 million of costs associated with terminating certain CLEC transport agreements and lease termination fees incurred with the closing of certain call center and product distribution locations. In exiting the CLEC operations, Spinco also incurred \$2.2 million of costs to disconnect and remove switching and other transmission equipment from central office facilities and expenses to notify and migrate customers to other service providers. Spinco also wrote off certain capitalized software development costs totaling \$4.1 million that had no alternative future use or functionality. In connection with the purchase of local telephone properties in Kentucky, Spinco incurred \$17.0 million of computer system conversion costs and \$3.7 million of branding and signage costs. These transactions decreased net income \$23.2 million.

- E. During 2001, Spinco recorded pretax charges of \$18.7 million incurred in connection with the restructuring of its wireline and product distribution operations. During 2001, Spinco prepaid \$73.5 million of long-term debt prior to its stated maturity date and incurred pretax termination fees of \$2.9 million in connection with the early retirement of that debt. These charges decreased net income by \$12.9 million. Effective January 1, 2001, Spinco changed its method of accounting for a subsidiary's pension plan to conform to Alltel's primary pension plan. The cumulative effect of this accounting change resulted in a non-cash credit of \$16.9 million, net of income tax expense of \$11.2 million.

Table of Contents**SELECTED HISTORICAL CONSOLIDATED FINANCIAL DATA OF VALOR**

Valor is a holding company and has no direct operations. Valor was formed for the sole purpose of reorganizing the company's corporate structure and consummating its initial public offering in 2005. Valor's principal assets are the direct and indirect equity interests of its subsidiaries. As a result, separate historical financial results for Valor for the periods prior to its formation have not been presented. Only the historical consolidated financial results of Valor Telecommunications, LLC have been presented for those periods.

The selected financial data presented below at December 31, 2005 and 2004 and for each of the three years in the period ended December 31, 2005 was derived from Valor's audited consolidated financial statements included in Valor's Annual Report on Form 10-K for the year ended December 31, 2005. The selected financial data presented below for the years ended December 31, 2002 and 2001 and at December 31, 2003, 2002 and 2001 was derived from Valor's audited consolidated financial statements for those periods. The information in the following table should be read together with Valor's audited consolidated financial statements for the years ended December 31, 2005, 2004 and 2003 and the related notes and Management's Discussion and Analysis of Financial Condition and Results of Operations, all included in Valor's Annual Report on Form 10-K for the year ended December 31, 2005.

Year Ended December 31,

2005 2004 2003 2002(1) 2001

(Dollars in millions, except per owner's unit/per share data)

Statement of Operations data:

Operating revenues	\$ 505.9	\$ 507.3	\$ 497.3	\$ 479.9	\$ 424.9
Operating expenses	338.9	330.2	315.1	320.6	321.6
Operating income	167.0	177.1	182.3	159.3	103.3
Income (loss) from continuing operations	35.3	(27.8)	58.1	19.8	(44.9)

Per owners unit/ per common share data:

Basic and diluted income (loss) from continuing operations:

Class A and B common interests	0.09	(0.09)	0.73	0.22	(0.58)
Class C interests	0.01	(0.46)	0.15	0.09	
Common Share basic(3)	0.42				
Common Share diluted(3)	0.41				

Basic and diluted net (loss) income:

Class A and B common interests	0.09	(0.09)	0.73	0.17	(0.77)
Class C interests	0.01	(0.46)	0.15	0.09	
Common Share basic(3)	0.42				
Common Share diluted(3)	0.41				

Cash dividends declared per common share:

1.26

Cash flow data from continuing operations:

Net cash provided by operating activities	\$ 191.1	\$ 143.7	\$ 166.1	\$ 150.4	\$ 100.3
Net cash used in investing activities	\$ (32.7)	\$ (34.9)	\$ (66.3)	\$ (216.8)	\$ (106.6)
Net cash (used in) provided by financing activities	\$ (111.2)	\$ (93.2)	\$ (99.5)	\$ 71.0	\$ 8.1
Acquisitions	\$	\$ 1.5	\$	\$ 128.1	\$

Depreciation and amortization(2)	\$	89.9	\$	86.5	\$	81.6	\$	73.3	\$	110.8
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2005 2004 2003 2002(1) 2001

(Dollars in millions, except per owner s unit/per share data)

Balance Sheet data:

Total assets	\$ 1,962.8	\$ 1,971.2	\$ 2,039.0	\$ 2,062.4	\$ 1,913.1
Long-term debt (including current maturities)	\$ 1,180.6	\$ 1,601.0	\$ 1,464.0	\$ 1,544.3	\$ 1,469.4
Notes payable	\$	\$ 1.9	\$ 6.7	\$ 1.2	\$ 10.2
Redeemable preferred interests	\$	\$ 236.1	\$ 370.2	\$ 370.2	\$ 370.2
Redeemable preferred interests of subsidiary	\$	\$ 15.8	\$ 24.5	\$ 21.2	\$ 20.6

Statistical Data (at year-end):

Wireline access lines	518,456	540,337	556,745	571,308	551,599
Long-distance customers	232,031	216,437	188,526	130,622	62,234
Broadband (DSL) customers	52,759	22,884	8,779	3,510	511
Capital expenditures	\$ 57.4	\$ 65.5	\$ 69.9	\$ 89.5	\$ 107.9

- (1) Valor acquired all of the outstanding common stock, preferred stock and common stock equivalents of Kerrville Communications Corporation on January 31, 2002 and such assets, liabilities and results of operations have been included from that date.
- (2) In accordance with Statement of Financial Accounting Standard No. 142, Goodwill and Other Intangible Assets, effective January 1, 2002, Valor discontinued the amortization of goodwill. Amortization expense associated with goodwill was \$53.9 million for the year ended December 31, 2001.
- (3) Represents the period following February 9, 2005, the closing date of our initial public offering.

Table of Contents**SELECTED UNAUDITED PRO FORMA CONDENSED COMBINED FINANCIAL DATA**

The summary below sets forth selected unaudited historical pro forma financial data for Valor after giving effect to the merger for the period indicated. The following table should be read together with the consolidated financial statements and accompanying notes of Spinco included in this proxy statement/ prospectus-information statement and of Valor included in the documents described under "Where You Can Find Additional Information" and the unaudited pro forma condensed combined financial statements and accompanying discussion and notes set forth under the heading "Unaudited Pro Forma Combined Condensed Financial Information" included herein. The pro forma amounts in the table below are presented for illustrative purposes only and do not indicate what the financial position or the results of operations of Valor would have been had the merger occurred as of the date or for the period presented. The pro forma amounts also do not indicate what the financial position or future results of operations of Valor will be. No adjustment has been included in the pro forma amounts for any anticipated cost savings or other synergies. See "Unaudited Pro Forma Combined Condensed Financial Information" on page [].

	For the Year Ended or as of December 31, 2005
	(Dollars in millions, except per share data)
Revenue and sales	\$ 3,413.50
Depreciation and Amortization	\$ 593.30
Operating income	\$ 1,071.70
Net income from continuing operations	\$ 677.90
Income taxes	\$ 274.30
Basic earnings per share from continuing operations	\$ 0.85
Diluted earnings per share from continuing operations	\$ 0.85
Weighted average common shares outstanding:	
Basic	474.20
Diluted	474.50
Dividends per common share	\$ 1.00
Total assets	\$ 7,771.6
Total stockholders' equity	\$ 518.9
Total long-term debt (including current maturities and short-term debt)	\$ 5,526.00
Book value per common share	\$ 1.14

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The summary below sets forth certain unaudited historical per share information for Valor and unaudited pro forma information of Valor as if Spinco and Valor had been combined for the period shown (pro forma combined). The unaudited pro forma combined per share data presented below for the year ended December 31, 2005 combines certain per share financial data of Spinco and Valor. The following table should be read together with the consolidated financial statements and accompanying notes of Spinco included elsewhere in this proxy statement/prospectus-information statement and of Valor included in the documents described under Where You Can Find Additional Information. The pro forma amounts in the table below are presented for illustrative purposes only and do not indicate what the financial position or the results of operations of Valor would have been had the merger occurred as of the date or for the period presented. The pro forma amounts also do not indicate what the financial position or future results of operations of Valor will be. No adjustment has been included in the pro forma amounts for any anticipated cost savings or other synergies as a result of the merger or for any potential inefficiencies or loss of synergies that may result from Spinco's separation from Alltel. Because Valor stockholders will own one share of Newco for each share of Valor they owned prior to the merger, the Valor unaudited pro forma equivalent data will be the same as the corresponding unaudited pro forma combined data.

**For the Year
Ended
or as of
December 31, 2005**

Valor Historical	
Basic earnings per common share from continuing operations	\$ 0.42
Basic earnings per owner's unit, Class A and B common interests	\$ 0.09
Basic earnings per owner's unit, Class C common interests	\$ 0.01
Diluted earnings per common share from continuing operations	\$ 0.42
Diluted earnings per owner's unit, Class A and B common interests	\$ 0.09
Diluted earnings per owner's unit, Class C common interests	\$ 0.01
Book value per share	\$ 8.04
Cash dividends per share	\$ 1.26
Newco Pro Forma Combined	
Basic earnings per common share from continuing operations	\$ 0.85
Diluted earnings per common share from continuing operations	\$ 0.85
Book value per share	\$ 1.14
Cash dividends per share	\$ 1.00
Valor Pro Forma Equivalents	
Basic earnings per common share from continuing operations	\$ 0.85
Diluted earnings per common share from continuing operations	\$ 0.85
Book value per share	\$ 1.14
Cash dividends per share	\$ 1.00

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**VALOR COMMUNICATIONS GROUP, INC.
MARKET PRICE AND DIVIDEND INFORMATION**

Valor common stock currently trades on the New York Stock Exchange (NYSE) under the symbol VCG. On December 8, 2005, the last trading day before the announcement of the signing of the merger agreement, the last sale price of Valor common stock reported by the NYSE was \$12.24. On [], 2006, the last practicable trading day prior to the date of this proxy statement/ prospectus-information statement, the last sale price of Valor common stock reported by the NYSE was []. Valor completed its initial public offering on February 9, 2005 and registered 29,375,000 shares of common stock which began trading on the NYSE under the symbol VCG. Prior to February 9, 2005, Valor s common stock was not publicly traded. The following table sets forth the high and low closing sales prices of Valor common stock for the periods indicated. The quotations are as reported in published financial sources. For current price information, Valor stockholders are urged to consult publicly available sources.

	Valor Communications Group, Inc. Common Stock	
	High	Low
Calendar Year Ended Dec. 31, 2005		
First Quarter(1)	\$ 16.00	\$ 14.47
Second Quarter	\$ 14.67	\$ 12.84
Third Quarter	\$ 14.19	\$ 13.53
Fourth Quarter	\$ 13.62	\$ 11.40
Calendar Year Ended Dec. 31, 2006		
First Quarter (through February 24, 2006)	\$ 12.18	\$ 11.54

(1) Represents the high and low closing prices for Valor common stock for the period of February 9, 2005 through March 31, 2005.

Market price data for Spinco has not been presented as Spinco common shares do not trade separately from Alltel Corporation common shares. Valor s dividend policy is to pay quarterly dividends at a rate of \$1.44 per share, per annum, to the extent such dividends are permitted by applicable law and by the terms of Valor s credit facility. For information on Newco s dividend policy following the merger, see The Transactions Dividend Policy of Newco.

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THE MERGER

Introduction

Stockholders of Valor Communications Group, Inc. are being asked to adopt the Agreement and Plan of Merger, dated as of December 8, 2005, by and among Alltel Corporation, Alltel Holding Corp. and Valor. Under the merger agreement, Alltel Holding Corp. (which we refer to as Spinco) will merge with and into Valor, and Valor will survive as a stand-alone company and will hold and conduct the combined business operations of Valor and Spinco. Following completion of the merger, the separate existence of Spinco will cease. The merger will take place immediately after Alltel contributes the assets making up its wireline telecommunications business to Spinco and distributes the common stock of Spinco to its stockholders. Immediately following the merger, Valor will change its name to [], and its common stock will be quoted on the NYSE and will be traded under the ticker symbol []. For ease of reference, throughout this proxy statement/ prospectus-information statement we will refer to [], the new company formed by the merger of Valor and Spinco as Newco. When the merger is completed, Alltel stockholders will together own approximately 85%, and Valor's stockholders will own approximately 15%, of the shares of common stock of Newco on a diluted basis.

In the merger, each share of Spinco common stock will be converted into the right to receive shares of Valor common stock. Existing shares of Valor common stock will remain outstanding. Valor expects to issue up to approximately 403 million shares of common stock to Alltel stockholders pursuant to the merger. However, this amount is subject to change as a result of compensatory equity grants and other issuances of Valor common stock. Before Valor may issue these shares, the Valor certificate of incorporation must be amended to increase the authorized shares of Valor common stock from 200,000,000 to 2,000,000,000. Accordingly, Valor stockholders are also being asked to approve an amendment to Valor's certificate of incorporation pursuant to the merger increasing the authorized number of shares of Valor common stock and to approve the issuance of Valor common stock to Alltel stockholders pursuant to the merger.

For a more complete discussion of the merger and the transactions to be consummated in connection therewith, see the section titled "The Transactions" on page [] of this proxy statement/ prospectus-information statement.

The Companies

Valor Communications Group, Inc.

Valor is one of the largest providers of telecommunications services in rural communities in the southwestern United States and the seventh largest independent telephone company in the country. As of December 31, 2005, Valor operated 518,456 telephone access lines in primarily rural areas of Texas, Oklahoma, New Mexico and Arkansas. Valor believes that in many of its markets it is the only service provider that offers customers an integrated package of local and long distance voice, high-speed data and Internet access as well as a variety of enhanced services such as voicemail and caller identification. Valor generated revenues of \$505.9 million and net income of \$35.3 million in the year ended December 31, 2005.

Valor was formed in connection with the acquisition in 2000 of select telephone assets from GTE Southwest Corporation, which is now part of Verizon. Valor's formation was orchestrated by its equity sponsors WCAS, Vestar Capital Partners, Citicorp Venture Capital and a group of founding individuals. Valor completed its initial public offering of shares of common stock on February 9, 2005, and its shares began trading on the NYSE under the symbol VCG.

Alltel Holding Corp.

Alltel Holding Corp. (also referred to herein as Spinco) is currently a wholly-owned subsidiary of Alltel Corporation and was incorporated in its current form as a Delaware corporation on November 21, 2005 for the purpose of holding Alltel Corporation's wireline business to be transferred to it in connection with the spin-off. Alltel Corporation's wireline business is currently operated by certain of its subsidiaries, each of

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which will be transferred to Spinco prior to the closing of the spin-off and the merger. These subsidiaries provide wireline local, long-distance, network access and Internet services. These subsidiaries also sell and warehouse telecommunications products and publish telephone directories for affiliates and other independent telephone companies. This proxy statement/ prospectus-information statement describes Spinco as if it held the subsidiaries that will be transferred to it prior to closing of the spin-off and the merger for all historical periods presented.

Spinco operates its communications businesses as a single operation capable of delivering to customers one-stop shopping for a full range of communications products and services. As of December 31, 2005, including customers of its wireline and long-distance services, Spinco served approximately 2.9 million communications customers in rural areas in 15 states.

Spinco is organized based on the products and services that it offers. Under this organizational structure, Spinco's operations consist of its wireline and communications support services segments. Spinco's wireline segment consists of Spinco's incumbent local exchange carrier (ILEC), competitive local exchange carrier (CLEC) and Internet access operations. Communications support services consist of Spinco's long-distance and network management services, communications products, directory publishing operations and the telecommunications information services operations. As of December 31, 2005, Spinco's wireline subsidiaries provide local telephone service to approximately 2.9 million customers primarily located in rural areas in 15 states. The wireline subsidiaries also offer facilities for private line, data transmission and other communications services. Wireline revenues, which consist of local service, network access and long-distance and miscellaneous revenues, comprised 81.1 percent of Spinco's total operating revenues from business segments in 2005. Communications support services consist of Spinco's long-distance and network management services, product distribution, directory publishing and telecommunications information services operations. Spinco provides long-distance service in all of the states in which Spinco provides local exchange service. In addition, Spinco offers long-distance service outside its ILEC service areas. As of December 31, 2005, Spinco provided long-distance service to approximately 1.75 million customers. Network management services are currently marketed to business customers in select areas. These services are ancillary service offerings and are not significant components of Spinco's communications operations. Revenues and sales from Spinco's other operations comprised 22.6 percent of Spinco's total operating revenues from business segments in 2005.

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RISK FACTORS

You should carefully consider the following risk factors, together with the other information contained in this proxy statement/prospectus-information statement and the annexes hereto and documents incorporated by reference herein. Any of these risks could materially and adversely affect the price of Newco's common stock following completion of the merger.

Risks Relating to the Spin-Off and the Merger

The calculation of the merger consideration will not be adjusted in the event the value of the business or assets of Spinco decline before the merger is completed. As a result, at the time you vote on the merger you will not know what the value of Newco common stock will be following completion of the merger.

The calculation of the number of shares of Valor common stock to be issued pursuant to the merger will not be adjusted in the event the value of the Alltel wireline telecommunications business that is being contributed to Spinco declines. If the value of this business declines after Valor stockholders approve the merger proposals, the market price of the common stock of the combined company following completion of the merger will be less than Valor stockholders anticipated when they voted to approve the merger proposals. While Valor will not be required to consummate the merger upon the occurrence of any event or circumstances that has, or could reasonably be expected to have, a material adverse effect on Spinco, neither Alltel nor Valor will be permitted to terminate the merger agreement or resolicit the vote of Valor stockholders because of any changes in the value of the Spinco business or the market prices of their respective common stocks that do not rise to the level of a material adverse effect on Spinco (as defined in the merger agreement).

Spinco and Valor may not realize the anticipated benefits from the merger.

The success of the merger will depend, in part, on the ability of Spinco and Valor to realize the anticipated synergies, cost savings and growth opportunities from integrating the businesses of Valor with those of Spinco. The companies' success in realizing these synergies, cost savings and growth opportunities, and the timing of this realization, depends on the successful integration of Spinco's and Valor's business and operations. Even if the companies are able to integrate their business operations successfully, there can be no assurance that this integration will result in the realization of the full benefits of synergies, cost savings and growth opportunities that Spinco and Valor currently expect from this integration or that these benefits will be achieved within the anticipated time frame. For example, the elimination of duplicative costs may not be possible or may take longer than anticipated, the benefits from the merger may be offset by costs incurred in integrating the companies and regulatory authorities may impose adverse conditions on the combined business in connection with granting approval for the merger.

The integration of Spinco and Valor following the merger may present significant challenges.

There is a significant degree of difficulty and management distraction inherent in the process of integrating the Spinco and Valor businesses. These difficulties include:

- the necessity of coordinating geographically separate organizations;
- the challenge of integrating the business cultures of each company, which may prove to be incompatible; and
- the need to retain key officers and personnel of Spinco and Valor.

The process of integrating operations could cause an interruption of, or loss of momentum in, the activities of one or more of Spinco and Valor's businesses. Following completion of the merger, Newco's new senior management team, which will be put into place by virtue of the merger, may be required to devote considerable amounts of time to this integration process, which will decrease the time they will have to manage the business of Newco, service existing customers, attract new customers and develop new products or

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strategies. If Newco's senior management is not able to effectively manage the integration process, or if any significant business activities are interrupted as a result of the integration process, Newco's business could suffer.

Spinco and Valor cannot assure you that they will successfully or cost-effectively integrate the Valor businesses and the existing businesses of Spinco. The failure to do so could have a material adverse effect on Newco's business, financial condition and results of operations following completion of the merger.

After the close of the transaction, sales of Newco common stock may negatively affect its market price.

The market price of Newco common stock could decline as a result of sales of a large number of shares of Newco common stock in the market after the completion of the merger or the perception that these sales could occur. These sales, or the possibility that these sales may occur, also might make it more difficult for Newco to obtain additional capital by selling equity securities in the future at a time and at a price that Newco deems appropriate.

Immediately after the merger, Alltel stockholders will hold, in the aggregate, approximately 85% of Newco common stock on a fully diluted basis. Currently, Alltel stock is included in index funds tied to the Standard & Poor's 500 Index or other stock indices and institutional investors subject to various investing guidelines. Because Newco will not be included in these indices at the time of the merger or may not meet the investing guidelines of some of these institutional investors, these index funds and institutional investors may be required to sell Newco common stock that they receive in the spin-off. These sales may negatively affect Newco's common stock price.

Regulatory agencies may delay or impose conditions on approval of the spin-off and the merger, which may diminish the anticipated benefits of the merger.

Completion of the spin-off and merger is conditioned upon the receipt of required government consents, approvals, orders and authorizations. While Valor and Spinco intend to pursue vigorously all required governmental approvals and do not know of any reason why they would not be able to obtain the necessary approvals in a timely manner, the requirement to receive these approvals before the spin-off and merger could delay the completion of the spin-off and merger, possibly for a significant period of time after Valor stockholders have approved the merger proposals at the annual meeting. In addition, these governmental agencies may attempt to condition their approval of the merger on the imposition of conditions that could have an adverse effect on Newco's operating results or the value of Newco's common stock after the spin-off and merger are completed. Any delay in the completion of the spin-off and merger could diminish anticipated benefits of the spin-off and merger or result in additional transaction costs, loss of revenue or other effects associated with uncertainty about the transaction. Any uncertainty over the ability of the companies to complete the spin-off and merger could make it more difficult for Spinco and Valor to retain key employees or to pursue business strategies. In addition, until the spin-off and merger are completed, the attention of Spinco and Valor management may be diverted from ongoing business concerns and regular business responsibilities to the extent management is focused on matters relating to the transaction, such as obtaining regulatory approvals.

Some of the directors, officers and stockholders of Valor have interests that may be different from, or in addition to, the interests of Valor stockholders.

In considering the Valor Board of Directors' determination to approve the merger agreement and to recommend that Valor stockholders vote to adopt the merger agreement and to take the other recommended actions, Valor stockholders should be aware of potential conflicts of interest of, and the benefits available to, certain Valor stockholders, directors and officers. These stockholders, directors and officers may have interests

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in the merger that may be different from, or in addition to, the interests of Valor stockholders as a result of, among other things:

arrangements regarding the appointment of directors and officers of Valor;

restrictions upon certain restricted shares under Valor stock plans issued prior to the date of the merger agreement, including those held by executive officers and directors, will lapse; and

modifications to employment and severance arrangements maintained for Valor executive officers that may result in increased benefits to such officers.

You should read *The Transactions* *Interests of Certain Persons in the Merger* on page [] for a more complete description of the interests and benefits listed above.

The merger agreement contains provisions that may discourage other companies from trying to acquire Valor.

The merger agreement contains provisions that may discourage a third party from submitting a business combination proposal to Valor that might result in greater value to Valor stockholders than the merger. The merger agreement generally prohibits Valor from soliciting any acquisition proposal. In addition, if the merger agreement is terminated by Valor or Alltel in circumstances that obligate Valor to pay a termination fee and to reimburse transaction expenses to Alltel, Valor's financial condition may be adversely affected as a result of the payment of the termination fee and transaction expenses, which might deter third parties from proposing alternative business combination proposals.

If the spin-off does not constitute a tax-free spin-off under section 355 of the Code or the merger does not constitute a tax-free reorganization under section 368(a) of the Code, either as a result of actions taken in connection with the spin-off or the merger or as a result of subsequent acquisitions of stock of Alltel or stock of Newco, then Alltel, Newco and/or Alltel stockholders may be responsible for payment of United States federal income taxes.

The spin-off and merger are conditioned upon Alltel's receipt of a private letter ruling from the IRS to the effect that the spin-off, including (i) the contribution of the wireline business to Spinco, (ii) the receipt by Alltel of Spinco debt securities and the special dividend and (iii) the exchange by Alltel of Spinco debt securities for Alltel debt, will qualify as tax-free to Alltel, Spinco and the Alltel stockholders for United States federal income tax purposes under Sections 355 and 368 and related provisions of the Code. Although a private letter ruling from the IRS generally is binding on the IRS, if the factual representations or assumptions made in the letter ruling request are untrue or incomplete in any material respect, then Alltel and Newco will not be able to rely on the ruling.

The spin-off and merger are also conditioned upon the receipt by Alltel of an opinion of Skadden, Arps, Slate, Meagher & Flom LLP, counsel to Alltel, to the effect that the spin-off will be tax-free to Alltel, Spinco and the stockholders of Alltel under Section 355 and other related provisions of the Code. The opinion will rely on the IRS letter ruling as to matters covered by the ruling. Lastly, the spin-off and the merger are conditioned on Alltel's receipt of an opinion of Skadden, Arps, Slate, Meagher & Flom LLP and Valor's receipt of an opinion of Kirkland & Ellis LLP, counsel to Valor, each to the effect that the merger will be treated as a tax-free reorganization within the meaning of Section 368(a) of the Code. All of these opinions will be based on, among other things, current law and certain representations and assumptions as to factual matters made by Alltel, Spinco and Valor. Any change in currently applicable law, which may or may not be retroactive, or the failure of any factual representation or assumption to be true, correct and complete in all material respects, could adversely affect the conclusions reached by counsel in its opinion. The opinions will not be binding on the IRS or the courts, and the IRS or the courts may not agree with the opinions.

The spin-off would become taxable to Alltel pursuant to Section 355(e) of the Code if 50% or more of the shares of either Alltel common stock or Spinco common stock (including common stock of Newco, as a successor to Spinco) were acquired, directly or indirectly, as part of a plan or series of related transactions that included the spin-off. Because the Alltel stockholders will own more than 50% of the Newco common stock

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following the merger, the merger, standing alone, will not cause the spin-off to be taxable to Alltel under Section 355(e). However, if the IRS were to determine that other acquisitions of Alltel common stock or Newco common stock, either before or after the spin-off and the merger, were part of a plan or series of related transactions that included the spin-off, such determination could result in the recognition of gain by Alltel under Section 355(e). In any such case, the gain recognized by Alltel likely would include the entire fair market value of the stock of Spinco, and thus would be very substantial. In connection with the request for the IRS private letter rulings and the opinion of Alltel's counsel, Alltel has represented that the spin-off is not part of any such plan or series of related transactions.

In certain circumstances, under the merger agreement, Newco would be required to indemnify Alltel against tax-related losses to Alltel that arise as a result of a disqualifying action taken by Newco or its subsidiaries after the distribution. See Risk Factors Risks Relating to Newco's Business After the Merger Newco may be affected by significant restrictions after the merger and The Merger Agreement Tax Matters. If Alltel should recognize gain on the spin-off for reasons not related to a disqualifying action by Newco, Alltel would not be entitled to be indemnified under the merger agreement. Even if Section 355(e) were to cause the spin-off to be taxable to Alltel, the spin-off would remain tax-free to Alltel's stockholders.

See Certain United States Federal Income Tax Consequences of the Spin-Off and the Merger beginning on page [].

Failure to complete the merger could adversely impact the market price of Valor common stock as well as Valor's business and operating results.

If the merger is not completed for any reason, the price of Valor common stock may decline to the extent that the market price of Valor common stock reflects positive market assumptions that the spin-off and the merger will be completed and the related benefits will be realized. Valor may also be subject to additional risks if the merger is not completed, including:

depending on the reasons for termination of the merger agreement, the requirement that Valor pay Alltel a termination fee of \$35 million;

substantial costs related to the merger, such as legal, accounting, filing, financial advisory and financial printing fees, must be paid regardless of whether the merger is completed; and

potential disruption to the businesses of Valor and distraction of its workforce and management team.

Valor Stockholders will have a reduced ownership and voting interest after the merger and will exercise less influence over management.

After the merger's completion, Valor stockholders will own a significantly smaller percentage of Newco than they currently own of Valor. Following completion of the merger, Valor's stockholders will own approximately 15% of Newco on a fully-diluted basis. Consequently, Valor stockholders, as a group, will be able to exercise less influence over the management and policies of Newco than they currently exercise over the management and policies of Valor.

Risks Relating to Newco's Business After the Merger

Following completion of the merger, Newco will face intense competition in its businesses that could reduce its market share or adversely affect its financial performance.

Substantial and increasing competition exists in the wireline communications industry. Some of Newco's incumbent local exchange carrier (ILEC) operations have experienced, and will continue to experience, competition in their local service areas. Sources of competition to Newco's local service business will include, but are not limited to, wireless communications providers, resellers of local exchange services, interexchange carriers, satellite transmission service providers, cable television companies, competitive access service

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providers, including, without limitation, those utilizing Unbundled Network Elements-Platform or UNE-P, and voice-over-Internet-protocol, or VoIP, and providers using other emerging technologies. Competition, mainly from wireless and broadband substitution, has caused a reduction in the number of Valor and Spinco's access lines and generally has caused pricing pressure in the industry. In the future, it is expected that the number of access lines served by Newco will continue to be adversely affected by wireless and broadband substitution and that industry wide pricing pressure will continue.

Cable television companies deploying a cable modem service will represent Newco's principal competitors for broadband Internet access. As of December 31, 2005 cable modem competition existed in exchanges representing 45 percent of Valor's access lines and in exchanges representing 85 percent of Spinco's access lines, representing 79 percent of the total combined access lines.

Newco will provide services to its customers over access lines, and if it loses access lines like Spinco and Valor historically have, its revenues, earnings and cash flow from operations could be adversely affected.

Newco's business will generate revenue by delivering voice and data services over access lines. Spinco and Valor have each experienced net access line loss over the past few years, and during the year ended December 31, 2005, the number of access lines they served collectively declined by 4 percent due to a number of factors, including increased competition and wireless and broadband substitution. Following the merger, Newco is expected to continue to experience net access line loss in its markets for an unforeseen period of time. Newco's inability to retain access lines could adversely affect its revenues, earnings and cash flow from operations.

Newco will be subject to government regulation of the telecommunications industry.

As a provider of wireline communication services, Valor and Spinco have been granted operating authority by each of the 16 states in which they conduct ILEC and CLEC operations. Following completion of the merger, Newco will be subject to various forms of regulation from the regulatory commissions in each of these 16 states as well as from the FCC. State regulatory commissions have primary jurisdiction over local and intrastate services including to some extent, the rates that Newco will charge customers, including, without limitation, other telecommunications companies, and service quality standards. The FCC has primary jurisdiction over interstate services including the access rates that Newco will charge other telecommunications companies that will use its network and other issues related to interstate service. Future revenues, costs, and capital investment in its wireline business could be adversely affected by material changes to these regulations, including, but not limited to, changes in inter-carrier compensation, state and federal Universal Service Fund (USF) support, UNE and UNE-P pricing and requirements, and VoIP regulation. Federal and state communications laws may be amended in the future, and other laws may affect Newco's business. In addition, laws and regulations applicable to Newco and its competitors may be, and have been, challenged in the courts and could be changed at any time. We cannot predict future developments or changes to the regulatory environment, or the impact such developments or changes would have.

In 2005, Valor and Spinco received 22.8% and 5.8% of their respective revenues from state and federal Universal Service Funds, and any adverse regulatory developments with respect to these funds could adversely affect Newco's profitability following completion of the merger.

Valor and Spinco receive state and federal USF revenues to support the high cost of providing affordable telecommunications services in rural markets. Such support payments constituted 22.8% and 5.8% of Valor and Spinco's revenues, respectively, for the year ended December 31, 2005.

Following completion of the merger, Newco will be required to make contributions to state and federal USFs each year. Current state and federal regulations allow Newco to recover these contributions by including a surcharge on its customers' bills. If state and/or federal regulations change, and Newco becomes ineligible to receive support, such support is reduced, or Newco becomes unable to recover the amounts it contributes to the state and federal USFs from its customers, its earnings and cash flow from operations would be directly and adversely affected.

Table of Contents***You may not receive the level of dividends provided for in the dividend policy Newco's Board of Directors will adopt upon the closing of the merger or any dividends at all.***

The Board of Directors of Newco will adopt a dividend policy, effective upon the closing of the merger, which reflects an intention to distribute a substantial portion of the cash generated by Newco's business in excess of operating needs, interest and principal payments on Newco's indebtedness, capital expenditures, taxes and future reserves, if any, as regular quarterly dividends to Newco stockholders. See The Transactions' Dividend Policy of Newco. The Board of Directors of Newco may, in its discretion, amend or repeal this dividend policy. Newco's initial dividend policy is based upon Alltel and Valor's current assessment of Newco's business and the environment in which it will operate, and that assessment could change based on competitive or technological developments (which could, for example, increase its need for capital expenditures) or new growth opportunities. In addition, future dividends with respect to shares of Newco common stock, if any, will depend on, among other things, Newco's cash flows, cash requirements, financial condition, contractual restrictions, provisions of applicable law and other factors that Newco's Board of Directors may deem relevant. The Newco Board of Directors may decrease the level of dividends provided for in the dividend policy or discontinue the payment of dividends entirely. Newco's senior secured credit facility and notes are expected to contain significant restrictions on its ability to make dividend payments. We cannot assure you that Newco will generate sufficient cash from continuing operations in the future, or have sufficient surplus or net profits, as the case may be, under Delaware law, to pay dividends on its common stock in accordance with the dividend policy adopted by the Newco Board of Directors. The reduction or elimination of dividends may negatively affect the market price of Newco's common stock.

Newco's substantial indebtedness could adversely affect its operations and financial condition.

Although Newco's leverage ratio of debt to operating income before depreciation and amortization will be substantially lower after the merger than Valor's current leverage ratio, Newco will have substantial indebtedness following completion of the merger. As currently contemplated and as described in Financing of Newco beginning on page [], it is expected that Newco will have approximately \$5.5 billion in consolidated debt after the closing of the transaction. This indebtedness could have important consequences to Newco, such as:

- limiting its operational flexibility due to the covenants contained in its debt agreements;

- limiting its ability to invest operating cash flow in its business due to debt service requirements;

- limiting its ability to compete with companies that are not as highly leveraged and that may be better positioned to withstand economic downturns;

- increasing its vulnerability to economic downturns and changing market conditions; and

- to the extent that Newco's debt is subject to floating interest rates, increasing its vulnerability to fluctuations in market interest rates.

Newco expects to generate sufficient funds to pay its expenses and to pay the principal and interest on its outstanding debt from its operations. Newco's ability to meet its expenses and debt service obligations will depend on its future performance, which will be affected by financial, business, economic and other factors, including potential changes in customer preferences, the success of product and marketing innovation and pressure from competitors. If Newco does not have enough money to meet its debt service obligations, it may be required to refinance all or part of its existing debt, sell assets or borrow more money. Newco may not be able to, at any given time, refinance its debt, sell assets or borrow more money on terms acceptable to it.

Newco will be subject to restrictive debt covenants, which may restrict its operational flexibility.

After the merger, Newco's credit facilities and senior unsecured notes will contain covenants that restrict its ability with respect to the incurrence of additional indebtedness, liens, capital expenditures, loans and investments and will limit its ability to take certain action with respect to dividends and payments in respect of capital stock, and will limit its ability to enter into mergers, consolidations, acquisitions, asset dispositions and

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will place restrictions on other matters generally restricted in senior secured loan agreements. After the merger, the new credit facilities will also require the company to maintain specified financial ratios and satisfy financial condition tests. Newco's ability to meet those financial ratios and tests may be affected by events beyond its control, and we cannot assure you that it will meet those ratios and tests. A breach of any of these covenants, ratios, tests or restrictions could result in an event of default under the new credit facilities and the notes, in which case, the lenders and/or holders of the notes could elect to declare all amounts outstanding to be immediately due and payable and the lenders could terminate its commitments to extend additional loans. If the lenders under the new credit facilities and/or the holders of the notes accelerate the payment of the indebtedness, we cannot assure you that Newco's assets would be sufficient to repay in full the indebtedness and any other indebtedness that would become due as a result of any acceleration.

Newco will likely incur a significant one-time charge relating to the integration of the operations of Valor with Spinco that could materially and adversely affect the future results of operations of Newco following the merger.

We are developing a plan to integrate the operations of Valor with Spinco after the merger. We anticipate that Newco will incur a one-time charge to earnings in connection with the integration. We will not be able to quantify the amount of this charge or the time at which it will be incurred until after the merger is completed. The amount of the charge may be significant, and the charge may have a material and adverse effect on the results of operations of Newco in the period in which it is recorded.

Newco may be affected by significant restrictions following the merger.

Even if the spin-off otherwise qualifies as a spin-off under Section 355 of the Internal Revenue Code, the distribution of Valor common stock to Alltel stockholders in connection with the spin-off and the merger may not qualify as tax-free to Alltel under Section 355(e) of the Internal Revenue Code if 50% or more of the stock of Alltel or Spinco (including Newco as a successor to Spinco) is acquired as part of a plan or series of related transactions that includes the spin-off.

The merger agreement restricts Newco from taking certain actions that could cause the spin-off to be taxable to Alltel under Section 355(e) or otherwise jeopardize the tax-free status of the spin-off or the merger (which the merger agreement refers to as "disqualifying actions"), including:

generally, for two years after the spin-off, taking, or permitting any of its subsidiaries to take, an action that might be a disqualifying action without receiving the prior consent of Alltel;

for two years after the spin-off, entering into any agreement, understanding or arrangement or engaging in any substantial negotiations with respect to any transaction involving the acquisition of Newco stock or the issuance of shares of Newco's stock, or options to acquire or other rights in respect of such stock, in excess of a permitted basket of 71,130,989 shares (as adjusted for stock splits, stock dividends, recapitalizations, reclassifications and similar transactions), unless, generally, the shares are issued to qualifying Newco employees or retirement plans, each in accordance with "safe harbors" under regulations issued by the IRS;

for two years after the spin-off, repurchasing Newco's shares, except to the extent consistent with guidance issued by the IRS;

for two years after the spin-off, permitting certain wholly-owned subsidiaries that were wholly-owned subsidiaries of Spinco at the time of the spin-off to cease the active conduct of the Spinco business to the extent so conducted by those subsidiaries immediately prior to the spin-off; and

for two years after the spin-off, voluntarily dissolving, liquidating, merging or consolidating with any other person, unless (i) Newco is the survivor of the merger or consolidation or (ii) prior to undertaking such action, Newco receives the prior consent of Alltel.

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Nevertheless, Newco will be permitted to take any of the actions described above in the event that the IRS has granted a favorable ruling to Alltel or Valor as to the effect of such action on the tax-free status of the transactions described in this document. To the extent that the tax-free status of the transactions is lost because of a disqualifying action taken by Newco or any of its subsidiaries after the distribution date (except to the extent that Alltel has delivered a previous determination to Newco permitting such action), Newco generally will be required to indemnify, defend and hold harmless Alltel and its subsidiaries (or any successor to any of them) from and against any and all resulting tax-related losses incurred by Alltel.

Because of these restrictions, Newco may be limited in the amount of stock that it can issue to make acquisitions or raise additional capital in the two years subsequent to the spin-off and merger. Also, Newco's indemnity obligation to Alltel might discourage, delay or prevent a change of control during this two-year period that stockholders of Newco may consider favorable. See The Merger Agreement on page [], The Tax Sharing Agreement on page [] and Certain United States Federal Income Tax Consequences of the Spin-Off and the Merger beginning on page [].

Rapid and significant changes in technology could require Newco to significantly increase capital investment or could result in reduced demand for its services.

New communication technologies may impact Newco's wireline business. For example, Newco may be unable to retain existing customers who decide to replace their wireline telephone service with wireless telephone service. Furthermore, the development and deployment of cable and DSL broadband technology will likely result in additional local telephone line losses for Newco as its customers shift from dial-up data services to high-speed data services. In addition, VoIP technology, which operates on broadband technology, now provides Newco's competitors with a low-cost alternative to access the home and provide local telephone voice services to Newco's wireline customers. The proliferation of replacement technologies impacting its wireline business could require Newco to make significant additional capital investment or could result in reduced demand for its services, both of which could adversely impact its financial performance and results of operations.

Disruption in Newco's networks and infrastructure may cause it to lose customers and incur additional expenses.

To be successful, Newco will need to continue to provide its customers with reliable service over its networks. Some of the risks to Newco's networks and infrastructure include: physical damage to access lines, breaches of security, capacity limitations, power surges or outages, software defects and disruptions beyond Newco's control, such as natural disasters and acts of terrorism.

From time to time in the ordinary course of business, Newco will experience short disruptions in its service due to factors such as cable damage, inclement weather and service failures of its third party service providers. We cannot assure you that Newco will not experience more significant disruptions in the future. Disruptions may cause interruptions in service or reduced capacity for customers, either of which could cause Newco to lose customers and incur expenses, and thereby adversely affect Newco's business, revenue and cash flow.

Weak economic conditions may decrease demand for Newco's services.

Newco will be sensitive to economic conditions and downturns in the economy. Downturns in the economies and vendor concentration in the markets Newco serves could cause its existing customers to reduce their purchases of Newco's basic and enhanced services and make it difficult for Newco to obtain new customers.

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THE TRANSACTIONS

Structure of the Spin-Off and the Merger

On December 8, 2005, Alltel, Spinco and Valor entered into an Agreement and Plan of Merger providing for the merger of Valor with the wireline telecommunications business of Alltel. Prior to the merger, Alltel will engage in a series of preliminary restructuring transactions to effect the transfer to Spinco's subsidiaries of all of the assets relating to Alltel's wireline telecommunications business and the transfer to Alltel of all assets not relating to such business. Following these preliminary restructuring transactions, and immediately prior to the effective time of the merger, Alltel will contribute all of the stock of the Spinco subsidiaries to Spinco (which we will refer to as the "contribution") in exchange for:

the issuance to Alltel of Spinco common stock to be distributed to Alltel's stockholders pro rata in the spin-off (which we will refer to as the "distribution"),

the payment of a special dividend to Alltel in an amount not to exceed Alltel's tax basis in Spinco (which equals approximately \$2.4 billion as of June 30, 2005), which Alltel will use to repurchase stock pursuant to a special stock buyback program authorized by the Alltel Board of Directors in connection with the spin-off, to repay outstanding indebtedness, or both, within one year following the spin-off, and

the distribution by Spinco to Alltel of certain Spinco debt securities (which we will refer to as the "exchange notes") in an amount equal to approximately \$1.538 billion, which Alltel intends to exchange for outstanding Alltel debt securities or otherwise transfer to Alltel's creditors, thereby reducing Alltel's outstanding indebtedness.

Prior to the distribution, Spinco will consummate certain financing transactions pursuant to which it will incur approximately \$3.965 billion in indebtedness through (1) borrowings under a new senior secured credit agreement or the issuance of senior unsecured debt securities in an offering under Rule 144A, promulgated under the Securities Act of 1933, as amended, or a public offering and (2) the distribution of the exchange notes to Alltel. All proceeds of the financing will be used to pay the consideration to be received by Alltel for the contribution (through payment of the special dividend and distribution of the exchange notes) and to pay related fees and expenses. For a more complete discussion of the financing of Newco see "Financing of Newco" beginning on page [].

After the contribution and immediately prior to the merger, Alltel will spin-off Spinco to the stockholders of Alltel by distributing all of its shares of Spinco common stock to Alltel stockholders on a pro rata basis. Spinco will then merge with and into Valor in accordance with the merger agreement. Valor will survive the merger as a stand-alone company holding and conducting the combined business operations of Valor and Spinco. Immediately following the merger, Valor will change its name to [] and its common stock will be quoted on the New York Stock Exchange. For ease of reference, throughout this proxy statement/prospectus-information statement we will refer to [], the new company formed by the merger of Valor and Spinco as "Newco."

In the merger, Alltel stockholders will be entitled to receive a number of shares of Valor common stock, in exchange for each share of Spinco common stock such stockholders are entitled to receive, which will be determined based on the calculation set forth below in the section below titled "Calculation of Merger Consideration." Holders of Alltel common stock will not be required to pay for the shares of Valor common stock they receive and will also retain all of their shares of Alltel common stock. Existing shares of Valor common stock will remain outstanding.

By virtue of the merger, Newco will assume \$261.0 million in Alltel debt and \$400.0 million in outstanding Valor debt securities. Newco will also borrow approximately \$781.0 million under its new senior secured credit facility in order to prepay the amounts outstanding under Valor's existing credit facility. These amounts, together with the \$3.965 billion in financings consummated by Spinco prior to the merger and certain expenses related to the transaction, will result in Newco having approximately \$5.5 billion in total debt immediately following completion of the merger. It is expected that Newco will use proceeds from its new senior secured credit facilities to refinance approximately \$81.0 million of Alltel's outstanding bonds (plus an additional approximately \$9.5 million in related make-whole premiums) and to purchase any of Valor's

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outstanding bonds that may be tendered pursuant to the terms thereof as a result of the merger. However, no Valor bonds are expected to be tendered as a result of the merger.

Calculation of Merger Consideration

The merger agreement provides that Valor will issue in the aggregate to holders of Alltel common stock a number of Valor shares equal to (a) the number of shares of Valor common stock outstanding as of the effective time of the merger multiplied by (b) 5.667. For ease of reference, we will refer to the product of this equation as the aggregate merger consideration. Under the distribution agreement, Alltel stockholders will be entitled to receive shares of Spinco common stock (the amount of which will be determined by Alltel and Spinco prior to the distribution) based on the number of shares of Alltel common stock they own at the effective time of the merger. Each share of Spinco common stock which Alltel stockholders will be entitled to receive in the distribution will be converted into the right to receive a number of Valor shares equal to the aggregate merger consideration, divided by the number of Spinco shares outstanding as of the effective time of the merger. For ease of reference, we will refer to the product of this equation as the per share merger consideration.

Neither the aggregate merger consideration nor the per share merger consideration will be adjusted in the event of a decline in the value of the Alltel wireline telecommunications business that is being contributed to Spinco. If the value of this business declines after Valor stockholders approve the merger proposals, the market price of Newco common stock following completion of the merger will be less than Valor stockholders anticipated when they voted to approve the merger proposals. In this event, there will also be no adjustment of the aggregate merger consideration, or the per share merger consideration.

It is presently estimated that Valor will issue in the aggregate approximately 403 million shares of common stock to Alltel stockholders pursuant to the merger, or approximately 1.04 shares of Valor common stock (subject to variation based on the number of shares of Spinco common stock to be distributed to Alltel stockholders and as a result of compensatory equity grants and other issuances) for each share of Spinco common stock outstanding as of the effective time of the merger. When the merger is completed, Alltel stockholders will together own approximately 85%, and Valor's stockholders will own approximately 15%, of the shares of common stock of Newco on a fully diluted basis. The following illustration sets forth the manner in which these estimated amounts were calculated:

For purposes of this calculation only it is assumed that the effective time of the merger occurred on February 1, 2006. On February 1, 2006 there were 387,188,917 shares of Alltel common stock outstanding and 71,063,265 fully-diluted shares of Valor common stock outstanding.

Step 1: Calculate the aggregate merger consideration. The merger agreement provides that Valor will issue to holders of Alltel common stock a number of Valor shares equal to the number of fully-diluted shares of Valor common stock outstanding as of the effective time of the merger multiplied by 5.667. As of February 1, 2006 there were 71,063,265 shares of Valor common stock outstanding. Therefore to determine the aggregate merger consideration we must multiply 71,063,265 by 5.667, which equals 402,715,522.76 shares.

Step 2: Determine number of Spinco shares outstanding. The distribution agreement contemplates Alltel issuing a number of shares of Spinco common stock for each share of Alltel common stock outstanding as of the effective time that is to be determined by Alltel and Spinco prior to the distribution. For purposes of this illustration only, it is assumed that one share of Spinco common stock will be issued for each share of Alltel common stock outstanding. Assuming 387,188,917 shares of Alltel common stock are outstanding as of the effective time of the merger, there will be 387,188,917 shares of Spinco common stock outstanding as of the effective time of the merger.

Step 3: Calculate the per share merger consideration. The merger agreement provides that each share of Spinco common stock will be converted into the right to receive a number of Valor shares equal to the aggregate merger consideration, divided by the number of Spinco shares outstanding as the effective time of the merger. In this illustration the aggregate merger consideration equals 402,715,522.76 shares and the number of Spinco shares

outstanding as of the effective time is

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387,188,917. Hence, to determine the per share merger consideration we must divide 402,715,522.76 by 387,188,917, which equals approximately 1.04.

Based on the foregoing, it is currently estimated that Alltel stockholders will receive approximately 1.04 shares of Valor common stock in exchange for each Spinco share such stockholder is entitled to receive in the distribution and that Valor will be obligated to issue in the aggregate 402,715,522.76 shares of Valor common stock to Alltel stockholders. This issuance would result in Alltel stockholders owning approximately 85%, and Valor's stockholders will own approximately 15%, of the shares of common stock of Newco on a fully diluted basis following completion of the merger.

The following table set forth the values used in the above calculation:

Valor Common Stock Outstanding (fully-diluted)	Spinco Common Stock Outstanding	Aggregate Merger Consideration	Approximate per Share Merger Consideration
71,063,265	387,188,917	402,715,522.76	1.04

The actual number of shares of Valor common stock outstanding as of the effective time of the merger will likely be different than the number of shares outstanding as of February 1, 2006 (as set forth in the above illustration) as a result of compensatory equity grants and other issuances of Valor common stock. Any change in the number of shares outstanding will cause the aggregate merger consideration to be different from that set forth in the above illustration. In addition, the actual number of shares of Spinco common stock distributed to Alltel stockholders may be different than as set forth in the above illustration if Alltel and Spinco elect to issue more or less than one share of Spinco common stock for each outstanding share of Alltel common stock. Any change in the number of shares of Spinco common stock distributed will cause the per merger consideration to change. However, the calculation of the merger consideration is structured so that following completion of the merger Alltel stockholders will own approximately 85%, and Valor's stockholders will own approximately 15%, of the shares of common stock of Newco on a fully diluted basis notwithstanding such issuances.

We encourage you to carefully read the merger agreement and the distribution agreement which are attached as Annexes A and B to this proxy statement/ prospectus-information statement and incorporated herein by reference, respectively, because they set forth the terms of the merger and the distribution of shares of Spinco common stock to Alltel's common stockholders.

Background of the Merger

In pursuing strategies to enhance stockholder value, Valor regularly considered opportunities for strategic business combinations. Valor received and responded to requests for potential transaction proposals from third parties operating rural local exchange carriers and actively pursued possible business combination transactions with those third parties. In addition, from time to time, Valor's senior management engaged in informal discussions regarding possible business combination transactions with their counterparts at other telecommunications companies. However, after analysis of financial information and other factors and after discussions with the Valor Board of Directors, none of these discussions progressed beyond the preliminary stages. Valor's Board of Directors received regular updates from management concerning Valor's transaction opportunities, and the topic of potential strategic transactions was a recurring agenda item at most board meetings. At various times, and most recently in August 2005, senior management invited Valor's financial advisors (other than the financial advisors that rendered opinions to the Board of Directors of Valor in connection with the merger) to provide the Board of Directors with a comprehensive overview of the potential financial and stockholder benefits of various transactional opportunities between Valor and other rural local exchange carriers.

Alltel announced in January 2005 that it would undertake a thorough review of the strategic alternatives available to its wireline business. Since the inception of Valor's business operations in July 2000, Valor has had a relationship with Alltel, which provides Valor with outsourced operational support services, including billing and customer care

systems. Following the Alltel announcement, and in the context of this long-standing business relationship, at various times members of Valor's Board of Directors and senior management contacted members of Alltel's senior management team to express interest in Alltel's strategic review process, and to inquire about potential opportunities for a business combination between Valor and Alltel's wireline

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business. Valor's financial advisors kept the company informed regarding the Alltel process and its potential implications to Valor.

As the Alltel review process progressed, Valor's financial advisors recommended that the timing was appropriate for Valor to initiate a preliminary meeting with representatives of Alltel to further discuss a possible transaction. In August 2005, Anthony J. de Nicola, Valor's Chairman of the Board, contacted Scott Ford, Alltel's President and Chief Executive Officer, to schedule a meeting between the companies. On September 13, 2005, Mr. de Nicola and John J. Mueller, Valor's Chief Executive Officer, met in Little Rock, Arkansas with Mr. Ford and Jeffrey H. Fox, Alltel's Group President - Shared Services. At that meeting, Mr. Mueller presented information prepared by Valor management on Valor's operations and the potential operational and financial benefits of a strategic transaction between Valor and Alltel. Mr. Ford stated that Alltel was considering initiating an active process to explore strategic options for repositioning its wireline assets and invited Valor to consider participating in such a process were it to occur. At a September 14, 2005 meeting of Valor's Board of Directors, Mr. Mueller advised the Board on the meeting between Alltel and Valor senior management, and described the process that Alltel planned to undertake and the potential for a strategic combination between Valor and the Alltel wireline business. The Board of Directors authorized Valor management to participate in a potential Alltel process.

On September 22, 2005, Alltel announced its intention to begin a formal process to assess the market environment for a strategic repositioning of its wireline business. On that date, Valor and Alltel executed a non-disclosure agreement. Thereafter, on September 28, 2005, Valor received an information book, which provided detailed financial and operational information on Alltel's wireline business and other related operating units it proposed to separate. Under separate cover, Valor received correspondence from Alltel's financial advisors on September 30, 2005 inviting Valor to participate in a review of a potential merger with Alltel's wireline business units and related ancillary operations in conjunction with the separation of those operations from Alltel's wireless operations. The correspondence indicated that Alltel would consider merger proposals that met certain principal objectives, including ensuring tax-free treatment of the transaction, maximizing Alltel stockholder value, establishing an appropriate capital structure, implementing a sustainable dividend policy and consummating an acceptable transaction expeditiously with the least disruption to the wireline business and its employees, suppliers and customers. Alltel requested the submission of detailed proposals no later than October 17, 2005.

In preparation for Valor's participation in the Alltel process, on September 15, 2005 Mr. de Nicola contacted Wachovia Securities to explore the possibility of Wachovia Securities serving as Valor's financial advisor in connection with the Company's evaluation of the Alltel opportunity. On September 28, 2005, Wachovia Securities provided Valor's senior management and several members of its Board with a preliminary presentation addressing a proposed framework for developing a proposal for Alltel's wireline business. The presentation delineated issues for Valor to consider in developing its proposal, and included financial analyses of comparable public companies, projections of operating statistics and valuations for a stand-alone Alltel wireline entity and preliminary valuation analyses for a combination of Alltel and Valor under various scenarios. On October 15, 2005, Valor and Wachovia Securities executed an engagement letter and non-disclosure agreement.

On October 10, 2005, the Valor Board of Directors held a special meeting, the purpose of which was for management to update the Board on the Alltel process and the potential participation of Valor in that process. At this meeting, the Board adopted a resolution authorizing Valor to evaluate the Alltel materials and to prepare and submit a proposal to Alltel. The Board also approved and ratified Valor's engagement of legal, financial, tax and accounting experts to aid in the evaluation of the Alltel opportunity and to assist Valor in the preparation of its proposal. Finally, the Board approved the creation of the Special Finance Committee, the purpose of which was to assist management with respect to the Alltel opportunity and to provide information on the Alltel process to the remainder of the Board. The members of the Special Finance Committee were Mr. de Nicola, and Board members Norman Alpert and Edward Heffernan.

On October 14, 2005, the Special Finance Committee met with members of Valor senior management and Wachovia Securities representatives to discuss the status of the preparation of Valor's response to Alltel.

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Wachovia Securities made a presentation to the Special Finance Committee that addressed the various financial issues raised by Valor's proposed response to Alltel, including issues of valuation of Valor and benefits to stockholders of Alltel and Valor. Valor's management also updated the Special Finance Committee on its analysis of potential synergies that might result from a merger of Valor and Alltel's wireline business.

On October 17, 2005, Valor submitted to Alltel a preliminary proposal containing the terms of a potential merger between Valor and Alltel's wireline business and its related ancillary operations. That response contained an offer letter and a PowerPoint presentation setting forth the terms of the Valor offer.

Beginning on October 25 and continuing through October 26, 2005, representatives of Valor and Alltel and their respective financial advisors met in Little Rock, Arkansas. During these meetings, Valor and Alltel made management presentations, began preliminary due diligence relating to the other's businesses and explored the possible synergies of a potential merger of Valor and Alltel's wireline business. Thereafter, Valor and Alltel provided each other with access to documents for the purpose of continued due diligence.

On November 3, 2005 the Valor Board of Directors held a regularly scheduled meeting. During this meeting, Wachovia Securities provided the Board with an update on the Alltel process and updated its earlier Board presentation with respect to the terms and benefits of a potential merger.

On November 11, 2005, Alltel's financial advisors scheduled a meeting with Mr. de Nicola and Wachovia Securities' representatives, and provided them with a preliminary term sheet in response to Valor's October 17, 2005 submission. The Alltel term sheet outlined the material terms upon which Alltel would be willing to merge the Alltel wireline business with Valor.

At various times following the November 11, 2005 meeting, Mr. Ford and Mr. de Nicola discussed the differences between each company's proposal. In these discussions, and in other communications between the parties' financial advisors during the period of November 11-14, 2005, certain fundamental economic terms were negotiated, including, among other terms, the percentage of ownership that Valor and Alltel stockholders would have in the surviving corporation following the merger, the dividend pay-out ratio, the appropriate debt capitalization of the company, the amount of the annual dividend, and the number of Newco board of director positions that would be allocated to pre-merger Valor directors in Newco.

On November 16, 2005, the Special Finance Committee of the Valor Board of Directors met with members of Valor's senior management and representatives of Wachovia Securities in order to review the current status of the potential Alltel transaction. Representatives of Wachovia Securities highlighted the differences between the terms proposed by Valor and those proposed by Alltel. Mr. de Nicola then updated the Committee on the status of the discussions on merger terms between him and Mr. Ford, as well as other discussions between the parties' financial advisors where they attempted to resolve differences between the parties' economic terms. The Committee discussed with Wachovia Securities the terms on which Valor and Alltel could potentially reach agreement, and discussed whether those terms would be fair to Valor's stockholders. The Committee also considered, in light of current and expected future market conditions and risks, whether other potential transactional opportunities would produce superior benefits to Valor's stockholders. After substantial discussion, the Committee members recommended that management attempt to complete a merger agreement with Alltel. Wachovia Securities preliminarily advised the Committee that it believed, subject to further review and analysis, it would be able to render an opinion to Valor's Board of Directors that a merger on the discussed terms was fair from a financial point of view to Valor and its stockholders. The Committee also determined that it was a best practice of sound corporate governance for the Committee to recommend that the Board of Directors engage another advisor to provide the Board with a second fairness opinion.

Following the meeting of the Valor Special Finance Committee, Mr. de Nicola communicated Valor's merger terms to Mr. Ford. Thereafter, Mr. Ford communicated to Mr. de Nicola Alltel's preliminary acceptance of Valor's proposed merger terms, subject to completion of definitive agreements and final approval by Alltel's board of directors.

On November 18, 2005, the Valor Board of Directors held a special meeting to discuss the potential Alltel transaction. Wachovia Securities provided the Board with an overview of the proposed transaction,

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including the principal economic terms upon which Valor and Alltel had reached a preliminary agreement. Wachovia Securities made a presentation to the Board showing the estimated valuation and the potential stockholder value of the proposed merger. Kirkland & Ellis LLP, Valor's legal advisor, discussed the Board's obligations under Delaware law. Thereafter, the Board adopted a resolution authorizing management to take all necessary and appropriate steps required to complete a merger agreement with Alltel, including the completion of due diligence and the retention of any necessary advisors.

On November 18, 2005, Alltel's financial advisors provided Valor's management and financial advisors with the draft of a merger agreement and distribution agreement and on December 3, 2005, a tax sharing agreement. From November 21 through December 8, 2005, management, legal and financial representatives for Valor and Alltel met numerous times, engaged in numerous conference calls and exchanged drafts to negotiate the merger agreement, various other ancillary agreements and other legal, tax and regulatory issues. In addition, Valor finalized its due diligence with respect to the Alltel wireline business, including submission of follow-up due diligence requests and meeting with members of the Alltel management team with respect to various legal, business and financial issues.

On November 29, 2005, members of the Valor and Alltel management teams met in Dallas, Texas. The purpose of the meeting was to allow various members of Alltel's management team to meet with their Valor counterparts to discuss specific issues related to discrete operational and administrative aspects of Valor's business. On November 30 through December 1, 2005, Valor and Alltel continued their discussions in Little Rock, Arkansas. Members of Valor's management team, and its legal, financial and accounting advisors, continued Valor's legal, business, tax and accounting due diligence. In addition, Alltel management provided Valor management and its legal and financial advisors with an overview of prospective, post-merger inter-company agreements between Alltel's wireline and wireless businesses, as well as discussing other potential operational details regarding a combined Valor-Alltel wireline entity.

On November 30 and December 2, 2005, the Special Finance Committee of the Valor Board met. During both meetings, counsel from Kirkland & Ellis LLP reviewed the status of the negotiations on the merger agreement and ancillary agreements, and addressed major open issues in those negotiations. Also, members of Valor management and the company's various advisors updated the Committee on the status of Valor's business, legal, tax and accounting due diligence on Alltel.

Valor engaged Bear, Stearns & Co. Inc. on December 5, 2005 to provide an independent opinion on the fairness of the potential merger. Bear Stearns met with members of Alltel's management, and it conducted an independent review of financial information regarding Valor and the Alltel wireline business and the merger documentation.

On December 6, 2005, the Valor Board met again to review the possible merger with the Alltel wireline business. Members of Valor's senior management team, and its legal, tax, accounting and financial advisors, made preliminary presentations to the Board regarding the results of their business, legal, tax and accounting due diligence of the Alltel wireline business, valuation analyses, the strategic rationale for the potential merger and the terms and conditions of the merger, including a detailed review of significant open and resolved legal issues. Following the presentation of this information, the Board authorized Valor management to continue to pursue the proposed merger.

Valor and Alltel completed their negotiations of the merger agreement and ancillary documents on December 8, 2005. Later that day, the Valor Board of Directors met to review the final terms and conditions of the merger agreement and received final reports regarding the business, legal, tax and accounting due diligence from Valor's senior management team, and its legal, tax, accounting and financial advisors. The Board discussed other potential strategic alternatives that Valor had reviewed prior to exploring the Alltel opportunity and that might be available to Valor, including remaining as a separate independent entity and considered such potential alternatives and the proposed Alltel transaction. At this meeting, the Board also received oral and written opinions of Wachovia Securities and Bear Stearns, that as of December 8, 2005, and based upon and subject to the factors, qualifications, judgments and assumptions set forth in the written opinions, the aggregate consideration to be issued by Valor in the merger was fair from a financial point of view to Valor and its stockholders. Following further discussion, the Valor Board unanimously determined that

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the merger was in the best interests of Valor and its stockholders, approved the merger and the merger agreement, the distribution agreement, the tax sharing agreement and related ancillary agreements, authorized the filing of all necessary regulatory applications and consents on behalf of Valor, authorized the preparation and filing of a Registration Statement on Form S-4, and directed Valor's management to take all other actions necessary to effectuate the completion of the merger. It also approved the issuance of shares of Valor's common stock in connection with the merger. In addition, Valor's Compensation Committee approved certain retention and severance benefits that are being provided to retain employees in connection with the merger.

The parties signed the merger agreement on December 8, 2005. Before the opening of trading on the New York Stock Exchange on December 9, 2005, the parties issued press releases announcing the execution of the merger agreement.

Valor's Reasons for the Merger

The following discussion of the information and factors discussed by the Valor Board of Directors is not meant to be exhaustive but is believed to include all material factors considered by it in reaching its determination that the Valor-Spinco merger is fair to and in the best interests of Valor and its stockholders. The Board of Directors did not quantify or attach any particular weight to the various factors that it considered in reaching its determination that the terms of the merger are fair to, and in the best interests of, Valor and Valor stockholders. Rather, the Board of Directors viewed its position as being based on the totality of the information presented to and considered by it. As a result of the consideration of the foregoing and other relevant considerations, the Board of Directors determined that the merger, including the terms of the merger agreement, distribution agreement and the other agreements relating to the merger, are fair to, and in the best interests of, Valor and its stockholders.

In reaching its recommendation, the Board considered the current and historical financial condition and results of operations of Valor, competitive activity, the prospects and strategic objectives of Valor, and the Valor-specific and industry risks involved in achieving those objectives. The Board of Directors also considered trends in the industry in which Valor operates, and the strategic options available to Valor, including other potential transactional opportunities available to Valor and the alternative to remain a separate public company, as well as the risks and uncertainties associated with such alternatives.

In the course of their discussions, both Valor and Alltel recognized that there were substantial potential strategic and financial benefits of the proposed merger. The completed merger should provide Valor stockholders with a modest premium over current share price, and Valor's current stockholders may have an opportunity to improve their long-term returns by creating a leading rural-focused wireline company and one of the largest local telecommunications carriers in the United States.

The footprint of Alltel's rural markets and the states in which it operates are highly complementary to Valor's rural market footprint, and Alltel will bring high quality rural assets to the combined company. With over 3.4 million access lines in sixteen states as of December 31, 2005, Newco will be one of the largest local telecommunications carriers in the United States, and the largest local telecommunications carrier primarily focused on rural markets. As a result, Newco will have significantly greater size and scale than what Valor enjoys today.

Since the inception of Valor's business operations in July 2000, Valor has had a relationship with Alltel, which provides Valor with outsourced operational support services, including a billing and customer care platform. The fact that the companies share a common billing and customer care platform may ease the business integration of Valor and Spinco, and may reduce the costs and risks associated with the integration.

Because of increased size and economies of scale, Newco should have greater financial flexibility to develop and deploy products, expand the capacity of its network, respond to competitive pressures and implement future transactions. Newco's increased size, economies of scale and total capabilities are also expected to enable it to improve the cost structure for its products and services, enhancing its ability to offer services and compete profitably. The post-merger company will have better diversification of customers, revenues and earnings across a broader geographic area. It also should have the ability to better leverage

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existing infrastructure, creating cost savings opportunities, financial flexibility and potential for further value creation.

The pro forma capital structure of Newco results in lower debt leverage and lower cost of capital, which should reduce the overall financial risk of the combined company. Moreover, the merger positions the combined company as an industry consolidator.

Valor believes that Newco will benefit substantially from capital investment, cost and revenue synergies. Valor and Alltel estimate the annual value of these synergies at approximately \$40.0 million. These synergies include, but are not limited to, the following:

expected volume discounts and benefits of increased purchasing capacity expected to result from Newco's increased size and scale;

reduction in office space, real estate and facilities;

consolidation of back-office functions;

reduced employee and related costs associated with maintaining duplicative functions; and

reduced combined sales and marketing costs and general and administrative costs.

The foregoing estimates were developed by the senior managements of Valor and Alltel during their due diligence reviews. The expected terms for realizing potential sources of synergies and cost savings vary because of the variety of sources within each category, such that some are estimated to affect results of operations in the short term and others over the long term.

The actual synergistic benefits from the merger and costs of integration could be different from the foregoing estimates, and these differences could be material. Accordingly, there can be no assurance that any of the potential benefits described above or included in the factors considered by the Valor Board of Directors will be realized. See **Risk Factors** - Risks Relating to the Spin-Off and the Merger.

Valor Board of Directors Recommendation to Valor Stockholders

The Valor Communications Group, Inc. Board of Directors has unanimously approved the merger agreement and unanimously recommends that the Valor stockholders vote FOR the proposals to adopt the merger agreement, approve the increase in authorized shares of Valor common stock pursuant to the merger and the issuance of Valor common stock pursuant to the merger, each of which is necessary to effect the merger, as well as **FOR** the adoption of the 2006 Equity Incentive Plan (which is conditioned on stockholder approval of the merger proposals).

Opinion of Valor's Financial Advisor Wachovia Securities

Valor's Board of Directors retained Wachovia Securities on October 15, 2005 to act as its financial advisor and to provide a fairness opinion in connection with the transactions contemplated by the merger agreement. Valor's Board of Directors selected Wachovia Securities to act as its financial advisor based on Wachovia Securities' qualifications, expertise and reputation. At the meeting of Valor's Board of Directors on December 8, 2005, Wachovia Securities rendered its oral opinion, subsequently confirmed in writing on December 8, that as of December 8, 2005, and subject to and based on the assumptions made, procedures followed, matters considered and limitations of the review undertaken in such opinion, the aggregate merger consideration to be paid by Valor pursuant to the merger agreement was fair, from a financial point of view, to Valor and its stockholders.

The full text of the written opinion of Wachovia Securities which sets forth the assumptions made, matters considered and limitations on the opinion and on the review undertaken in connection with the opinion, is attached as Annex D-1. The opinion of Wachovia Securities is for the information and use of the Board of Directors of Valor in connection with its consideration of the merger and relates only to the fairness, from a financial point of view, of the aggregate merger consideration to Valor and its stockholders. This opinion does not and shall not constitute a recommendation to any holder of Valor common stock as to how

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such holder should vote in connection with the merger agreement or any other matter related thereto. You should carefully read the opinion in its entirety.

In arriving at its opinion, Wachovia Securities, among other things:

Reviewed the merger agreement, including the financial terms of the merger, and the agreements contemplated thereby;

Reviewed Annual Reports on Form 10-K of Alltel for the three fiscal years ended December 31, 2004; Annual Reports on Form 10-K of Valor for the fiscal year ended December 31, 2004; certain interim reports to stockholders and Quarterly Reports on Form 10-Q of Alltel and Valor; and certain business, financial, and other information regarding each of Alltel and Valor that was publicly available;

Reviewed certain business, financial, and other information regarding Valor and its prospects that was furnished to Wachovia Securities by, and discussed with, the management of Valor;

Reviewed certain business, financial, and other information regarding Alltel and Spinco and their prospects that were furnished to Wachovia Securities by, and discussed with, the management of Alltel and Spinco;

Reviewed the stock price and trading history of Valor common stock;

Compared the available business, financial, and other information regarding each of Valor and Spinco with similar information regarding certain publicly traded companies that Wachovia Securities deemed relevant;

Compared the proposed financial terms of the merger agreement with the financial terms of certain other business combinations and transactions that Wachovia Securities deemed relevant;

Developed discounted cash flow models for each of Valor and Spinco based upon estimates provided by the management of each of Valor and Spinco, as to each of Valor and Spinco respectively, and certain estimates discussed with the management of Valor;

Reviewed the potential pro forma impact of the merger on Valor's financial statements;

Considered other information such as financial, economic and market criteria that Wachovia Securities deemed relevant; and

Participated in the discussions and negotiations among representatives of Valor and Alltel and their respective financial and legal advisors that resulted in the merger agreement.

In connection with its review, Wachovia Securities assumed and relied upon the accuracy and completeness of the foregoing financial and other information and did not and does not assume any responsibility for, nor did it conduct, any independent verification of such information. Wachovia Securities relied upon the assurances of the management of Valor and Alltel that they were not aware of any facts or circumstances that would make such information about Valor or Alltel inaccurate or misleading.

Wachovia Securities has been provided with prospective financial information, including post-merger synergies, for Valor and Spinco by each of their managements, respectively. Wachovia Securities was also provided with prospective financial information of Spinco by Alltel, including cost allocations by Alltel to Spinco. Wachovia Securities discussed such prospective financial information, as well as the assumptions upon which they are based, with the management of each of Valor, Alltel and Spinco. Wachovia Securities assumed that the forecasts, estimates, judgments, and all assumptions expressed by the management of each of Valor, Alltel and Spinco in such projections have been reasonably formulated and that they were the best available forecasts, estimates, judgments, allocations and

assumptions of each of the respective managements of Valor, Alltel and Spinco regarding such projections. Wachovia Securities did not and does not assume any responsibility for, and did not and does not express any view as to, any such prospective financial information or the assumptions upon which they are based. Wachovia Securities also assumed that the cost allocations by Alltel to Spinco provided to Wachovia Securities by Alltel reflect the true standalone costs that Spinco will experience following the merger. Wachovia Securities discussed certain estimates for Valor and for Spinco,

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and the reasonableness of the assumptions upon which they are based, with the management of Valor. The Board of Directors of Valor did not place any limitations on Wachovia Securities in conducting its analysis of the merger in connection with rendering its fairness opinion. The Board of Directors of Valor did not ask Wachovia Securities to, nor did Wachovia Securities, explore or conduct a review of strategic alternatives for Valor. Wachovia Securities has not conducted any physical inspection or assessment of the facilities or assets of Valor, Alltel or Spincor. In addition, Wachovia Securities has not made an independent evaluation or appraisal of the assets and liabilities (including any contingent, derivative or off-balance sheet assets and liabilities) of Valor, Alltel or Spincor or any of their respective subsidiaries and has not been furnished with any such evaluations or appraisals.

In rendering its opinion, Wachovia Securities assumed that the merger will be consummated on the terms described in the merger agreement and the agreements contemplated thereby without waiver of any material terms or conditions, and that each party to the merger agreement and the agreements contemplated thereby will perform all of the covenants and agreements required to be performed by it thereunder without any consents or waivers of the other parties thereto. Wachovia Securities also assumed that in the course of obtaining any necessary legal, regulatory or third party consents and/or approvals, no restrictions will be imposed or delay will be suffered that will have a material adverse effect on Valor, or on the merger or on other actions contemplated by the merger agreement in any way meaningful to Wachovia Securities' analysis. Wachovia Securities further assumed that the merger agreement and the agreements contemplated thereby will not differ in any material respect from the drafts furnished to and reviewed by Wachovia Securities. In addition, Wachovia Securities has assumed that the merger and the distribution to Spincor will be tax-free, for United States federal income tax purposes.

The summary set forth below does not purport to be a complete description of the analyses performed by Wachovia Securities, but describes, in summary form, the material elements of the presentation that Wachovia Securities made to Valor's Board of Directors on December 8, 2005, in connection with Wachovia Securities' fairness opinion. The preparation of a fairness opinion is a complex process and is not necessarily susceptible to a partial analysis or summary description. In arriving at its opinion, Wachovia Securities considered the results of all of its analyses as a whole and did not attribute any particular weight to any analysis or factor considered by it. The analyses described below must be considered as a whole, and considering portions of these analyses, without considering all of them, would create an incomplete view of the process underlying Wachovia Securities' analyses and opinion. Wachovia Securities reached a single conclusion as to fairness based on its experience and professional judgment and its analysis as a whole. This fairness conclusion was communicated to the Valor Board of Directors. Wachovia Securities does not, as part of its process, isolate various analyses and reach separate conclusions with respect to their relative significance and relevance.

Wachovia Securities chose to perform the financial analyses that it performed in connection with the transaction based on its experience and professional judgment. These analyses were performed solely as a part of Wachovia Securities' analysis of the fairness, from a financial point of view, to Valor and its stockholders, as of the date of the opinion, of the aggregate merger consideration paid by Valor pursuant to the terms of the merger agreement and were conducted in connection with the delivery by Wachovia Securities of its fairness opinion to the Valor Board of Directors.

Valuation of Valor on a Stand-Alone Basis

In conducting its analysis, Wachovia Securities used six methodologies to determine the valuation of Valor as a stand-alone entity.

Historical Stock Trading Analysis. Wachovia Securities reviewed publicly available historical trading prices for shares of Valor common stock for the period beginning on the date of Valor's initial public offering (February 9, 2005) and ending on December 6, 2005. The trading range of shares of Valor common stock in this period was \$11.28-\$16.17.

Comparable Companies Analysis. Wachovia Securities compared financial, operating and stock market data of Valor to the following publicly traded companies that participate predominantly, or in part, in the

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regional telecommunications industry: CenturyTel, Cincinnati Bell, Commonwealth Telephone, Iowa Telecommunications, Citizens Communications, Fairpoint Communications, and Consolidated Communications. The multiples and ratios of each of the selected publicly traded companies were based upon the most recent publicly available information.

The following table presents the most relevant analyses of the selected publicly traded companies:

	Low	High	Median	Mean	Reference Multiple Range	Implied Valor Equity Value per Share
Enterprise Value to 2005(E) EBITDA (earnings before interest, taxes, depreciation and amortization)	5.5x	8.3x	6.9x	6.9x	6.1x - 7.8x	\$7.64 - \$14.29
Equity Value to 2005(E) Free Cash Flow	6.3x	9.5x	8.0x	8.0x	7.0 - 9.3x	\$12.75 - \$16.97
Enterprise Value per Access Line	\$3,158.4	\$4,509.1	\$3,675.0	\$3,678.8	\$3,175 - 4,153	\$7.32 - \$14.46

With regard to the comparable companies analysis summarized above, Wachovia Securities selected comparable publicly traded companies on the basis of various factors, including the size of the public company and the similarity of the lines of business. No public company used as a comparison, however, is identical to Valor. Accordingly, these analyses are not purely mathematical, but also involve complex considerations and judgments concerning the differences in financial and operating characteristics of the comparable companies and other factors. These factors could affect the public trading value of the comparable companies to which Valor is being compared.

Selected Transactions Analysis. Using publicly available information and analysis prepared by Wachovia Securities, Wachovia Securities examined selected transactions involving companies with similar types of operations as Valor announced from December 1999 to November 2004. The selected transactions were:

Target	Acquiror
NTELOS	Quadrangle/CVC
Verizon Communications Hawaii	The Carlyle Group
TXU Communications	Consolidated Communications
Illinois Consolidated Telephone Co.	Homebase Acquisition Corp.
Conestoga Enterprises	D&E Communications
Verizon KY	ALLTEL
Verizon AL, MO	CenturyTel
Kerrville Communications	VALOR Telecom
Global Crossing ILEC	Citizens Communications
GTE Corp. (Illinois)	Citizens Communications

The following table presents the most relevant analyses of these transactions:

Low	High	Median	Reference Multiple Range	Implied Equity Value per Share
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Enterprise Value to LTM (last twelve months) EBITDA	6.0x	9.4x	7.4x	6.5x - 7.5x	\$9.15 - \$13.01
Enterprise Value per Access Line	\$2,334	\$4,370	\$3,137	\$3,250 - \$4,000	\$7.86 - \$13.34

Because the market conditions, rationale and circumstances surrounding each of the transactions analyzed were specific to each transaction and because of the inherent differences between Valor's businesses, operations and prospects and those of the comparable acquired companies, Wachovia Securities believed that it was inappropriate to, and therefore did not, rely solely on the quantitative results of the analysis. Accordingly, Wachovia Securities also made qualitative judgments concerning differences between the characteristics of these transactions (including market conditions, rationale and circumstances surrounding each of the transactions, and the timing, type and size of each of the transactions) and the merger that could affect Valor's acquisition value.

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Premiums Paid Analysis. Based on publicly available information, Wachovia Securities analyzed the premiums paid in selected comparable transactions involving publicly traded companies as of thirty (30) days prior to the announcement date of each transaction. The selected comparable transactions are as follows:

Target	Acquiror
First National Bankshares FL	Fifth Third Bancorp
Varco International Inc.	National-Oilwell Inc.
Artesyn Technologies Inc.	Bel Fuse Inc.
Cornerstone Realty Income Trust	Colonial Properties Trust
Veritas Software Corp.	Symantec Corp.
Public Svc Enterprise Group Inc.	Exelon Corp.
Gillette Co.	Procter & Gamble Co.
AT&T Co.	SBC Communications Inc.
Great Lakes Chemical Corp.	Crompton Corp.
Ask Jeeves Inc.	IAC/ InterActive Corp.
Mykrolis Corp.	Entegris Inc.
Macromedia Inc.	Adobe Systems Inc.
SpectraSite Inc.	American Tower Corp.
Cinergy Corp.	Duke Energy Corp.
Shurgard Storage Centers Inc.	Public Storage Inc.
WFS Financial Inc.	Wachovia Corporation
Westcorp	Wachovia Corporation
Medicis Pharmaceutical Corp.	Mentor Corp.

The following table presents the results of this analysis:

	Low	High	Median	Mean	Reference Multiple Range	Implied Valor Equity Value per Share
30-Day Premium	(3.4)%	35.8%	16.8%	17.3%	(3.4)% - 35.8%	\$12.07 - \$16.97

No company utilized in the premiums paid analysis is identical to Valor, nor is any transaction identical to the merger. Therefore, a purely quantitative premiums paid analysis would not be dispositive in the context of the merger, and an appropriate use of such analysis involves qualitative judgments concerning the differences between the characteristics of these transactions and the merger that would affect the value of the selected companies and Valor.

Discounted Cash Flow Analysis of Valor. Wachovia Securities performed a discounted cash flow analysis for Valor on a stand-alone basis based on financial estimates for 2006-2010 provided by the management of Valor and estimates discussed with the management of Valor. Wachovia Securities assumed terminal value multiples ranging from 6.0x to 7.0x EBITDA in calendar year 2010 and discount rates ranging from 7.5% to 8.5%. The implied Valor equity value per share ranged from \$9.62 - \$13.15.

Additionally, Wachovia Securities performed a discounted cash flow analysis for Valor on a stand-alone basis based on modified financial estimates for 2006-2010 provided by and discussed with the management of Valor. The modified estimates assumed that Valor's access line loss increased to 4% annually in 2006-2010. Wachovia Securities assumed terminal value multiples ranging from 6.0x to 7.0x EBITDA in calendar year 2010 and discount rates ranging from 7.5% to 8.5%. The implied Valor equity value per share ranged from \$8.01 to \$11.25.

Implied Percentage Ownership Analysis

Based in part on the valuation of Valor as a stand-alone entity, Wachovia Securities then performed financial analyses to determine the ranges of implied percentage ownership by holders of Valor common stock

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in the combined company. Wachovia Securities then compared these ranges of implied percentage ownership to the actual post-merger ownership of 15.0% of the combined company by current holders of Valor common stock pursuant to the merger agreement.

Implied Percentage Ownership Analysis based on Comparable Public Companies. Wachovia Securities analyzed the implied equity value of Valor and Spinco using the same comparable companies as in the Valor stand-alone analysis of comparable publicly traded companies.