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ALLTEL CORP  
Form 424B5  
May 02, 2002

Filed pursuant to Rule 424(b) (5)  
SEC File No. 333-85142

PROSPECTUS SUPPLEMENT  
(TO PROSPECTUS DATED APRIL 10, 2002)

25,000,000 EQUITY UNITS  
(INITIALLY CONSISTING OF 25,000,000 CORPORATE UNITS)

[LOGO] Alltel Corporation

ALLTEL CORPORATION

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ALLTEL Corporation is offering 25,000,000 equity units. The equity units initially will consist of units referred to as corporate units, each with a stated amount of \$50. Each corporate unit will include a purchase contract pursuant to which you will agree to purchase from us shares of our common stock on May 17, 2005, and we will make quarterly contract adjustment payments to you at the rate of 1.50% of the stated amount per year, as described in this prospectus supplement. Each corporate unit will also include \$50 principal amount of our senior notes due May 17, 2007. The notes will bear interest at a rate of 6.25% per year, which rate is expected to be reset on or after February 17, 2005. The notes will not trade separately from the corporate units unless and until substitution is made or following early settlement as described in this prospectus supplement.

The corporate units have been approved for listing on the New York Stock Exchange, or NYSE, subject to official notice of issuance, under the symbol "AYZ." On April 30, 2002, the last reported sale price of our common stock on the NYSE was \$49.50 per share.

INVESTING IN THE EQUITY UNITS INVOLVES RISKS THAT ARE DESCRIBED IN "RISK FACTORS" BEGINNING ON PAGE S-21 OF THIS PROSPECTUS SUPPLEMENT.

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	PER CORPORATE UNIT	TOTAL
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Public offering price (1).....	\$50.00	\$1,250,000,000
Underwriting discount.....	\$1.50	\$37,500,000
Proceeds, before expenses, to ALLTEL	\$48.50	\$1,212,500,000

(1) Plus accrued interest and accumulated contract adjustment payments from May 6, 2002, if settlement occurs after that date

The underwriters may also purchase up to an additional 3,750,000 corporate units at the public offering price less the underwriting discount until 13 days after the closing of this offering in order to cover overallotments, if any.

Neither the Securities and Exchange Commission nor any state securities

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commission has approved or disapproved of these securities or determined if this prospectus supplement or the accompanying prospectus is truthful or complete. Any representation to the contrary is a criminal offense.

The corporate units will be ready for delivery in book-entry form only through The Depository Trust Company on or about May 6, 2002.

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JOINT BOOK-RUNNING MANAGERS

BANC OF AMERICA SECURITIES LLC MERRILL LYNCH & CO. SALOMON SMITH BARNEY

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WACHOVIA SECURITIES

BANC ONE CAPITAL MARKETS, INC.

MCDONALD INVESTMENTS INC.

STEPHENS INC.

SUNTRUST ROBINSON HUMPHREY

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The date of this prospectus supplement is April 30, 2002.

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You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the underwriters have not, authorized any other person to provide you with different information. If anyone provides you with different or inconsistent information, you should not rely on it. We are not, and the underwriters are not, making an offer to sell these securities in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement, the accompanying prospectus and the documents incorporated by reference is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates.

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ABOUT THIS PROSPECTUS SUPPLEMENT

This document is in two parts. The first is this prospectus supplement, which describes the specific terms of the securities we are offering and other matters relating to us and our financial condition. The second part, the accompanying prospectus, gives more general information about securities we may offer from time to time, some of which may not apply to the equity units offered by this prospectus supplement and accompanying prospectus.

If the description of the offering varies between this prospectus supplement and the accompanying prospectus, you should rely on the information in this prospectus supplement.

Unless we have indicated otherwise, all information in this prospectus supplement assumes that the underwriters do not exercise their overallotment option. Unless we have indicated otherwise, or the context otherwise requires, references in this prospectus supplement and the accompanying prospectus to "ALLTEL Corporation," "ALLTEL," "we," "us" and "our" or similar terms are to ALLTEL Corporation and its predecessors, and references to our common stock include the associated preferred stock purchase rights under our Rights Agreement dated as of January 30, 1997.

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PROSPECTUS SUPPLEMENT SUMMARY

YOU SHOULD READ THE FOLLOWING SUMMARY IN CONJUNCTION WITH THE MORE DETAILED INFORMATION CONTAINED IN THIS PROSPECTUS SUPPLEMENT, THE ACCOMPANYING PROSPECTUS, AND THE DOCUMENTS INCORPORATED THEREIN BY REFERENCE.

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### ALLTEL

ALLTEL is a customer-focused information technology company that provides communications and information services. We own subsidiaries that provide wireless and wireline local, long-distance, network access and internet services, information processing management services and advanced application software and wide area paging services. For the year ended December 31, 2001, we had \$7.5 billion in revenues, \$1.7 billion in operating income and \$1.1 billion in net income.

As of December 31, 2001, we provided wireless communications services to approximately 6.7 million customers in 21 states. We own a majority interest in wireless operations in 69 metropolitan statistical areas, or MSAs, covering a population of approximately 33.2 million potential customers, or POPs. We also own a majority interest in wireless operations in 132 rural statistical areas, or RSAs, representing approximately 16.3 million wireless POPs. We hold minority interests in operations in 35 other wireless markets, including the Chicago, Illinois and Houston, Texas MSAs. At year-end 2001, our wireless penetration rate (that is, the number of our customers as a percentage of the total population in our service areas) was 13.5%. Wireless revenues and sales comprised 50% of our total operating revenues from business segments in 2001.

Our wireline operations consist of subsidiaries that are incumbent local exchange carriers, or ILECs and competitive local exchange carriers, or CLECs. Through these subsidiaries, we provide local telephone service to more than 2.6 million customers primarily located in rural areas in 15 states. Local telephone services include basic dial-tone, DSL (Digital Subscriber Line), internet, and other enhanced services including call waiting, call forwarding, three-way calling and voicemail. Our 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 26% of our total operating revenues from business segments in 2001.

Our information services subsidiary, ALLTEL Information Services, Inc., provides a wide range of information processing services primarily to the financial services and telecommunications industries through information processing centers that it staffs, equips and operates. ALLTEL Information Services, Inc. also develops and markets software worldwide to financial services and telecommunications companies operating their own information processing departments. Information services revenues and sales comprised 13% of our total operating revenues from business segments in 2001.

Our communications support services business provides long-distance, directory publishing and product supply. As of December 31, 2001, we provided long-distance service to nearly 1.3 million customers. As of that date, our directory publishing business coordinated advertising, sales, printing and distribution for 452 telephone directory contracts in 35 states. Our product supply business distributes telecommunications equipment and materials to affiliated and non-affiliated communications and other companies. Communications support services revenues comprised 11% of our total operating revenues from business segments in 2001.

We are incorporated in Delaware. Our principal executive offices are located at One Allied Drive, Little Rock, Arkansas 72202, and our telephone number is (501) 905-8000. Our website is located at [www.alltel.com](http://www.alltel.com). Information on our website does not form part of this prospectus supplement or the accompanying prospectus.

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## RECENT DEVELOPMENTS

### RECENT OPERATING RESULTS

On April 25, 2002, we announced our results of operations for the quarter ended March 31, 2002. The following table sets forth selected unaudited consolidated financial data for ALLTEL and its subsidiaries for the three months ended March 31, 2002 and 2001. The consolidated selected financial data has been derived from our unaudited consolidated financial statements, and in our opinion, reflects all adjustments, consisting of normal recurring accruals, necessary to present fairly the data for those periods. Results of operations for the three months ended March 31, 2002 are not necessarily indicative of results that may be expected for the full year. You should read the table below together with our Current Report on Form 8-K filed on April 25, 2002 and incorporated by reference in this prospectus supplement and accompanying prospectus.

	THREE MONTHS ENDED MARCH 31,	
	2002	2001
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)	
Total revenue and sales		
Wireless.....	\$ 944	\$ 919
Wireline.....	499	485
Communications support services.....	183	198
Information services.....	239	260
Intercompany eliminations.....	(32)	(35)
	-----	-----
Total.....	\$1,833	\$1,827
Operating income		
Wireless.....	\$ 220	\$ 190
Wireline.....	190	178
Communications support services.....	14	22
Information services.....	35	34
Corporate expenses.....	(51)	(78)
	-----	-----
Total.....	\$ 408	\$ 346
Income before taxes.....	\$ 343/(1)/	\$ 633/(2)/
Net income.....	\$ 214	\$ 396
Diluted earnings per share.....	\$ .68	\$1.25
Ratio of earnings to fixed charges.....	5.37/(1)/	7.75/(2)/
Ratio of earnings to combined fixed charges and preferred stock dividends.....	5.37/(1)/	7.75/(2)/

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 Note: On January 1, 2002, ALLTEL, as required, adopted Statement of Financial Accounting Standards No. 142 "Goodwill and Other Intangible Assets." This standard changed the accounting for goodwill and other indefinite-lived intangible assets from an amortization method to an impairment-only approach. As of January 1, 2002, ALLTEL ceased amortization of goodwill, including goodwill recorded in past business combinations. In addition, we conducted a review of our

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other identifiable intangible assets and determined that our franchise rights and cellular and Personal Communications Services, or PCS, licenses met the indefinite life criteria outlined in SFAS No. 142, as we expect both the renewal by the granting authorities and the cash flows generated from these intangible assets to continue indefinitely. Accordingly, ALLTEL also ceased amortization of the franchise rights and wireless licenses as of January 1, 2002. Assuming the change in accounting for goodwill and other intangible assets was applied retroactively, pro forma net income and diluted earnings per share would have been \$416 million and \$1.32, respectively, for the three months ended March 31, 2001.

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During the first quarter of 2002, ALLTEL also changed its business segment reporting presentation by reclassifying the operating units of its emerging communications businesses to better align its financial reporting with our business segment mix and to provide clear comparisons to other communications companies within ALLTEL's peer group. Under the new reporting presentation, our CLEC operations and internet access operations have been combined and reported as part of the wireline business segment. All other segments, which include long-distance and network management services, communications products and directory publishing, have been reported together under a new segment classification titled "Communications Support Services." In addition, ALLTEL's information services segment no longer includes services provided to ALLTEL affiliates. These affiliate transactions have been reported in the corresponding communications segments, and accordingly, information services operating results only reflect ALLTEL's financial services business and non-affiliated telecommunications operations. These reclassifications did not affect previously reported consolidated operating income, net income or earnings per share of ALLTEL and its subsidiaries. Consolidated revenues and sales for prior periods were reduced as a result of reclassifying information services revenues previously billed to the wireline operations that were not eliminated pursuant to SFAS No. 71 "Accounting for the Effects of Certain Types of Regulation." All prior period business segment information that is included in this prospectus supplement has been restated to give effect to ALLTEL's current business segment presentation. In the first quarter of 2002, ALLTEL also changed to a gross basis the reporting presentation for reimbursements of out-of-pocket expenses received from customers under the terms of its information services agreements in accordance with Emerging Issues Task Force Topic D-103. Previously, ALLTEL netted these reimbursements against expenses incurred to provide data processing and consulting services and included the net amount in operations expense. Prior period revenue and expense information has been reclassified to conform to the new reporting presentation. This change does not affect previously reported operating or net income of ALLTEL and its subsidiaries.

- (1) Income before taxes for the three months ended March 31, 2002 included pretax charges totaling \$42.9 million consisting of \$32.4 million incurred in connection with the restructuring of our CLEC, call center and retail store operations, write-downs of \$7.1 million in the carrying value of cell site equipment and \$3.4 million of costs associated with the conversion and integration of the Kentucky wireline properties. These items decreased net income by \$26.1 million and diluted earnings per share by \$0.09. Excluding these items, the ratio of earnings to fixed charges and the ratio of

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earnings to combined fixed charges and preferred stock dividends both would have been 5.92 for the three months ended March 31, 2002.

- (2) Income before taxes for the three months ended March 31, 2001 included pretax gains totaling \$362.5 million and consisted of a \$345.4 million pretax gain from the sale of PCS licenses, a pretax gain of \$13.9 million from the dissolution of a wireless partnership and a pretax gain of \$3.2 million from the sale of certain investments. Income before taxes also included pretax charges totaling \$69.0 million incurred in connection with the restructuring of our operations. These items increased net income by \$174.7 million and diluted earnings per share by \$0.55. Excluding these items, the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends both would have been 4.63 for the three months ended March 31, 2001.

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### PENDING ACQUISITIONS

On October 31, 2001, we signed an agreement with Verizon Communications Inc. to purchase local telephone properties located in the State of Kentucky. Under the terms of the purchase agreement, we will acquire approximately 600,000 access lines for \$1.9 billion in cash. The acquired wireline properties will overlap our existing wireless service in northeastern Kentucky and will increase our total access lines by approximately 25% to more than 3.0 million wireline customers. Upon the signing of this purchase agreement, we paid Verizon Communications Inc. a deposit equal to 10% of the total purchase price, or \$190.7 million, with the balance of the cash payment (net of interest on the \$190.7 million deposit) due at the time the transaction is completed. On February 13, 2002, we received the approval of the Kentucky Public Service Commission for this transaction. The transaction is subject to certain closing conditions, including regulatory approval by the Federal Communications Commission, and is expected to be completed in the third quarter of 2002. We refer to this transaction in this prospectus supplement as the "Verizon Wireline Acquisition."

On March 19, 2002, we announced an agreement to purchase all the wireless properties owned by CenturyTel, Inc. for \$1.65 billion in cash. In connection with this purchase, we expect to add more than 700,000 customers and expand our wireless footprint into new markets across Arkansas, Louisiana, Michigan, Mississippi, Texas and Wisconsin. Following the completion of the transaction, we expect to have approximately 7.4 million wireless customers. Also included in this transaction are minority partnership interests in cellular operations of approximately 2.0 million proportionate POPs and PCS licenses covering 1.3 million POPs in Wisconsin and Iowa. The transaction is subject to certain closing conditions, including FCC regulatory approval, and is expected to close in the third quarter of 2002. We refer to this transaction in this prospectus supplement as the "CenturyTel Wireless Acquisition."

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### THE OFFERING--Q&A

#### WHAT ARE EQUITY UNITS?

The equity units consist of units referred to as corporate units and treasury units. The equity units offered will initially consist of 25,000,000

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corporate units (28,750,000 corporate units if the underwriters exercise their overallotment option in full), each with a stated amount of \$50. From each corporate unit, the holder may create a treasury unit, as described below.

### WHAT ARE THE COMPONENTS OF A CORPORATE UNIT?

Each corporate unit consists of a purchase contract and, initially, \$50 principal amount of our notes. The note that is a component of each corporate unit is owned by you, but it will be pledged to us to secure your obligations under the purchase contract. If the notes are successfully remarketed or a tax event redemption occurs, in each case as described in this prospectus supplement, the applicable ownership interest in the Treasury portfolio (as described further below) will replace the note as a component of each corporate unit and will be pledged to us to secure your obligations under the purchase contract.

### WHAT IS A PURCHASE CONTRACT?

Each purchase contract underlying an equity unit obligates the holder to purchase, and us to sell, on May 17, 2005, for \$50, a number of newly issued shares of our common stock equal to the "settlement rate." The settlement rate will be calculated, subject to adjustment as described under "Description of the Purchase Contracts--Anti-Dilution Adjustments," as follows:

- . if the applicable market value (as defined below) of our common stock is equal to or greater than the threshold appreciation price of \$60.39, the settlement rate will be .8280 shares of our common stock;
- . if the applicable market value of our common stock is less than the threshold appreciation price but greater than the reference price (as defined below), the settlement rate will be equal to the stated amount of \$50 divided by the applicable market value; and
- . if the applicable market value is less than or equal to the reference price, the settlement rate will be 1.0101 shares of our common stock.

The "applicable market value" means the average of the closing price per share of common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding May 17, 2005. The "reference price" is \$49.50, which is the last reported sale price of our common stock on the NYSE on April 30, 2002.

### CAN I SETTLE A PURCHASE CONTRACT EARLY?

Each holder has a right to settle a purchase contract at any time using cash, in which case .8280 shares of our common stock will be issued pursuant to the purchase contract. See "Description of the Purchase Contracts--Early Settlement." In addition, if we are involved in a merger in which at least 30% of the consideration for our common stock consists of cash or cash equivalents, each holder of a purchase contract will have the right to accelerate and settle such purchase contract at the settlement rate in effect immediately before the cash merger. See "Description of the Purchase Contracts--Early Settlement Upon Cash Merger."

Your right to exercise an early settlement right is subject to the condition that, if required under the U.S. federal securities laws, we have a registration statement under the Securities Act of 1933 in effect covering the common stock or other securities deliverable upon settlement of a purchase contract.



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### WHAT ARE TREASURY UNITS?

Treasury units consist of a purchase contract and a 1/20 or 5% undivided beneficial ownership interest in a Treasury security. The Treasury security is a zero-coupon U.S. Treasury security with a principal amount at maturity of \$1,000 that matures on May 15, 2005. The interest in the Treasury security that is a component of each treasury unit will be pledged to us to secure a holder's obligations under a purchase contract.

### HOW CAN I CREATE TREASURY UNITS FROM CORPORATE UNITS?

Unless the Treasury portfolio has replaced the notes as a component of corporate units as a result of a successful remarketing of the notes or a tax event redemption, each as described in this prospectus supplement, each holder of corporate units will have the right, at any time on or prior to the fifth business day immediately preceding May 17, 2005, to substitute for the notes held by the collateral agent zero-coupon Treasury securities (CUSIP No. 912803AD5) that mature on May 15, 2005 in a total principal amount at maturity equal to the aggregate principal amount of the notes for which substitution is being made. This substitution will create treasury units, and the applicable notes will be released to the holder.

Because U.S. Treasury securities are issued in multiples of \$1,000, holders of corporate units may make this substitution only in integral multiples of 20 corporate units. If the Treasury portfolio has replaced the notes as a component of corporate units as a result of a successful remarketing of the notes or a tax event redemption, holders of corporate units may make this substitution only in integral multiples of 32,000 corporate units, at any time on or prior to the second business day immediately preceding May 17, 2005. If such a substitution is made, holders would also obtain the release of the appropriate applicable ownership interest in the Treasury portfolio rather than a release of the applicable notes.

### HOW CAN I RECREATE CORPORATE UNITS FROM TREASURY UNITS?

Unless the Treasury portfolio has replaced the notes as a component of corporate units as a result of a successful remarketing of the notes or a tax event redemption, each holder of treasury units will have the right, at any time on or prior to the fifth business day immediately preceding May 17, 2005, to substitute notes for the Treasury securities held by the collateral agent in a total principal amount of such notes equal to the aggregate principal amount at maturity of the Treasury securities for which substitution is being made. This substitution would create corporate units, and the applicable Treasury securities would be released to the holder.

Because U.S. Treasury securities are issued in integral multiples of \$1,000, holders of treasury units may make this substitution only in integral multiples of 20 treasury units. If the Treasury portfolio has replaced the notes as a component of corporate units as a result of a successful remarketing of the notes or a tax event redemption, holders of the treasury units may make this substitution at any time on or prior to the second business day immediately preceding May 17, 2005, but using the appropriate applicable ownership interest in the Treasury portfolio instead of notes, and only in integral multiples of 32,000 treasury units.

### WHAT PAYMENTS AM I ENTITLED TO AS A HOLDER OF CORPORATE UNITS?

Holders of corporate units will be entitled to receive total cash distributions at a rate of 7.75% of the stated amount of \$50 per year, payable quarterly in arrears.

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Cash distributions will consist of interest payments on the notes or, if the Treasury portfolio has replaced the notes as a component of corporate units as a result of a successful remarketing or tax event redemption, distributions on the applicable ownership interest in the Treasury portfolio, at the rate of 6.25% of the stated amount per year and contract adjustment payments payable by us at the rate of 1.50% of the stated

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amount per year, subject to our right to defer the payment of such contract adjustment payments as described below. We are not entitled to defer interest payments on the notes. The original issue discount rules that apply to contingent payment debt instruments should govern the income inclusions with respect to the notes for United States federal income tax purposes.

WHAT PAYMENTS AM I ENTITLED TO IF I CONVERT MY CORPORATE UNITS TO TREASURY UNITS?

Holders of treasury units will be entitled to receive quarterly cash distributions of contract adjustment payments payable by us at the rate of 1.50% of the stated amount of \$50 per year, subject to our rights of deferral described below. In addition, original issue discount will accrue on each Treasury security.

DOES ALLTEL HAVE THE OPTION TO DEFER CURRENT PAYMENTS?

We have the right to defer the payment of contract adjustment payments until no later than May 17, 2005. However, such deferred contract adjustment payments would accrue additional amounts at the rate of 7.75% per year (equal to the rate on the notes plus the rate of contract adjustment payments on the purchase contracts) until paid, compounded quarterly, to but excluding May 17, 2005.

If we exercise our option to defer the payment of contract adjustment payments, then until the deferred contract adjustment payments have been paid, we will not, and will not permit any subsidiary of ours to, with certain exceptions, declare or pay dividends on, make distributions with respect to, or redeem, purchase or acquire, or make a liquidation payment with respect to, any shares of our capital stock. Our obligations with respect to contract adjustment payments will be subordinate in right of payment to our obligations under any of our senior debt.

We are not entitled to defer payments of interest on the notes.

WHAT ARE THE PAYMENT DATES FOR THE CORPORATE UNITS?

The current payments described above in respect of the corporate units will be payable quarterly in arrears on February 17, May 17, August 17 and November 17 of each year, commencing August 17, 2002. In the case of contract adjustment payments, the payments will be payable to, but excluding, the earlier of May 17, 2005 or the most recent quarterly payment date on or before any early settlement of the purchase contracts. These contract adjustment payments are subject to the deferral provisions described in this prospectus supplement. Interest payments on the notes are described below under "--What interest payments will I receive on the notes?"

WHAT IS REMARKETING?

The notes of corporate unit holders will be remarketed on the third

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business day immediately preceding February 17, 2005. The remarketing agent will use its reasonable efforts to obtain a price of approximately 100.5% of the purchase price for the Treasury portfolio. Proceeds from the remarketing equal to the Treasury portfolio purchase price will be applied to purchase the Treasury portfolio. The Treasury portfolio will then be substituted for the notes and will be pledged to the collateral agent to secure the corporate unit holders' obligations to purchase our common stock under the purchase contracts. When paid at maturity, an amount of the Treasury portfolio equal to the principal amount of the notes will automatically be applied to satisfy the corporate unit holders' obligations to purchase our common stock under the purchase contracts.

In addition, the remarketing agent may deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the Treasury portfolio purchase price from any amount of the proceeds in excess of the Treasury portfolio purchase price. The remarketing agent will then remit the remaining portion of the proceeds from the remarketing, if any, for the benefit of the holders.

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If the remarketing of the notes on the third business day preceding February 17, 2005 fails because the remarketing agent cannot obtain a price of at least 100% of the Treasury portfolio purchase price or a condition precedent to the remarketing has not been satisfied, the notes will continue to be a component of the corporate units and another remarketing will be attempted on the third business day preceding May 17, 2005, as described below.

If there has not been a prior successful remarketing of the notes, the notes of corporate unit holders who have not notified the purchase contract agent on or prior to the fifth business day before May 17, 2005 of their intention to pay cash in order to satisfy their obligations under the purchase contracts will be remarketed on the third business day immediately preceding May 17, 2005. In this remarketing, the remarketing agent will use its reasonable efforts to obtain a price of approximately 100.5% of the aggregate principal amount of these notes. The portion of the proceeds from the remarketing equal to the total principal amount of the notes will automatically be applied to satisfy in full the corporate unit holders' obligations to purchase our common stock under the purchase contracts.

The remarketing agent will deduct, as a remarketing fee, an amount equal to 25 basis points (.25%) of the aggregate principal amount of the remarketed notes from any amount of the proceeds in excess of the aggregate principal amount of the remarketed notes. The remarketing agent will remit the remaining portion of the proceeds from the remarketing, if any, for the benefit of the holders.

If the remarketing of the notes on the third business day preceding May 17, 2005 fails because the remarketing agent cannot obtain a price of at least 100% of the total principal amount of the notes or a condition precedent to the remarketing has not been satisfied, we will exercise our rights as a secured party to dispose of the notes in accordance with applicable law and to satisfy in full, from the proceeds of the disposition, the holder's obligation to purchase our common stock under the purchase contracts.

WHAT IS THE TREASURY PORTFOLIO?

The Treasury portfolio is a portfolio of zero-coupon U.S. Treasury securities consisting of:

- . interest or principal strips of U.S. Treasury securities that mature on

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or prior to May 15, 2005 in an aggregate amount equal to the principal amount of the notes included in the corporate units, and

- . with respect to the scheduled interest payment date on the notes that occurs on May 17, 2005, in the case of a successful remarketing of the notes, or with respect to each scheduled interest payment date on the notes that occurs after the tax event redemption date and on or before May 17, 2005 in the case of a tax event redemption, interest or principal strips of U.S. Treasury securities that mature on or prior to that interest payment date in an aggregate amount equal to the aggregate interest payment that would be due on that interest payment date on the principal amount of the notes included in the corporate units assuming no reset of the interest rate on the notes.

IF I AM NOT A PARTY TO A PURCHASE CONTRACT, MAY I STILL PARTICIPATE IN A REMARKETING OF MY NOTES?

Holders of notes that are not components of corporate units may elect, in the manner described in this prospectus supplement under "Description of Notes--Optional Remarketing," to have their notes remarketed by the remarketing agent. If your notes are not components of corporate units and you do not elect to participate in a remarketing, the interest rate on your notes will still be reset at the earliest date upon which notes that are components of corporate units are reset as described below under "--When will the interest rate on the notes be reset?"

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BESIDES PARTICIPATING IN A REMARKETING, HOW ELSE WILL MY OBLIGATIONS UNDER THE PURCHASE CONTRACTS BE SATISFIED?

Holders of equity units may satisfy their obligations, or their obligations will be terminated, under the purchase contracts:

- . through early settlement by the early delivery of cash to the purchase contract agent in the manner described in this prospectus supplement; provided that at such time, if so required under the U.S. federal securities laws, there is in effect a registration statement covering the common stock to be delivered in respect of the purchase contracts being settled;
- . in the case of holders of corporate units, by settling the purchase contracts with cash on the fifth business day prior to May 17, 2005 with prior notification to the purchase contract agent;
- . through early settlement upon a cash merger in the manner described in this prospectus supplement; provided that at such time, if so required under the U.S. federal securities laws, there is in effect a registration statement covering the securities to be delivered in respect of the purchase contracts being settled; or
- . without any further action, upon the termination of the purchase contracts as a result of our bankruptcy, insolvency or reorganization.

If the holder of an equity unit settles a purchase contract early, or if the holder's purchase contract is terminated as a result of our bankruptcy, insolvency or reorganization, such holder will have no right to receive any accrued contract adjustment payments or deferred contract adjustment payments.

WHAT INTEREST PAYMENTS WILL I RECEIVE ON THE NOTES?

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Interest payments on the notes will be payable initially at the annual rate of 6.25% of the principal amount of \$50 per note to, but excluding, February 17, 2005, or May 17, 2005 if the interest rate is not reset three business days prior to February 17, 2005. Following a reset of the interest rate three business days prior to February 17, 2005 or three business days prior to May 17, 2005, the notes will bear interest from the date of the settlement of the successful remarketing at the reset rate to, but excluding, May 17, 2007. The original issue discount rules that apply to contingent payment debt instruments should govern the income inclusions with respect to the notes for United States federal income tax purposes.

WHAT ARE THE PAYMENT DATES ON THE NOTES?

Interest payments on the notes will be payable quarterly in arrears on each February 17, May 17, August 17 and November 17, commencing on August 17, 2002.

WHEN WILL THE INTEREST RATE ON THE NOTES BE RESET?

Unless a tax event redemption has occurred, the interest rate on the notes will be reset on the third business day immediately preceding February 17, 2005, assuming there is a successful remarketing of the notes, and such reset rate will become effective from the date of the settlement of the successful remarketing. However, if the remarketing of the notes on the third business day immediately preceding February 17, 2005 results in a failed remarketing, the interest rate will not be reset on that date and instead will be reset on the third business day immediately preceding May 17, 2005, and such reset rate will become effective from the date of the settlement of the successful remarketing. If the remarketing of the notes on the third business day immediately preceding May 17, 2005 also results in a failed remarketing, the interest rate on the notes will not be reset.

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WHAT IS THE RESET RATE?

In the case of a reset on the third business day immediately preceding February 17, 2005, the reset rate will be the rate determined by the reset agent as the rate the notes should bear in order for the notes included in corporate units to have an aggregate market value on the reset date of 100.5% of the Treasury portfolio purchase price. In the case of a reset on the third business day immediately preceding May 17, 2005, the reset rate will be the rate determined by the reset agent as the rate the notes should bear in order for each note to have an aggregate market value of 100.5% of the principal amount of the note. The reset rate may not exceed the maximum rate, if any, permitted by applicable law.

WHAT IS THE RANKING OF THE NOTES?

The notes will rank equally with all of our other senior unsecured debt. The indenture does not limit the amount of debt that we or any of our subsidiaries may incur. Because we are a holding company and we conduct all of our operations through subsidiaries, the notes will be structurally subordinated to the claims of creditors and preferred shareholders of our subsidiaries.

WHEN MAY THE NOTES BE REDEEMED?

The notes are redeemable at our option, in whole but not in part, upon

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the occurrence and continuation of a tax event under the circumstances described in this prospectus supplement under "Description of Notes--Tax Event Redemption." Following any such redemption of the notes, which we refer to as a tax event redemption, prior to May 17, 2005, holders that own corporate units will own the applicable ownership interest of the Treasury portfolio as a component of their corporate units.

WHAT ARE THE PRINCIPAL UNITED STATES FEDERAL INCOME TAX CONSEQUENCES RELATED TO THE CORPORATE UNITS, TREASURY UNITS AND NOTES?

A beneficial owner of corporate units or notes, if separated from corporate units, will be treated as owning an interest in a debt instrument that should be subject to the Treasury regulations that govern contingent payment debt instruments. If the notes are subject to these rules, through February 17, 2005 and possibly thereafter, a holder of corporate units or notes would be required to include in gross income an amount in excess of the interest actually received, regardless of the holder's usual method of tax accounting, and would generally recognize ordinary income or loss, rather than capital gain or loss, on the sale, exchange or disposition of the notes or of the corporate units, to the extent such income or loss is allocable to the notes.

A beneficial owner of treasury units will be required to include in gross income any original issue discount with respect to the Treasury securities as it accrues on a constant yield to maturity basis. If the Treasury portfolio has replaced the notes as a component of corporate units as a result of a successful remarketing of the notes or a tax event redemption, a beneficial owner of corporate units will be required to include in gross income its allocable share of original issue discount on the Treasury portfolio as it accrues on a constant yield to maturity basis. We intend to report contract adjustment payments and deferred contract adjustment payments, if any, as income to you, but you may want to consult your tax advisor concerning possible alternative characterizations.

WILL THE EQUITY UNITS BE LISTED ON A STOCK EXCHANGE?

The corporate units have been approved for listing on the New York Stock Exchange, subject to official notice of issuance, under the symbol "AYZ." Neither the treasury units nor the notes will be initially listed. However, if either of those securities are separately traded to a sufficient extent that the applicable exchange listing requirements are met, we may, but need not, cause those securities to be listed on the exchange on which the corporate units are then listed.

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WHAT ARE THE RIGHTS AND PRIVILEGES OF THE COMMON STOCK?

The shares of common stock that you will be obligated to purchase under the purchase contracts have one vote per share. For more information, please see the discussion of our common stock in this prospectus supplement under "Risk Factors--Risks Related to the Equity Units" and in the accompanying prospectus under "Description of Capital Stock."

WHAT ARE THE USES OF PROCEEDS FROM THE OFFERING?

We estimate that the net proceeds from the sale of equity units in this offering will be approximately \$1.2 billion (approximately \$1.4 billion if the underwriters exercise their overallotment option in full), after deducting the underwriting discount and estimated offering expenses payable by us. We intend

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to use the net proceeds from this offering for general corporate purposes, including working capital and the expansion of our business through strategic acquisitions as opportunities arise. Currently, it is anticipated that a significant portion of the net proceeds (together with proceeds from other financings) will be used to fund a portion of the cash purchase price of the Verizon Wireline Acquisition and CenturyTel Wireless Acquisition. See "Use of Proceeds."

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### THE OFFERING--EXPLANATORY DIAGRAMS

The following diagrams demonstrate some of the key features of the purchase contracts, the notes, the corporate units and the treasury units, and the transformation of corporate units into treasury units and separate notes. The following diagrams assume that the notes are successfully remarketed, the interest rate on the notes is reset on the third business day immediately preceding February 17, 2005, early settlement does not occur and there are no adjustments to the settlement rate. For clarity, the following diagrams also use approximate maturity and other dates.

#### PURCHASE CONTRACT

Corporate units and treasury units both include a purchase contract under which the holder agrees to purchase, and we agree to sell, shares of our common stock at the end of three years. In addition, the purchase contracts include contract adjustment payments as shown in the diagrams on the following pages.

[GRAPHIC]

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- (1) For each of the percentage categories shown, the percentage of shares to be delivered upon settlement to a holder of corporate units or treasury units is determined by dividing (a) the related number of shares to be delivered, as indicated in the footnote for each category, by (b) an amount equal to \$50, the stated amount, divided by the reference price.
- (2) If the applicable market value of our common stock is less than or equal to \$49.50, the number of shares to be delivered will be calculated by dividing the stated amount by the reference price. The "applicable market value" means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding May 17, 2005.
- (3) If the applicable market value of our common stock is between \$49.50 and \$60.39, the number of shares to be delivered will be calculated by dividing the stated amount by the applicable market value.
- (4) If the applicable market value of our common stock is greater than or equal to \$60.39, the number of shares to be delivered will be calculated by dividing the stated amount by the threshold appreciation price.
- (5) The "reference price" is \$49.50, which is the last reported sale price of our common stock on the NYSE on April 30, 2002.
- (6) The "threshold appreciation price" is equal to \$60.39 .

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### CORPORATE UNITS

[GRAPHIC]

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- .. The holder owns the note but will pledge it to us to secure its obligations under the purchase contract.
- .. Following a successful remarketing of the notes or a tax event redemption, the applicable ownership interest in the Treasury portfolio will replace the notes as a component of the corporate unit.

### TREASURY UNITS

[GRAPHIC]

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- .. The investor owns the Treasury security but will pledge it to us to secure its obligations under the purchase contract.

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### NOTES

[GRAPHIC]

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### TRANSFORMING CORPORATE UNITS INTO TREASURY UNITS AND NOTES

- . To create a treasury unit, a holder separates a corporate unit into its two components--purchase contract and the note--and then combines the purchase contract with a zero-coupon Treasury security that matures concurrently with the maturity of the purchase contract.
- . The note, which is no longer a component of the corporate unit, is tradeable as a separate security.
- . The holder owns the Treasury security but will pledge it to us to secure its obligations under the purchase contract.
- . The Treasury security together with the purchase contract constitutes a treasury unit.

[GRAPHIC]

- . Following the successful remarketing of the notes or a tax event redemption, upon the transformation of a corporate unit into a treasury unit, the applicable ownership interest in the Treasury portfolio, rather than the note, will be released to the holder and will trade



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separately.

- . The holder can also transform treasury units and notes into corporate units. Following that transformation, the Treasury security, which is no longer a component of the treasury unit, is tradeable as a separate security.
- . The transformation of corporate units into treasury units and notes, and the transformation of treasury units and notes into corporate units, require certain minimum amounts of securities, as more fully described in this prospectus supplement.

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SUMMARY SELECTED CONSOLIDATED FINANCIAL INFORMATION

The following table sets forth certain consolidated financial information for ALLTEL and its subsidiaries. The periods presented include merger and integration expenses, gain on disposal of assets and other special charges and unusual items. You should read the following table together with the consolidated financial statements and accompanying notes of ALLTEL and its subsidiaries, incorporated by reference into this prospectus supplement.

	YEAR ENDED DECEMBER 31,		
	2001 (1)	2000 (2)	1999 (3)
	(DOLLARS IN MILLIONS, EXCEPT PER SHARE DATA)		
<b>INCOME STATEMENT DATA</b>			
Total revenues and sales			
Wireless.....	\$ 3,832	\$ 3,536	\$ 3,034
Wireline.....	1,965	1,856	1,751
Communications support services.....	824	907	777
Information services.....	1,035	1,015	1,002
Intercompany eliminations.....	(150)	(154)	(62)
	-----	-----	-----
Total.....	\$ 7,506	\$ 7,160	\$ 6,502
Operating income			
Wireless.....	\$ 828	\$ 867	\$ 862
Wireline.....	733	659	615
Communications support services.....	91	63	35
Information services.....	146	144	143
Corporate expenses.....	(133)	(66)	(130)
	-----	-----	-----
Total.....	\$ 1,665	\$ 1,667	\$ 1,525
Income before taxes.....	\$ 1,752 / (1) /	\$ 3,351 / (2) /	\$ 1,331 / (3) /
Net income.....	\$ 1,067	\$ 1,929	\$ 784
Diluted earnings per share.....	\$ 3.40	\$ 6.08	\$ 2.47
Ratio of earnings to fixed charges.....	5.92 / (1) /	10.01 / (2) /	4.81 / (3) /
Ratio of earnings to combined fixed charges and preferred stock dividends	5.92 / (1) /	10.00 / (2) /	4.79 / (3) /
<b>BALANCE SHEET DATA (AT PERIOD END)</b>			
Net property, plant and equipment.....	\$ 6,781	\$ 6,549	\$ 5,735

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Total assets.....	\$12,609	\$12,182	\$10,774
Total redeemable preferred stock and long-term debt.....	\$ 3,863	\$ 4,613	\$ 3,752
Total shareholders' equity.....	\$ 5,566	\$ 5,095	\$ 4,206
Long-term debt as a percentage of total capitalization.....	41.3%	47.9%	47.6%

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 Note: During the first quarter of 2002, ALLTEL changed its business segment reporting presentation by reclassifying the operating units of its emerging communications businesses to better align its financial reporting with our business segment mix and to provide clear comparisons to other communications companies within ALLTEL's peer group. Under the new reporting presentation, our CLEC operations and internet access operations have been combined and reported as part of the wireline business segment. All other segments, which include long-distance and network management services, communications products and directory publishing, have been reported together under a new segment classification titled

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"Communications support services." In addition, ALLTEL's information services segment no longer includes services provided to ALLTEL affiliates. These affiliate transactions have been reported in the corresponding communications segments, and accordingly, information services operating results only reflect ALLTEL's financial services business and non-affiliated telecommunications operations. These reclassifications did not affect previously reported consolidated operating income, net income or earnings per share of ALLTEL and its subsidiaries. Consolidated revenues and sales for prior periods were reduced as a result of reclassifying information services revenues previously billed to the wireline operations that were not eliminated pursuant to SFAS No. 71 "Accounting for the Effects of Certain Types of Regulation." All prior period business segment information that is included in this prospectus supplement has been restated to give effect to ALLTEL's current business segment presentation. In the first quarter of 2002, ALLTEL also changed to a gross basis the reporting presentation for reimbursements of out-of-pocket expenses received from customers under the terms of its information services agreements in accordance with Emerging Issues Task Force Topic D-103. Previously, ALLTEL netted these reimbursements against expenses incurred to provide data processing and consulting services and included the net amount in operations expense. Prior period revenue and expense information has been reclassified to conform to the new reporting presentation. This change does not affect previously reported operating or net income of ALLTEL and its subsidiaries.

- (1) Income before taxes for 2001 included pretax gains totaling \$360.5 million comprised of a \$347.8 million pretax gain from the sale of PCS licenses, a pretax gain of \$9.5 million from the dissolution of a wireless partnership and a pretax gain of \$3.2 million from the sale of certain investments. Income before taxes also included pretax charges totaling \$95.1 million comprised of termination fees of \$2.9 million incurred in connection with the early retirement of long-term debt, charges of \$77.1 million incurred in connection with the restructuring of operations of ALLTEL and its subsidiaries, and write-downs of \$15.1 million in the carrying value of cell site equipment. These items increased net income by \$157.9 million and diluted earnings per share by \$0.50. Excluding these items, the ratio of earnings to fixed charges and the ratio of earnings to combined fixed charges and preferred stock dividends both would have been 5.16 for 2001.

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- (2) Income before taxes for 2000 included pretax gains totaling \$1,943.5 million comprised of a pretax gain of \$1,345.5 million from the exchange of wireless properties with Bell Atlantic and GTE, a pretax gain of \$36.0 million from the sale of certain PCS assets and a pretax gain of \$562.0 million from the sale of investments, principally consisting of WorldCom common stock. Income before taxes also included pretax charges totaling \$51.9 million comprised of a \$15.0 million write-down of an investment, integration and other charges of \$25.4 million incurred in connection with the acquisition of wireless assets and certain restructuring activities of the information services business of ALLTEL and its subsidiaries, and a \$11.5 million charge incurred in connection with a litigation settlement. These items increased net income by \$1,102.3 million and diluted earnings per share by \$3.48. Excluding these items, the ratio of earnings to fixed charges would have been 4.85 for 2000 and the ratio of earnings to combined fixed charges and preferred stock dividends would have been 4.84 for 2000.
- (3) Income before taxes for 1999 included a pretax gain of \$43.1 million from the sale of WorldCom common stock. Income before taxes also included a pretax charge of \$90.5 million in connection with the closing of ALLTEL's and/or subsidiaries' mergers with Aliant Communications Inc., Liberty Cellular Inc., Advanced Information Resources Limited, and Southern Data Systems and with certain loss contingencies and other restructuring activities. These items decreased net income by \$38.9 million and diluted earnings per share by \$0.12. Excluding these items, the ratio of earnings to fixed charges would have been 4.95 for 1999 and the ratio of earnings to combined fixed charges and preferred stock dividends would have been 4.93 for 1999.

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### RISK FACTORS

BEFORE PURCHASING THE EQUITY UNITS, YOU SHOULD CAREFULLY CONSIDER THE FOLLOWING RISK FACTORS TOGETHER WITH THE OTHER INFORMATION CONTAINED AND INCORPORATED BY REFERENCE INTO THIS PROSPECTUS SUPPLEMENT AND THE ACCOMPANYING PROSPECTUS IN ORDER TO EVALUATE AN INVESTMENT IN THE EQUITY UNITS.

#### RISKS RELATED TO THE EQUITY UNITS

YOU ASSUME THE RISK THAT THE MARKET VALUE OF OUR COMMON STOCK MAY DECLINE.

Although as a holder of equity units you will be the beneficial owner of the notes, Treasury portfolio or Treasury securities, as the case may be, you do have an obligation pursuant to the purchase contract to buy our common stock. Prior to May 17, 2005, unless you pay cash to satisfy your obligation under the purchase contract early or the purchase contracts are terminated due to our bankruptcy, insolvency or reorganization, either the principal of the applicable ownership interest in the Treasury portfolio when paid at maturity or the proceeds derived from the successful remarketing of the notes, in the case of corporate units, or the principal of the Treasury securities when paid at maturity, in the case of treasury units, will automatically be used to purchase a specified number of newly issued shares of our common stock on your behalf. The market value of the common stock that you receive on May 17, 2005 may be less than the effective price per share of \$49.50 paid by you for our common stock when you purchased your equity units. Accordingly, you assume the risk that the market value of our common stock may decline, and that the decline could be substantial.

THE OPPORTUNITY FOR EQUITY APPRECIATION PROVIDED BY AN INVESTMENT IN THE EQUITY UNITS IS LESS THAN THAT PROVIDED BY A DIRECT INVESTMENT IN OUR COMMON STOCK.

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Your opportunity for equity appreciation afforded by investing in the equity units is less than your opportunity for equity appreciation if you invested directly in our common stock. This opportunity is less because the market value of our common stock to be received by you pursuant to the purchase contract on May 17, 2005 (assuming that the market value is the same as the applicable market value of our common stock) will only exceed the effective price per share of \$49.50 paid by you for our common stock when you purchased your equity units if the applicable market value of our common stock exceeds the threshold appreciation price (which represents an appreciation of approximately 22% over \$49.50). This situation occurs because, in this event, you would receive on May 17, 2005 only approximately 82% (the percentage equal to \$49.50 divided by the threshold appreciation price) of the shares of our common stock that you would have received if you had made a direct investment in our common stock on the date of this prospectus supplement.

THE TRADING PRICES FOR THE EQUITY UNITS WILL BE DIRECTLY AFFECTED BY THE TRADING PRICES OF OUR COMMON STOCK AND OTHER FACTORS.

The trading prices of corporate units and treasury units in the secondary market will be directly affected by the trading prices of our common stock, the general level of interest rates and our credit quality. It is impossible to predict whether the price of our common stock or interest rates will rise or fall. Trading prices of our common stock will be influenced by our operating results and prospects and by economic, financial and other factors. In addition, general market conditions, including the level of, and fluctuations in, the trading prices of stocks generally, and sales of substantial amounts of common stock by us or others in the market after the offering of the equity units, or the perception that such sales could occur, could affect the price of our common stock. Fluctuations in interest rates may give rise to arbitrage opportunities based upon changes in the relative value of our common stock underlying the purchase contracts and of the other components of the equity units. Any such arbitrage could, in turn, affect the trading prices of the corporate units, treasury units, notes and our common stock.

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IF YOU HOLD EQUITY UNITS, YOU WILL NOT BE ENTITLED TO ANY RIGHTS WITH RESPECT TO OUR COMMON STOCK, BUT YOU WILL BE SUBJECT TO ALL CHANGES MADE WITH RESPECT TO OUR COMMON STOCK.

If you hold equity units, you will not be entitled to any rights with respect to our common stock (including, without limitation, voting rights and rights to receive any dividends or other distributions on our common stock), but you will be subject to all changes affecting our common stock. You will only be entitled to rights on our common stock if and when we deliver shares of our common stock upon settlement of the purchase contracts on May 17, 2005, or as a result of early settlement of a purchase contract, as the case may be, and the applicable record date, if any, for the exercise of rights or the receipt of dividends or other distributions that occur after that date. For example, if an amendment is proposed to our Certificate of Incorporation or by-laws in connection with a recapitalization of our capital stock and the record date for determining the shareholders of record entitled to vote on the amendment occurs prior to delivery of our common stock, you will not be entitled to vote on the amendment, although you will nevertheless be subject to any changes in the powers, preferences or special rights of our common stock.

WE MAY ISSUE ADDITIONAL SHARES OF OUR COMMON STOCK WHICH COULD MATERIALLY AND ADVERSELY AFFECT THE PRICE OF OUR COMMON STOCK.

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The number of shares of our common stock that you are entitled to receive on May 17, 2005 or as a result of early settlement of a purchase contract is subject to adjustment for certain events, including stock splits and combinations, stock dividends and certain other actions by us that modify our capital structure. We will not adjust the number of shares of our common stock that you are to receive on May 17, 2005, or as a result of early settlement of a purchase contract, for other events, including issuances of common stock for cash or in connection with employee benefit plans, arrangements or issuances by us or in connection with acquisitions. We are not restricted from issuing additional shares of our common stock during the term of the purchase contracts and have no obligation to consider your interests for any reason. If we issue additional shares of our common stock, it may materially and adversely affect the price of our common stock, and, because of the relationship of the number of shares to be received on May 17, 2005 to the price of our common stock, such other events may adversely affect the trading price of corporate units or treasury units.

THE SECONDARY MARKET FOR THE EQUITY UNITS MAY BE ILLIQUID, REDUCING THEIR TRADING PRICES.

It is not possible to predict how corporate units, treasury units or notes will trade in the secondary market or whether the market will be liquid or illiquid. There is currently no secondary market for our corporate units, our treasury units or the notes. The corporate units have been approved for listing on the NYSE, subject to notice of official issuance. If the treasury units or the notes are separately traded to a sufficient extent that applicable exchange listing requirements are met, we may (but are not required to) endeavor to cause the treasury units or notes to be listed on the exchange on which the corporate units are then listed. There can be no assurance as to the liquidity of any market that may develop for the corporate units, the treasury units or the notes, your ability to sell these securities or whether a trading market, if it develops, will continue. In addition, if you were to substitute Treasury securities for notes or notes for Treasury securities, thereby converting your corporate units to treasury units or your treasury units to corporate units, as the case may be, the liquidity of corporate units or treasury units could be adversely affected. There can be no assurance that the corporate units will not be delisted from the NYSE or that trading in the corporate units will not be suspended as a result of your election to create treasury units by substituting collateral, which could cause the number of corporate units to fall below the requirement for listing securities on the NYSE that at least 1,000,000 corporate units be outstanding at any time.

YOUR RIGHTS TO THE PLEDGED SECURITIES WILL BE SUBJECT TO OUR SECURITY INTEREST, THEREBY LIMITING YOUR ABILITY TO TRADE SUCH SECURITIES.

Although you will be the beneficial owner of the notes, Treasury securities or Treasury portfolio, as applicable, those securities will be pledged to the collateral agent to secure your obligations under the purchase

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contracts. Thus, your rights to the pledged securities will be subject to our security interest. Additionally, notwithstanding the automatic termination of the purchase contracts if we become the subject of a case under the U.S. Bankruptcy Code, the delivery of the pledged securities to you may be delayed by the imposition of the automatic stay of Section 362 of the Bankruptcy Code.

WE MAY REDEEM THE NOTES UPON THE OCCURRENCE OF A TAX EVENT.

We have the option to redeem the notes, on not less than 30 days or more

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than 60 days prior written notice, in whole but not in part, at any time before May 17, 2007 if a tax event occurs and continues under the circumstances described in this prospectus supplement under "Description of Notes--Tax Event Redemption" (referred to as a "tax event redemption"). If we exercise this option, we will redeem the notes at the redemption price (as defined in this prospectus supplement) plus accrued and unpaid interest, if any. If we redeem the notes, we will pay the redemption price in cash to the holders of the notes. If the tax event redemption occurs before February 17, 2005, or before May 17, 2005 if the notes are not successfully remarketed on the third business day immediately preceding February 17, 2005, the redemption price payable to you as a holder of the corporate units will be distributed to the collateral agent. The collateral agent will, in turn, apply an amount equal to the redemption price to purchase the Treasury portfolio on your behalf and will remit the remainder of the redemption price to you. The Treasury portfolio will then be substituted for the notes as collateral to secure your obligations under the purchase contracts related to the corporate units. If your notes are not components of corporate units, you will receive redemption payments directly. There can be no assurance as to the effect on the market prices for the corporate units if we substitute the Treasury portfolio as collateral in place of any notes so redeemed. A tax event redemption will be a taxable event to the holders of the notes.

THE PURCHASE CONTRACT AGREEMENT WILL NOT BE QUALIFIED UNDER THE TRUST INDENTURE ACT AND THE OBLIGATIONS OF THE PURCHASE CONTRACT AGENT ARE LIMITED.

The purchase contract agreement between the purchase contract agent and us will not be qualified as an indenture under the Trust Indenture Act of 1939, and the purchase contract agent will not be required to qualify as a trustee under the Trust Indenture Act. Thus, you will not have the benefit of the protection of the Trust Indenture Act with respect to the purchase contract agreement or the purchase contract agent.

The notes constituting a part of the corporate units will be issued pursuant to an indenture, which has been qualified under the Trust Indenture Act. Accordingly, if you hold equity units, you will not have the benefit of the protections of the Trust Indenture Act other than to the extent applicable to a note included in a corporate unit.

The protections generally afforded the holder of a security issued under an indenture that has been qualified under the Trust Indenture Act include:

- . disqualification of the indenture trustee for "conflicting interests," as defined under the Trust Indenture Act;
- . provisions preventing a trustee that is also a creditor of the issuer from improving its own credit position at the expense of the security holders immediately prior to or after a default under such indenture; and
- . the requirement that the indenture trustee deliver reports at least annually with respect to certain matters concerning the indenture trustee and the securities.

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THE UNITED STATES FEDERAL INCOME TAX CONSEQUENCES OF THE PURCHASE, OWNERSHIP AND DISPOSITION OF THE EQUITY UNITS ARE UNCLEAR.

No statutory, judicial or administrative authority directly addresses the treatment of the equity units or instruments similar to the equity units for

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United States federal income tax purposes. As a result, the United States federal income tax consequences of the purchase, ownership and disposition of equity units are not entirely clear. In addition, any gain on the disposition of a note prior to the purchase contract settlement date should generally be treated as ordinary interest income; thus, the ability to offset such interest income with a loss, if any, on a purchase contract may be limited. For additional tax-related risks, see "Certain United States Federal Income Tax Consequences."

BECAUSE THE NOTES WILL BE ISSUED WITH ORIGINAL ISSUE DISCOUNT, YOU WILL HAVE TO INCLUDE INTEREST IN YOUR TAXABLE INCOME BEFORE YOU RECEIVE CASH.

Because of the manner in which the interest rate on the notes is reset, the notes should be classified as contingent payment debt instruments subject to the "noncontingent bond method" for accruing original issue discount for United States federal income tax purposes. Assuming the notes are so treated, original issue discount will accrue from the issue date of the notes and will be included in your gross income for United States income tax purposes on a constant yield-to-maturity basis, regardless of your usual method of tax accounting, and adjustments will be made to reflect actual payments on the notes. For all accrual periods ending on or prior to February 17, 2005, the original issue discount that accrues on the notes will exceed the stated interest payments on the notes. In addition, any gain on the disposition of a note before the purchase contract settlement date will generally be treated as ordinary interest income, and the ability to offset this interest income with a loss, if any, on a purchase contract may be limited. For additional tax-related risks, see "Certain United States Federal Income Tax Consequences--Notes."

THE TRADING PRICE OF THE NOTES MAY NOT FULLY REFLECT THE VALUE OF THEIR ACCRUED BUT UNPAID INTEREST.

The notes may trade at a price that does not fully reflect the value of their accrued but unpaid interest. If you dispose of your notes between record dates for interest payments, you will be required to include in gross income the daily portions of original issue discount through the date of disposition in income as ordinary income, and to add this amount to your adjusted tax basis in the notes disposed of. To the extent the selling price is less than your adjusted tax basis, you will recognize a loss.

### RISKS RELATED TO ALLTEL

WE FACE INTENSE COMPETITION IN OUR WIRELESS BUSINESS THAT COULD REDUCE OUR MARKET SHARE OR ADVERSELY AFFECT OUR FINANCIAL PERFORMANCE.

Currently, the FCC allows up to 10 wireless carriers to operate in the same geographic area. A majority of our markets have five or more wireless carriers. The presence of multiple competitors within our wireless markets has made it increasingly difficult to attract new customers and retain existing ones. As a result of increased competition, we anticipate that the price per minute for wireless voice services will decline while costs to acquire customers, including handset subsidies and advertising and promotion costs, may increase. Our ability to continue to compete effectively will depend upon our ability to successfully market our products and services and to identify and respond to various competitive factors affecting the wireless industry, including changes in rate plans, introduction of new services and technologies, changes in consumer preferences and demographics and economic trends. Failure to successfully market our products and services or to adequately and timely respond to competitive factors could reduce our market share or adversely affect our revenue or net income.

In the current market, our ability to compete also depends on our ability to offer regional and national calling plans to our customers. We rely on

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roaming agreements with other wireless carriers to provide roaming

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capabilities in areas not covered by our network. These agreements are subject to renewal and termination if certain events occur, including if network quality standards are not maintained. If we are unable to maintain or renew these agreements, our ability to continue to provide competitive regional and nationwide wireless service to our customers could be impaired, which, in turn, would have an adverse impact on our wireless operations.

WE ARE SUBJECT TO GOVERNMENT REGULATION OF THE TELECOMMUNICATIONS INDUSTRY.

As a provider of wireless communication services, we are subject to regulation by the FCC. The FCC has rules governing the construction and operation of wireless communications systems and licensing and technical standards for the provision of wireless communication services. In addition, the FCC and the Federal Aviation Administration regulate the siting, lighting, and construction of transmitter towers and antennae. Tower siting and construction is also subject to state and local zoning as well as federal statutes regarding environmental and historic preservation.

Licenses granted to us by the FCC to provide wireless communications services were originally issued for 10-year terms and may be renewed for additional 10-year terms subject to FCC approval of the renewal applications. Failure to comply with FCC requirements in a given service area could result in the revocation of our license for that area or in the imposition of fines.

As a provider of wireline communication services, we have been granted franchises by each of the 15 states in which we operate. We are subject to regulation from the regulatory commissions in each of these 15 states as well as from the FCC. State regulatory commissions have primary jurisdiction over local and intrastate rates that we charge customers, including other telecommunications companies, and service quality standards. The FCC has primary jurisdiction over the interstate access rates that we charge other telecommunications companies that use our network and issues related to interstate service. Future revenues, costs, and capital investment in our wireline business could be adversely affected by material changes to these regulations.

RAPID AND SIGNIFICANT CHANGES IN TECHNOLOGY COULD REQUIRE US TO SIGNIFICANTLY INCREASE CAPITAL INVESTMENT OR COULD RESULT IN REDUCED DEMAND FOR OUR SERVICES.

Technologies for communications and information services are rapidly changing. In our wireless business, we employ Code Division Multiple Access, or CDMA, digital technology in the majority of our markets. This technology is still evolving and we expect further developments that would allow us to provide new products and services to our customers. However, if this happens, we may be required to make significant capital investments to implement this new technology.

New communications technologies may also impact our wireline and long-distance businesses. For example, we may be unable to retain existing wireline customers who decide to replace their wireline telephone service with wireless telephone service. Furthermore, the development and deployment of fixed wireless technology in our wireline markets could provide our competitors with an alternative means to access the home and provide local telephone service to our wireline customers. In the long-distance business, new technologies such as voice over internet protocol could provide our long-distance customers with a lower cost alternative to our long-distance



services.

Finally, changing technologies may impact our information services business. Our information services business has developed and continues to develop products that are utilized in a UNIX based environment. New technologies as well as changes in regulation and the development of new products, create the need to continually update and modify our software and systems offered to our customers. Developing and adapting to these new technologies may require significant investment by us, and our success in doing so will determine our ability to retain existing customers and attract new ones.

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The failure to invest in and deploy new technologies for our wireless or information services businesses, or the proliferation of replacement technologies impacting our wireline or long-distance businesses, could require us to make significant additional capital investment or could result in reduced demand for our services, both of which could adversely impact our financial performance and results of operations.

OUR FINANCIAL RESULTS COULD BE ADVERSELY IMPACTED IF WE ARE UNABLE TO SUCCESSFULLY INTEGRATE PENDING OR COMPLETED ACQUISITIONS.

We have made several acquisitions over the past several years as part of our strategy to grow the scale and scope of each of our primary businesses. On October 31, 2001 we signed a definitive agreement to acquire Verizon Communications Inc.'s approximately 600,000 local telephone lines in Kentucky for \$1.9 billion in cash. On March 19, 2002, we announced a definitive agreement to acquire CenturyTel Inc.'s approximately 700,000 wireless customers and certain other assets for \$1.65 billion in cash. We expect each of these acquisitions to close in the third quarter of 2002 (see "Prospectus Supplement Summary--Recent Developments").

We expect certain benefits to arise from these acquisitions, including revenue and market penetration improvements and certain efficiencies and synergies. Our ability to realize these benefits will depend on the successful completion and integration of the acquisitions. The acquisitions are subject to various closing conditions and there can be no assurance that such conditions will be met. Further, our success in integrating the acquisitions will involve, among other things, the conversion of network and billing systems, changes in branding and product offerings, and combining our operations with those of the acquired properties. If we are not successful in this integration, our financial results could be adversely impacted. Additionally, our management may be required to dedicate significant time and effort to this integration process which could divert their attention from other business concerns.

OUR HOLDING COMPANY STRUCTURE RESULTS IN STRUCTURAL SUBORDINATION AND MAY AFFECT OUR ABILITY TO MAKE PAYMENTS ON THE EQUITY UNITS.

The equity units and notes are obligations exclusively of ALLTEL. We are a holding company and, accordingly, substantially all of our operations are conducted through our subsidiaries. As a result, our cash flow and our ability to service our debt, including the equity units, depends upon the earnings of our subsidiaries. In addition, we depend on the distribution of earnings, loans or other payments by our subsidiaries to us.

Our subsidiaries are separate and distinct legal entities. Our subsidiaries have no obligation to pay any amounts due on the equity units or to provide us with funds for our payment obligations, whether by dividends, distributions, loans or other payments. In addition, any payment of dividends,

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distributions, loans or advances by our subsidiaries to us could be subject to statutory or contractual restrictions. Payments to us by our subsidiaries will also be contingent upon our subsidiaries' earnings and business considerations.

Our right to receive any assets of any of our subsidiaries upon their liquidation or reorganization, and therefore the right of the holders of the equity units to participate in those assets, will be effectively subordinated to the claims of that subsidiary's creditors, including trade creditors. In addition, even if we were a creditor of any of our subsidiaries, our rights as a creditor would be subordinate to any security interest in the assets of our subsidiaries and any indebtedness of our subsidiaries senior to that held by us.

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### USE OF PROCEEDS

We estimate that the net proceeds from the sale of equity units in this offering will be approximately \$1.2 billion (approximately \$1.4 billion if the underwriters exercise their over-allotment option in full), after deducting the underwriting discount and estimated offering expenses payable by us. We expect to use the net proceeds from this offering for general corporate purposes, including working capital and the expansion of our business through strategic acquisitions as opportunities arise. Currently, it is anticipated that a significant portion of the net proceeds (together with proceeds from other financings as described below) will be used to fund the remaining \$1.7 billion cash purchase price for the Verizon Wireline Acquisition and the \$1.65 billion cash purchase price for the CenturyTel Wireless Acquisition.

Pending the application of the net proceeds as described immediately above, we will apply such proceeds to either (i) reduce our outstanding commercial paper borrowings or (ii) purchase short-term marketable securities. As of March 31, 2002, we had \$21.0 million of commercial paper borrowing outstanding (with a weighted averaged interest rate of 2.05%).

On April 10, 2002, the SEC declared effective our shelf registration statement, filed on March 29, 2002, which allows us to offer up to \$5.0 billion of our securities from time to time, of which this offering is a part. The aggregate remaining cost of our recently announced acquisitions is estimated at approximately \$3.35 billion. In addition to the net proceeds from this offering, we currently anticipate funding the remaining cost of these acquisitions through funds borrowed or received under (i) a senior bridge credit facility for which we have received commitments, (ii) our commercial paper program and (iii) debt securities issued under the shelf registration statement referred to above. Affiliates of the underwriters are lenders under our existing revolving credit facility which supports borrowings under our commercial paper program and have provided the commitments under the senior bridge credit facility. Those affiliates may receive some of the proceeds of this offering.

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### PRICE RANGE OF COMMON STOCK AND DIVIDEND POLICY

Our common stock trades on the NYSE and the Pacific Stock Exchange under the symbol "AT." The following table sets forth on a per share basis the high and low sales prices for our common stock for the periods indicated as reported on the NYSE composite transactions reporting system, as well as the dividends declared on our common stock for these periods.

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	HIGH	LOW	DIVIDENDS
	-----	-----	-----
2000			
First Quarter.....	\$82.38	\$55.88	\$0.32
Second Quarter.....	70.44	59.06	0.32
Third Quarter.....	64.94	47.75	0.32
Fourth Quarter.....	65.63	50.50	0.33
2001			
First Quarter.....	\$68.69	\$49.43	\$0.33
Second Quarter.....	61.30	50.01	0.33
Third Quarter.....	65.15	54.57	0.33
Fourth Quarter.....	65.15	56.90	0.34
2002			
First Quarter.....	\$63.25	\$52.15	\$0.34
Second Quarter (through April 30, 2002).	56.35	47.80	0.34

On April 30, 2002, the last reported sale price of our common stock on the NYSE was \$49.50 per share. As of April 30, 2002, there were approximately 256,500 holders of record of our common stock.

We declare and pay dividends on our common stock on a quarterly basis and we currently expect to continue this practice in the foreseeable future. Our board of directors periodically considers appropriate dividend policies and practices relating to future dividends on our common stock.

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CAPITALIZATION

The following table sets forth our capitalization at December 31, 2001 and our capitalization as adjusted to reflect the sale of 25,000,000 equity units and the application of the net proceeds therefrom as described under "Use of Proceeds." When you read this data, you should also read the detailed information and financial statements appearing in documents incorporated by reference in this prospectus supplement and the accompanying prospectus.

	AS OF DECEMBER 31, 2001	
	-----	-----
	ACTUAL	AS ADJUSTED
	-----	-----
	(DOLLARS IN MILLIONS)	
Long-term debt (including current maturities).....	\$ 3,913	\$ 5,163
Common stock:		
\$1 par value; 1.0 billion shares		
authorized, 310.5 million issued and outstanding (1).	311	311
Other shareholders' equity (2).....	5,255	5,171
Total shareholders' equity.....	5,566	5,482
	-----	-----
Total capitalization.....	\$ 9,479	\$10,645
	=====	=====

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- (1) Amount excludes the common stock issuable upon settlement of the purchase contracts underlying the corporate units and common stock issuable upon the exercise of 16.3 million outstanding options.
- (2) Reflects an adjustment of approximately \$51.4 million representing the present value of the contract adjustment payments payable in connection with the purchase contracts underlying the corporate units and approximately \$32.5 million representing a portion of the issuance costs allocated to the purchase contracts.

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### ACCOUNTING TREATMENT

The net proceeds from the sale of the equity units will be allocated between the purchase contracts and the notes on our financial statements. The present value of the contract adjustment payments will be initially charged to equity, with an offsetting credit to liabilities. Subsequent contract adjustment payments will be allocated between this liability account and interest expense based on a constant rate calculation over the life of the transaction.

The purchase contracts are forward transactions in our common stock. Upon settlement of a purchase contract, we will receive \$50 on that purchase contract and will issue the requisite number of shares of our common stock. The \$50 we receive will be credited to shareholders' equity and allocated between the common stock and paid-in-capital accounts.

Before the issuance of shares of our common stock upon settlement of the purchase contracts, we expect that the equity units will be reflected in our diluted earnings per share calculations using the treasury stock method. Under this method, the number of shares of common stock used in calculating diluted earnings per share (based on the settlement formula applied at the end of the reporting period) is deemed to be increased by the excess, if any, of the number of shares issuable upon settlement of the purchase contracts over the number of shares that could be purchased by us in the market, at the average market price during the period, using the proceeds receivable upon settlement. Consequently, we anticipate that there will be no dilutive effect on our earnings per share except during periods when the average market price of a share of our common stock is above the threshold appreciation price of \$60.39.

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### DESCRIPTION OF THE EQUITY UNITS

The summary of the equity units and certain provisions of the purchase contract agreement set forth below is not complete and is qualified in all respects by reference to that agreement, a form of which has been filed as an exhibit to a Form 8-K which is incorporated by reference in the registration statement of which this prospectus supplement forms a part.

We will issue the equity units under the purchase contract agreement between the purchase contract agent and us. The equity units initially will consist of 25,000,000 corporate units (28,750,000 corporate units if the underwriters exercise their overallotment option in full), each with a stated amount of \$50.

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Each corporate unit will consist of a unit comprising:

- (1) a purchase contract pursuant to which:
  - . the holder will purchase from us no later than May 17, 2005, for the stated amount, a number of newly issued shares of our common stock equal to the settlement rate described below under "Description of the Purchase Contracts--Purchase of Common Stock,"
  - . we will make unsecured contract adjustment payments to the holder at the rate of 1.50% of the \$50 stated amount per year, paid quarterly, subject to our right to defer these payments; and
- (2) either
  - . a note having a principal amount equal to the stated amount, or
  - . following a successful remarketing of the notes on the third business day immediately preceding February 17, 2005, or the occurrence of a tax event redemption prior to May 17, 2005, the appropriate applicable ownership interest in a portfolio of zero-coupon U.S. Treasury securities, which we refer to as the "Treasury portfolio".

"Applicable ownership interest" means, with respect to a corporate unit and the U.S. Treasury securities in the Treasury portfolio:

- . a 1/20, or 5%, undivided beneficial ownership interest in a \$1,000 principal or interest amount of a principal or interest strip in a U.S. Treasury security included in the Treasury portfolio that matures on or prior to May 15, 2005; and
- . for the scheduled interest payment date on the notes that occurs on May 17, 2005, in the case of a successful remarketing of the notes, or for each scheduled interest payment date on the notes that occurs after the tax event redemption date and on or before May 17, 2005, in the case of a tax event redemption, a .078125% undivided beneficial ownership interest in a \$1,000 principal or interest amount of a principal or interest strip in a U.S. Treasury security included in the Treasury portfolio that matures on or prior to that interest payment date.

For United States federal income tax purposes, the purchase price of each corporate unit will be allocated between the purchase contract and the note in proportion to their respective fair market values at the time of issuance. We expect that, at the time of issuance, the fair market value of each note will be \$50 and the fair market value of each purchase contract will be \$0. This position will generally be binding on each beneficial owner of a corporate unit, but not on the Internal Revenue Service.

As long as an equity unit is in the form of a corporate unit, the note or the appropriate applicable ownership interest in the Treasury portfolio, as applicable, forming a part of the corporate unit will be pledged to the collateral agent to secure the holder's obligation to purchase shares of our common stock under the purchase contract.

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### CREATING TREASURY UNITS

Unless the Treasury portfolio has replaced the notes as a component of

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the corporate units as the result of a successful remarketing of the notes or a tax event redemption, each holder of corporate units will have the right, at any time on or prior to the fifth business day immediately preceding May 17, 2005, to substitute for the notes held by the collateral agent zero-coupon Treasury securities (CUSIP No. 912803AD5) maturing on May 15, 2005, which we refer to as "Treasury securities," in a total principal amount at maturity equal to the aggregate principal amount of the notes for which substitution is being made. This substitution will create treasury units, and the applicable notes will be released to the holder.

Because Treasury securities are issued in multiples of \$1,000, holders of corporate units may make this substitution only in integral multiples of 20 corporate units. If the Treasury portfolio has replaced the notes as a component of the corporate units as the result of a successful remarketing of the notes or a tax event redemption, holders of corporate units may make substitutions only in multiples of 32,000 corporate units, at any time on or prior to the second business day immediately preceding May 17, 2005. In such a case, holders would also obtain the release of the appropriate applicable ownership interest in the Treasury portfolio rather than a release of the applicable notes.

Each treasury unit will consist of a unit with a stated amount of \$50 and will contain two components:

(1) a purchase contract pursuant to which:

- . the holder will purchase from us no later than May 17, 2005, for the stated amount, a number of newly issued shares of our common stock equal to the settlement rate described below under "Description of the Purchase Contracts--Purchase of Common Stock," and
- . we will make unsecured contract adjustment payments to the holders at the rate of 1.50% of the \$50 stated amount per year, paid quarterly, subject to our rights to defer these payments; and

(2) a 1/20, or 5%, undivided beneficial ownership interest in a Treasury security that matures on May 15, 2005 and has a principal amount at maturity of \$1,000.

For example, to create 20 treasury units if the Treasury portfolio has not replaced the notes as a component of the corporate units, the corporate unit holder will:

- . deposit with the collateral agent a Treasury security that matures on May 15, 2005 and has a principal amount at maturity of \$1,000, and
- . transfer 20 corporate units to the purchase contract agent accompanied by a notice stating that the holder has deposited a Treasury security with the collateral agent and requesting the release to the holder of the 20 notes relating to the 20 corporate units.

Upon that deposit and the receipt of an instruction from the purchase contract agent to the collateral agent, the collateral agent will release the related 20 notes from the pledge under the pledge agreement, free and clear of our security interest, to the purchase contract agent. The purchase contract agent will then:

- . cancel the 20 corporate units,

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- . transfer the 20 related notes to the holder, and
- . deliver 20 treasury units to the holder.

The Treasury security will be substituted for the notes and will be pledged to the collateral agent to secure the holder's obligation to purchase our common stock under the purchase contract. The notes released to the holder thereafter will trade separately from the resulting treasury units. Contract adjustment payments will be

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payable by us on these treasury units on each payment date from the later of August 17, 2002 and the last payment date on which contract adjustment payments were made. In addition, original issue discount will accrue on the related Treasury securities.

### RECREATING CORPORATE UNITS

Unless the Treasury portfolio has replaced the notes as a component of the corporate units as a result of a successful remarketing of the notes or a tax event redemption, each holder of treasury units will have the right, at any time on or prior to the fifth business day immediately preceding May 17, 2005, to substitute for the Treasury securities held by the collateral agent notes in an aggregate principal amount equal to the aggregate principal amount at maturity of the Treasury securities. This substitution would create corporate units, and the applicable Treasury securities would be released to the holder.

Because Treasury securities are issued in integral multiples of \$1,000, holders of treasury units may make this substitution only in integral multiples of 20 treasury units. If the Treasury portfolio has replaced the notes as a component of the corporate units as the result of a successful remarketing of the notes or a tax event redemption, holders of the treasury units may make this substitution at any time on or prior to the second business day immediately preceding May 17, 2005, but using the appropriate applicable ownership interest in the Treasury portfolio instead of notes and only in integral multiples of 32,000 treasury units.

For example, to create 20 corporate units, the treasury units holder will:

- . deposit with the collateral agent 20 notes, which notes must have been purchased in the open market at the holder's expense, and
- . transfer 20 treasury units certificates to the purchase contract agent accompanied by a notice stating that the treasury units holder has deposited 20 notes with the collateral agent and requesting that the purchase contract agent instruct the collateral agent to release the Treasury security relating to those treasury units.

Upon that deposit and the receipt of an instruction from the purchase contract agent to the collateral agent, the collateral agent will release the Treasury securities from the pledge under the pledge agreement, free and clear of our security interest, to the purchase contract agent. The purchase contract agent will then:

- . cancel the 20 treasury units,
- . transfer the Treasury securities to the holder of treasury units, and

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. deliver 20 corporate units to the holder.

The substituted notes will be pledged with the collateral agent to secure the corporate unit holder's obligation to purchase common stock under the purchase contract.

Holders that elect to substitute pledged securities, thereby creating treasury units or recreating corporate units, will be responsible for any fees or expenses payable in connection with the substitution.

### CURRENT PAYMENTS

Holders of corporate units are entitled to receive aggregate cash payments at the rate of 7.75% of the \$50 stated amount per year from and after the original issue date, payable quarterly in arrears. The quarterly payments on the corporate units will consist of interest on the note or cash distributions on the applicable ownership interest in the Treasury portfolio, as applicable, payable at the rate of 6.25% of the stated amount per year, and quarterly contract adjustment payments payable by us at the rate of 1.50% of the stated amount per year, subject to our right to defer the payment of such contract adjustment payments. The original issue discount

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rules that apply to contingent payment debt instruments should govern the income inclusions with respect to the notes for United States federal income tax purposes.

Holders who create treasury units will be entitled to receive quarterly contract adjustment payments payable by us at the rate of 1.50% of the stated amount per year, subject to our right to defer the payments of such contract adjustment payments. In addition, original issue discount will accrue on the Treasury securities.

Our obligations with respect to the contract adjustment payments will be subordinate and junior in right of payment to our senior indebtedness. "Senior indebtedness" with respect to the contract adjustment payments means indebtedness of any kind provided the instrument under which such indebtedness is incurred does not expressly provide otherwise. The notes will be our senior unsecured obligations and will rank equal in right of payment with all of our other senior unsecured obligations. See "Description of Debt Securities" in the accompanying prospectus.

### ABSENCE OF VOTING AND OTHER RIGHTS

Holders of purchase contracts forming part of the corporate units or the treasury units, in their capacities as such holders, will have no voting or other rights in respect of our common stock.

### LISTING OF THE SECURITIES

The corporate units have been approved for listing on the NYSE under the symbol "AYZ," subject to notice of official issuance. Unless and until substitution has been made as described in "--Creating Treasury Units" or "--Recreating Corporate Units," neither the note nor Treasury portfolio component of a corporate unit, nor the Treasury security component of a treasury unit, will trade separately from corporate units or treasury units. The note or Treasury portfolio component will trade as a unit with the purchase contract component of the corporate unit, and the Treasury security component



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will trade as a unit with the purchase contract component of the treasury unit.

If treasury units or notes are separately traded to a sufficient extent that the applicable exchange listing requirements are met, we may but need not cause the treasury units or notes to be listed on the exchange on which the corporate units are then listed.

### MISCELLANEOUS

We or our affiliates may from time to time, to the extent permitted by law, purchase any of the corporate units, treasury units or notes which are then outstanding by tender, in the open market or by private agreement.

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### DESCRIPTION OF THE PURCHASE CONTRACTS

The summary of the purchase contract agreement, purchase contracts, pledge agreement, remarketing agreement, indenture and supplemental indenture set forth below is not complete and is qualified in all respects by reference to those agreements, forms of which have been, or will be, filed as exhibits to a Form 8-K which is incorporated by reference in the registration statement of which this prospectus forms a part.

### PURCHASE OF COMMON STOCK

Each purchase contract underlying an equity unit will obligate the holder of the purchase contract to purchase, and us to sell, on May 17, 2005, for an amount in cash equal to \$50, the stated amount of each equity unit, a number of newly issued shares of our common stock equal to the "settlement rate." The settlement rate will be calculated, subject to adjustment under the circumstances described in "--Anti-Dilution Adjustments," as follows:

- . if the applicable market value is equal to or greater than the threshold appreciation price of \$60.39 , which is approximately 22% above the reference price of \$49.50, the settlement rate will be .8280, which is equal to the stated amount divided by the threshold appreciation price. Accordingly, if, between the date of this prospectus supplement and the period during which the applicable market value is measured, the market price for our common stock increases to an amount that is higher than the threshold appreciation price, the aggregate market value of the shares of our common stock issued upon settlement of each purchase contract will be higher than the stated amount, assuming that the market price of our common stock is the same as the applicable market value of our common stock. If the market price is the same as the threshold appreciation price, the aggregate market value of the shares will be equal to the stated amount, assuming that the market value of our common stock on the date of settlement is the same as the applicable market value of our common stock;
- . if the applicable market value is less than the threshold appreciation price but greater than the reference price, the settlement rate will be equal to the stated amount divided by the applicable market value. Accordingly, if the market price for our common stock increases between the date of this prospectus supplement and the period during which the applicable market value is measured, but the market price is less than the threshold appreciation price, the aggregate market value of the shares of our common stock issued upon settlement of each purchase contract will be equal to the stated amount, assuming that the market price of our common stock on the date of settlement is the same as the

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applicable market value of our common stock; and

- . if the applicable market value is less than or equal to the reference price, the settlement rate will be 1.0101, which is equal to the stated amount divided by the reference price. Accordingly, if the market price for our common stock decreases between the date of this prospectus supplement and the period during which the applicable market value is measured, the aggregate market value of the shares of our common stock issued upon settlement of each purchase contract will be less than the stated amount, assuming that the market value is the same as the applicable market value of our common stock. If the market price stays the same, the aggregate market value of the shares of our common stock will be equal to the stated amount, assuming that the market value is the same as the applicable market value of our common stock.

"Applicable market value" means the average of the closing price per share of our common stock on each of the 20 consecutive trading days ending on the third trading day immediately preceding May 17, 2005 or, in the event of a cash merger, ending on the third trading day immediately preceding the consummation of the cash merger.

"Closing price" of our common stock on any date of determination means the closing sale price (or, if no closing price is reported, the last reported sale price) of our common stock on the NYSE on that date or, if our

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common stock is not listed for trading on the NYSE on any such date, as reported in the composite transactions for the principal United States national or regional securities exchange on which our common stock is so listed. If our common stock is not so listed on a United States national or regional securities exchange, the closing price means the last closing sale price of our common stock as reported by the Nasdaq Stock Market, or, if our common stock is not so reported, the last quoted bid price for our common stock in the over-the-counter market as reported by the National Quotation Bureau or similar organization. If the bid price is not available, the closing price means the market value of our common stock on the date of determination as determined by a nationally recognized independent investment banking firm retained by us for this purpose.

A "trading day" means a day on which our common stock is not suspended from trading on any national or regional securities exchange or association or over-the-counter market at the close of business and has traded at least once on the national or regional securities exchange or association or over-the-counter market that is the primary market for the trading of our common stock.

We will not issue any fractional shares of our common stock pursuant to the purchase contracts. In lieu of fractional shares otherwise issuable (calculated on an aggregate basis) in respect of purchase contracts being settled by a holder of corporate units or treasury units, the holder will be entitled to receive an amount of cash equal to the fraction of a share times the applicable market value.

On the business day immediately preceding May 17, 2005, unless:

- . a holder of corporate units or treasury units has settled the purchase contracts through the early delivery of cash to the purchase contract agent in the manner described under "--Early Settlement;"

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- . a holder of corporate units or treasury units has settled the purchase contracts early in the manner described under "--Early Settlement Upon Cash Merger;"
- . a holder of corporate units that include notes has settled the purchase contracts with separate cash on the business day immediately preceding May 17, 2005 pursuant to prior notice in the manner described under "--Notice to Settle with Cash;"
- . a holder of corporate units has had the notes related to the holder's purchase contracts successfully remarketed on the third business day immediately preceding May 17, 2005 if the notes were not successfully remarketed on the third business day immediately preceding February 17, 2005 in the manner described herein; or
- . an event described under "--Termination" below has occurred,

then

- . in the case of corporate units, unless the Treasury portfolio has replaced the notes as a component of the corporate units as the result of a successful remarketing of the notes on the third business day immediately preceding February 17, 2005 or a tax event redemption, we will exercise our rights as a secured party to dispose of the notes in accordance with applicable law, and
- . in the case of treasury units or, in the event that the Treasury portfolio has replaced the notes as a component of the corporate units as the result of a successful remarketing of the notes on the third business day immediately preceding February 17, 2005 or a tax event redemption, in the case of corporate units, the principal amount of the Treasury securities, or the appropriate applicable ownership interest in the Treasury portfolio, as applicable, when paid at maturity, will automatically be applied to satisfy in full the holder's obligation to purchase shares of our common stock under the purchase contracts.

Shares of our common stock will then be issued and delivered to the holder or the holder's designee, upon presentation and surrender of the certificate evidencing the equity units and payment by the holder of any

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transfer or similar taxes payable in connection with the issuance of our common stock to any person other than the holder.

Each holder of corporate units or treasury units, by acceptance of these securities, will be deemed to have:

- . irrevocably agreed to be bound by the terms and provisions of the purchase contracts and the pledge agreement and to have agreed to perform its obligations thereunder for so long as the holder remains a holder of the equity units, and
- . duly appointed the purchase contract agent as the holder's attorney-in-fact to enter into and perform the purchase contracts and pledge agreement on behalf of and in the name of the holder.

In addition, each beneficial owner of corporate units or treasury units, by acceptance of this interest, will be deemed to have agreed to treat:

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- . itself as the owner of the related notes, the appropriate applicable ownership interest in the Treasury portfolio or the Treasury securities, as the case may be, and
- . the notes as indebtedness for all tax purposes.

### REMARKETING

Pursuant to the remarketing agreement and subject to the terms of the supplemental remarketing agreement among the remarketing agent, the purchase contract agent and us, unless a tax event redemption has occurred, the notes of corporate unit holders will be remarketed on the third business day immediately preceding February 17, 2005.

The remarketing agent will use its reasonable efforts to remarket these notes at an aggregate price of approximately 100.5% of the Treasury portfolio purchase price described below. The portion of the proceeds from the remarketing equal to the Treasury portfolio purchase price will be applied to purchase a Treasury portfolio consisting of:

- . interest or principal strips of U.S. Treasury securities that mature on or prior to May 15, 2005 in an aggregate amount equal to the principal amount of the notes included in corporate units, and
- . interest or principal strips of U.S. Treasury securities that mature on or prior to May 15, 2005 in an aggregate amount equal to the aggregate interest payment that would be due on that date on the principal amount of the notes included in corporate units if the interest rate on the notes was not reset as described in "Description of the Notes--Market Rate Reset."

The Treasury portfolio will be substituted for the notes and will be pledged to the collateral agent to secure the corporate unit holders' obligation to purchase our common stock under the purchase contracts.

In addition, the remarketing agent may deduct, as a remarketing fee, an amount not exceeding 25 basis points (.25%) of the Treasury portfolio purchase price from any amount of the proceeds in excess of the Treasury portfolio purchase price. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders. Holders of corporate units whose notes are remarketed will not otherwise be responsible for the payment of any remarketing fee in connection with the remarketing.

As used in this context, "Treasury portfolio purchase price" means the lowest aggregate price quoted by a primary U.S. government securities dealer in New York City to the quotation agent on the third business day

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immediately preceding February 17, 2005 for the purchase of the Treasury portfolio described above for settlement on February 17, 2005.

"Quotation agent" means Merrill Lynch Government Securities, Inc. or its successor or any other primary U.S. government securities dealer in New York City selected by us.

If (1) despite using its reasonable efforts, the remarketing agent cannot remarket the notes, other than to us, at a price equal to or greater than 100% of the Treasury portfolio purchase price, or (2) the remarketing has not occurred because a condition precedent to the remarketing has not been

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fulfilled, in each case resulting in a failed remarketing, the notes will continue to be a component of corporate units, and another remarketing will be attempted as described below.

If the remarketing of the notes on the third business day preceding February 17, 2005 has resulted in a failed remarketing, and unless a tax event redemption has occurred, the notes of corporate unit holders who have failed to notify the purchase contract agent on or prior to the fifth business day immediately preceding May 17, 2005 of their intention to settle the purchase contracts with separate cash will be remarketed on the third business day immediately preceding May 17, 2005.

The remarketing agent will then use its reasonable efforts to remarket these notes at a price of approximately 100.5% of the aggregate principal amount of the notes. The portion of the proceeds from this remarketing equal to the aggregate principal amount of the notes will automatically be applied to satisfy in full the corporate unit holders' obligations to purchase our common stock.

In addition, the remarketing agent will deduct, as a remarketing fee, an amount equal to 25 basis points (.25%) of the aggregate principal amount of the remarketed notes from any amount of the proceeds in excess of the aggregate principal amount of the remarketed notes. The remarketing agent will then remit any remaining portion of the proceeds for the benefit of the holders. Holders of corporate units whose notes are remarketed will not otherwise be responsible for the payment of any remarketing fee in connection with the remarketing.

If (1) despite using its reasonable efforts, the remarketing agent cannot remarket the notes, other than to us, at a price equal to or greater than 100% of the aggregate principal amount of the notes, or (2) the remarketing has not occurred because a condition precedent to the remarketing has not been fulfilled, in each case resulting in a failed remarketing, we will exercise our rights as a secured party to either dispose of, or obtain and extinguish, the notes in accordance with applicable law and satisfy in full each holder's obligation to purchase our common stock under the purchase contracts.

We will cause a notice of any failed remarketing to be published on the second business day immediately preceding February 17, 2005 or May 17, 2005, as applicable, by publication in a daily newspaper in the English language of general circulation in New York City, which is expected to be THE WALL STREET JOURNAL. In addition, we will request, not later than seven nor more than 15 calendar days prior to a remarketing date, that the depositary notify its participants holding notes, corporate units and treasury units of the remarketing, including, in the case of a second failed remarketing, the procedures that must be followed if a note holder wishes to exercise its right to put its note to us as described in this prospectus supplement. If required, we will endeavor to ensure that a registration statement with regard to the full amount of the notes to be remarketed will be effective in a form that will enable the remarketing agent to rely on it in connection with the remarketing process. It is currently anticipated that Merrill Lynch, Pierce, Fenner & Smith Incorporated will be the remarketing agent.

### EARLY SETTLEMENT

A holder of corporate units may settle the purchase contracts (unless a tax event redemption has occurred) on or prior to the fifth business day immediately preceding May 17, 2005 by presenting and

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surrendering the equity unit certificate evidencing those corporate units at the offices of the purchase contract agent, provided that at such time, if so required under the U.S. federal securities laws, there is in effect a registration statement covering the shares of our common stock to be delivered in respect of the purchase contracts being settled. The holder should also present the form of "Election to Settle Early" on the reverse side of that certificate completed and executed as indicated, accompanied by payment to us in immediately available funds of an amount equal to the sum of (i) \$50 times the number of purchase contracts being settled plus (ii) if delivery is made with respect to any purchase contracts during the period from the close of business on any record date for any payment date to the opening of business on such payment date, an amount equal to the contract adjustment payments payable on such payment date with respect to such purchase contracts. However, if the applicable ownership interest in the Treasury portfolio has become a component of the corporate units as a result of a successful remarketing of the notes or a tax event redemption prior to May 17, 2005, holders of those corporate units may settle early only in integral multiples of 32,000 corporate units at any time on or prior to the second business day immediately preceding May 17, 2005.

A holder of treasury units may settle the purchase contracts on or prior to the fifth business day immediately preceding May 17, 2005 by presenting and surrendering the equity unit certificate evidencing those treasury units at the offices of the purchase contract agent, provided that at such time, if so required under the U.S. federal securities laws, there is in effect a registration statement covering the shares of our common stock to be delivered in respect of the purchase contracts being settled. The holder should also present the form of election to settle early on the reverse side of that certificate completed and executed as indicated, accompanied by payment to us in immediately available funds of an amount equal to \$50 times the number of purchase contracts being settled. Holders of treasury units may settle early only in integral multiples of 20 treasury units.

We have agreed that, if required under U.S. federal securities laws, we will use commercially reasonable efforts to (1) have in effect a registration statement covering the shares of our common stock to be delivered in respect of the purchase contracts being settled and (2) provide a prospectus in connection therewith, in each case in a form that may be used in connection with the early settlement.

So long as the equity units are evidenced by one or more global security certificates deposited with the depositary, procedures for early settlement will also be governed by standing arrangements between the depositary and the purchase contract agent.

Upon early settlement of the purchase contracts related to any corporate units or treasury units:

- . except as described below in "--Early Settlement Upon Cash Merger," as a holder of equity units, you will receive .8280 of a newly issued share of our common stock per corporate units or treasury units, accompanied by this prospectus supplement, as amended or stickered, regardless of the market price of our common stock on the date of the early settlement. The number of shares of our common stock will be subject to adjustment under the circumstances described in "--Anti-Dilution Adjustments" below,
- . the notes, the applicable ownership interest in the Treasury portfolio or the Treasury securities, as applicable, related to the corporate units or treasury units will be transferred to the holder free and clear of our security interest,
- . your right to receive future contract adjustment payments, if any, will

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terminate, and

- . no adjustment will be made to you, or for you, on account of any amounts accrued (including deferred amounts) in respect of contract