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June 13, 1984

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OFFICE OF THE DIRECTOR
CORPORATION FINANCE

OUR FILE NUMBER
93166-00006

John J. Huber, Esq.
Director, Division of
Corporation Finance
Larry E. Bergmann, Esq.
Assistant Director, Division
of Market Regulation
Securities and Exchange Commission
Judiciary Plaza
450 Fifth Street, N.W.
Washington, D.C. 20549

Re: U S WEST, Inc.
'33 Act § 5
'34 Act § 10(b), 13(e), 14(d) and 14(e),
and Rules 10b-6 and 13e-4

Dear Sirs:

We are counsel to U S WEST, Inc., a Colorado corporation ("U S WEST"), which was formed as part of the judicially mandated divestiture by American Telephone and Telegraph Company of its telephone operating subsidiaries. The mechanics of the divestiture included the transfer to the stockholders of AT&T of one share of each regional holding company, including U S WEST, for each ten shares of AT&T owned. As a result U S WEST finds itself with an abnormally high ratio of odd lot shareholders. For example, among record shareholders alone 64.4% of the total number of shareholders own less than 20 shares of U S WEST and account for only 6.7% of the total number of shares outstanding (6.5 million shares of 96.6 million total). Similarly 83.2% of the shareholders of record own less than 50 shares but account for only 15.9% of

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the total number of shares outstanding. Servicing these small accounts is very expensive in absolute terms -- U S WEST estimates that the cost per stockholder of record is in excess of \$12 (a total of \$15.6 million per year for the holders of less than 50 shares) -- and is disproportionately expensive on any cost/benefit analysis.

U S WEST welcomes the interest of all its shareowners, large and small. It believes, however, that many of its shareowners who own less than 50 shares may be unfamiliar with the operation of the stock market and may be concerned about the high transaction costs of selling shares. Consequently U S WEST has initiated contacts with The First Boston Corporation ("FBC") and American Transtech, Inc. ("Transtech"), whereby holders of less than 50 shares of U S WEST stock will be afforded an opportunity during a limited, but reasonable, period to sell their shares at round lot prices without brokerage commissions. The proposal contemplates that U S WEST will arrange for Transtech to act as agent for the shareholders of U S WEST. Transtech, a wholly owned subsidiary of AT&T and not affiliated with U S WEST, acts as transfer agent for U S WEST. U S WEST has designated, and Transtech has retained, FBC to act as broker for the sale of the shares. FBC will not act as principal or acquire for its own account any of the shares. It will attempt to sell the shares in such fashion so as not to adversely affect the trading market.

U S WEST will advise all its stockholders owning of record or beneficially less than 50 shares that if they transmit (or in the case of beneficial owners, cause the nominee holder of record to transmit) the stock certificate(s) representing all the shares owned by them to Transtech, those shares will be sold through FBC into the market or to block purchasers at the then market price. Such stockholders will also be advised that they may only sell all the shares owned by them and, upon transmission of the certificates, they will be unable to withdraw them. Transtech will pay FBC a fixed fee and a commission based on shares sold. U S WEST will pay the fees of Transtech and reimburse it for its administrative charges and expenses, including the amounts paid to FBC.

In order to assure fair treatment of the stockholders holding less than 50 shares and to affect the trading market as little as possible the following guidelines will be established.

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1. Transtech will mail to each U S WEST shareholder of record of less than 50 shares a letter and explanatory brochure describing the transaction and its mechanics. Transtech will mail to nominee record holders copies of these documents for distribution to eligible shareholders and will reimburse such record holders for the cost of such distribution. In addition, Transtech will offer to make available without charge to all eligible shareholders a copy of U S WEST's 1983 Annual Report on Form 10-K and subsequent 10-Qs.

2. The mailing is expected to be made on June 28, 1984 to shareholders of record on June 20, 1984. Follow-up telephone calls will be made by Transtech to assure that the information has been received and to answer shareholder questions. Transtech also expects to make follow-up contacts by postcard. No recommendations or solicitations will be made.

3. The program will be available to shareholders until August 17, 1984 with the right of U S WEST to extend it to not later than September 20, 1984.

4. The record dates for dividends are expected to be June 29, 1984 and September 28, 1984, with "ex" dates of June 25 and September 24. Thus, the program dates are wholly within one dividend cycle.

5. All shares will be sold on a first-in, first-out (FIFO) basis. Shares received in good deliverable form at any time on a given day will be treated as having been received at the same time. All shares will be sold on the day after the day received or the next day after that if possible without creating undue market impact, in the opinion of FBC. FBC is obligated, however, to sell all shares received on a given day not later than the close of business on the fifth business day after receipt. The proposed five-day plan is designed to give sufficient flexibility to avoid needless adverse market effect.

6. Each shareholder whose shares are received on a given day will receive the weighted average price realized from the sale of all shares received on such day.

7. Confirmations of sale will be given to Transtech as agent for the shareholders in accordance with industry practice.

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8. Cash for the shares sold will be delivered by FBC to Transtech for its account as agent, for distribution to the sellers, in accordance with industry practice for regular-way cash accounts.

9. Transtech will issue its checks to the sellers promptly after receipt of good collected funds.

With respect to Section 5 of the Securities Act, we believe that the actions of U S WEST, irrespective of their categorization for Rule 13e-4 and other Exchange Act purposes, do not amount to an offering of securities by or for U S WEST. Thus, in our opinion no registration of the sale of such shares is required under the Securities Act.

We are aware that the Staff has taken the position that odd lot transactions similar in some respects to that proposed by U S WEST are or may be considered to be tender offers of some sort. However, because of the exemption contained in Rule 13e-4(g) (5) for odd lot issuer tenders, no regulatory oversight has been deemed required under either Rule 13e-4 or under § 14(d) or the rules promulgated thereunder.

U S WEST has during the past several months been engaged in a publicly announced program to repurchase its shares for the treasury. The repurchase program has been conducted under Rule 10b-18. U S WEST will suspend all acquisitions under this general 10b-18 program not later than five business days prior to the shareholder mailing and not recommence until after the termination of the odd-lot program. In connection with the dividend payable in April to shareholders of record March 30, 1984, U S WEST, also in compliance with Rule 10b-18, purchased approximately one-half the aggregate number of shares needed specifically to provide Transtech with shares to cover the obligation under U S WEST's Dividend Reinvestment and Stock Purchase Plan ("DRSPP"). The balance of the shares needed for the DRSPP came from the shares acquired under the Rule 10b-18 program "for the treasury". The DRSPP generally provides that U S WEST will deliver shares to Transtech without specifying that they be either authorized and unissued or treasury shares or shares otherwise acquired for the purpose of fulfilling U S WEST's share obligation. U S WEST believes that purchasing shares for delivery under the DRSPP is beneficial to itself and its shareholders for several reasons. Among them are the facts that: current market price

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is below book value, thus using previously outstanding shares avoids dilution of the shareholder's interests; the use of previously outstanding shares does not increase the overall cash dividend obligation of U S WEST; and generally U S WEST believes its shares are selling below intrinsic value.

The April dividend resulted in the DRSP using slightly less than 500,000 shares. U S WEST expects the August dividend (to shareholders of record June 29) will require the delivery of approximately the same number of shares. U S WEST proposes to engage in Rule 10b-18 purchases during July to cover these needs. Although the price at which the DRSP calculates the dividend purchase is calculated only on the last five trading days before the payment date, U S WEST believes that it cannot purchase enough shares during that period to meet its DRSP obligations. Therefore, it desires to space its purchases throughout July and thereafter for both the August dividend and October dividend both to acquire an adequate number of shares and to avoid any untoward pressure on the market price.

In addition, U S WEST has two Employee Stock Purchase Plans ("ESPP") for each of which Bankers Trust Company is trustee. U S WEST reserves the right to designate whether the trustee buys the shares of U S WEST required thereby in the market or from U S WEST. Immediately after its commencing business U S WEST instructed the trustee to make all purchases in the market and has not revoked, rescinded or changed those instructions and does not plan to do so. However, we understand that the Staff has taken the position that the reservation of such right creates the situation where the trustee is deemed an "affiliated purchaser" as defined in Rule 10b-6(c)(6). Under such an interpretation purchases by the trustee would be treated the same as purchases by U S WEST and subject to the same restraints as Rule 10b-6 might impose on U S WEST itself.

U S WEST has advised us that the trustee under the ESPP buys approximately \$5,000,000 of stock each month (approximately 83,500 shares at today's price).

In connection with these purchases U S WEST, the trustee or their broker may purchase shares offered by FBC as part of the odd lot transaction.

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Rule 10b-6 is designed to prevent market manipulation by participants in a "distribution". Rule 10b-6(c)(5) defines a "distribution" as an offering of securities that is distinguished from ordinary trading transactions by the magnitude of the offering and the presence of special selling efforts and selling methods. The presence of special selling efforts and selling methods may be indicated in a number of ways, including the payment of compensation greater than that normally paid in connection with ordinary trading transactions. The definition, as adopted, differs from the proposed definition which would have distinguished a distribution from customary trading and market-making transactions by reference to the magnitude of the offering or the presence of special selling efforts and methods or the payment of compensation greater than that normally paid in connection with ordinary trading transactions. The Commission has stated that the adopted definition substantially reflected current decisional law. CCH Fed. Sec. L. Rptr., 1982-1983 Decisions ¶ 83,326 at p. 85,809. In the present case, the number of shares to be sold may prove to be large, but there will be no special selling efforts or selling methods. The shares will be sold by FBC in normal brokerage transactions for compensation well within the limits of normal brokerage commissions. Accordingly, the sale should not be regarded as a "distribution" for the purposes of Rule 10b-6. Even if the sale were to be regarded as a distribution, we believe that it should not be regarded as a distribution by or on behalf of U S WEST and that U S WEST should not be regarded as a participant therein. U S WEST does not own or control, directly or indirectly, any shares being sold. While it will arrange through Transtech for FBC to execute the sale orders and though Transtech will be paying FBC's fee and commissions, such actions do not constitute or cause a distribution by U S WEST. Accordingly, we have concluded that Rule 10b-6 is not applicable to this transaction or, at least, is not applicable to U S WEST.

If U S WEST is treated as if it were engaged in an issuer tender offer (even though exempt from the application of Rule 13e-4), then the question would arise whether Rule 10b-13 would be applicable. Rule 10b-13 is designed to prevent a person who is purchasing shares pursuant to a tender offer from purchasing shares in any other manner during the pendency thereof. Rule 13e-4 is designed to prevent discrimination between similarly situated sellers of securities. Round lot

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purchases by U S WEST and the trustee for the DRSP and ESPP are wholly different from, and do not discriminate against, odd lot sellers in the odd lot transaction. There is absolutely no regulatory purpose in defining the odd lot transaction as a tender offer for Rule 10b-13. U S WEST is not buying or accumulating shares in the odd lot transactions. The only purchases are for the DRSP and ESPP. If relief is not granted under Rule 10b-13(d), then U S WEST is effectively prohibited from accomplishing its acquisition of share needs in any form whatsoever, an unjust and unnecessary result.

We have advised U S WEST that in our opinion the purchases of shares for the DRSP and ESPP during the pendency of the odd lot transaction do not constitute violations of Rule 10b-6 or Rule 10b-13. We would appreciate your concurrence therein or alternatively (i) advice that the Staff will not recommend action by the Commission against U S WEST if it and the trustee of the ESPP engage in such transactions or (ii) formal exemption from the application of such rules to the purchase transactions.

However, in order to assure U S WEST that the various acts it proposes to take in connection with, or at the same time as, the odd lot transaction referred to above are fully in compliance with law and the rules, we seek hereby appropriate letters of no-action or exemptions from specific rules as follows:

1. Advice that the Staff will not recommend that the Commission commence an action against U S WEST, Transtech or FBC asserting that Section 14(d) or the rules thereunder is applicable to the odd lot transaction described above.
2. Advice that the Staff will not recommend that the Commission commence an action against U S WEST, Transtech or FBC if the odd lot transaction proceeds as above described without the filing of a registration statement under the Securities Act of 1933 in connection with the sales of the shares of odd lot holders delivered to Transtech for sale.
3. Exemptions granted pursuant to Rule 10b-6(h) and Rule 10b-13(d) or alternatively advice that the Staff will not recommend that the Commission commence an action against U S WEST or FBC if the odd lot transaction is conducted as described above or U S WEST engages in the transactions referred to above while the odd lot transaction is open.

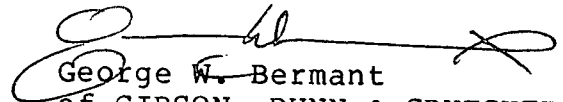
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As of May 31, 1984 U S WEST had 96,614,523 shares outstanding held by 1,525,886 shareholders of record.

We have been authorized to advise you that Sullivan & Cromwell (William J. Williams, Jr., Esq.), counsel to FBC, have participated in the preparation of this letter and concur in its conclusions.

If you have any questions or comments, please call me at (303) 298-7200. We, the Company, FBC and its counsel are available to meet with you at your convenience. Since the transaction is expected to be announced publicly in the near future and will be mailed on June 28, a prompt response is appreciated.

Very truly yours,


George W. Bermant
of GIBSON, DUNN & CRUTCHER

cc: William J. Williams, Jr., Esq.