

# QWEST CORP

## FORM 424B3

(Prospectus filed pursuant to Rule 424(b)(3))

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**Rule 424(b)(3)**

**PRICING SUPPLEMENT NO. 4 DATED MARCH 17, 1994**

(To Prospectus and Prospectus Supplement

December 17, 1993)

\$25,000,000

# **U S WEST COMMUNICATIONS, INC.**

## **Medium-Term Notes**

### **Due Nine Months or More From Date of Issue**

Form of Note:	Except as set forth herein, the Notes offered hereby are "Floating Rate Notes" and have such terms as are described in the accompanying Prospectus Supplement dated December 17, 1993 relating to Floating Rate Notes.
Settlement Date:	March 25, 1994
Maturity Date:	March 25, 1997
Issue Price:	100%
Initial Interest Rate:	4.249%

Interest Payment Dates:	Quarterly in arrears on each March 25, June 25, September 25 and December 25, and on the Maturity Date, commencing June 25, 1994.
Interest Reset Dates:	Each March 25, June 25, September 25 and December 25 from June 25, 1994 to and including December 25, 1996.
Calculation Agent:	Morgan Stanley & Co. Incorporated
Index Maturity:	Three months
Interest Rate Basis:	LIBOR Telerate
Minimum Interest Rate:	The interest rate for any interest period will not be less than the interest rate applicable to the immediately preceding interest period.
Maximum Interest Rate:	The interest rate for any interest period will not be greater than the interest rate applicable to the immediately preceding interest period plus 0.25%.
Spread Adjustment Formula:	LIBOR + .35%.
	Terms used but not defined in this Pricing Supplement shall have the meanings specified in the above -referenced Prospectus and Prospectus Supplement.

#### TAXATION

The following discussion supplements the discussion contained in the accompanying Prospectus Supplement under the heading "Certain United States Federal Income Tax Considerations - -- Original Issue Discount".

On January 27, 1994, the IRS issued final Treasury regulations (the "OID Regulations") under the original issue discount provisions of the Code. The OID Regulations, which replaced the

Proposed OID Regulations, generally apply to debt instruments issued on or after April 4, 1994; therefore by their terms they would not apply to the Notes offered hereby. Nevertheless, taxpayers may rely on the OID Regulations for debt instruments issued after December 21, 1992.

Under the OID Regulations, Floating Rate Notes (such as the Notes offered hereby) are subject to special rules whereby a Floating Rate Note will qualify as a "variable rate debt instrument" if (a) its issue price does not exceed the total noncontingent principal payments due under the Floating Rate Note by more than a specified de minimis amount and (b) it provides for stated interest, paid or compounded at least annually, at current values of (i) one or more qualified floating rates or (ii) a single objective rate.

A "qualified floating rate" is any variable rate where variations in the value of such rate can reasonably be expected to measure contemporaneous variations in the cost of newly borrowed funds in the currency in which the Floating Rate Note is denominated. Notwithstanding the foregoing, a variable rate that would otherwise constitute a qualified floating rate but which is subject to a restriction or restrictions on the increase or decrease in the stated interest (i.e., a governor) will fail to be treated as a qualified floating rate under the OID Regulations unless either (i) the governor is fixed throughout the term of the Floating Rate Note or (ii) the governor is not reasonably expected, as of the Floating Rate Note's issue date, to cause the yield on the Floating Rate Note to be significantly more or significantly less than the expected yield on the Floating Rate Note determined without the governor. In general, an "objective rate" is a rate that is not itself a qualified floating rate but which is determined using a single fixed formula and which is based upon one or more qualified floating rates. However, a variable rate of interest on a Floating Rate Note will not constitute an objective rate if it is reasonably expected that the average value of such rate during the first half of the Floating Rate Note's term will be either significantly less than or significantly greater than the average value of the rate during the final half of the Floating Rate Note's term. Based upon the foregoing, it is possible that either the Minimum Interest Rate or the Maximum Interest Rate or both could cause the Spread Adjustment Formula to fail to be treated as a qualified floating rate. In such event, the Spread Adjustment Formula would nonetheless constitute an objective rate unless it is reasonably expected that the average value of the Spread Adjustment Formula during the first half of the term of the Notes offered hereby will be either significantly less than or significantly more than the average value of the Spread Adjustment Formula during the final half of the term of the Notes offered

hereby. The OID Regulations also provide that if a Floating Rate Note provides for stated interest at a fixed rate for an initial period of less than one year followed by a variable rate that is either a qualified floating rate or an objective rate and if the variable rate on the Floating Rate Note's issue date is intended to approximate the fixed rate (e.g., the value of the variable rate on the issue date does not differ from the value of the fixed rate by more than 25 basis points), then the fixed rate and the variable rate together will constitute either a single qualified floating rate or objective rate, as the case may be.

If a Floating Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof qualifies as a "variable rate debt instrument" under the OID Regulations, then any stated interest on such Note which is unconditionally payable in cash or property (other than debt instruments of the issuer) at least annually will constitute qualified stated interest and will be taxed accordingly. Thus, a Floating Rate Note that provides for stated interest at either a single qualified floating rate or a single objective rate throughout the term thereof and that qualifies as a "variable rate debt instrument" under the OID Regulations will generally not be treated as having been issued with original issue discount unless the Floating Rate Note is issued at a "true" discount (i.e., at a price below the Note's stated principal amount) in excess of a specified de minimis amount.

Based upon the foregoing, the Notes offered hereby should qualify as "variable rate debt instruments" under the OID Regulations. Furthermore, under the OID Regulations, if the Notes offered hereby were to qualify as "variable rate debt instruments", such Notes would not be treated as having been issued with original issue discount and all payments of interest on the Notes would constitute payments of "qualified stated interest" and would be taxable to a U.S. Holder as ordinary interest income at the time such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting).

If, however, the Notes offered hereby do not qualify as "variable rate debt instruments", then the Notes would be treated as contingent payment debt obligations. It is not entirely clear under current law how the Notes offered hereby would be taxed if they were treated as contingent payment debt obligations. Under general principles of current United States Federal income tax law, all payments of interest on the Notes offered hereby would be treated as contingent interest and generally would be includible in income by a U.S. Holder as ordinary interest on the respective dates that such payments are accrued or are received (in accordance with the U.S. Holder's regular method of tax accounting).

However, in 1986, the Treasury Department issued proposed regulations (the "1986 Proposed Regulations" and, together with the OID Regulations, the "Treasury Regulations") under the original issue discount provisions of the Code concerning contingent payment debt obligations. The 1986 Proposed Regulations were not replaced by the OID Regulations and contain a retroactive effective date of July 1, 1982. Thus, if the Notes offered hereby were treated as contingent payment debt obligations and if the 1986 Proposed Regulations are ultimately adopted in their current form, such regulations would apply to the Notes offered hereby and such application of the 1986 Proposed Regulations to the Notes offered hereby would cause the timing of income recognized on a Note to differ from the timing of income recognized on a Note had the 1986 Proposed Regulations not applied to the Notes.

Under the 1986 Proposed Regulations, the amount payable with respect to a Note at the Initial Interest Rate would be treated entirely as original issue discount for United States Federal income tax purposes and would be includible in income by a U.S. Holder as ordinary interest as it accrues over the entire term of the Note under a constant yield method, regardless of the U.S. Holder's regular method of tax accounting. All other payments of interest on the Notes would be treated as contingent interest under the 1986 Proposed Regulations and a U.S. Holder would be required to include the amount payable on any particular Interest Payment Date (other than the initial Interest Payment Date) into income as ordinary interest on the related Interest Determination Date (i.e., on the date that the amount of such interest becomes fixed) regardless of the U.S. Holder's regular method of tax accounting.

There is no assurance that the 1986 Proposed Regulations will be adopted or, if adopted, adopted in their current form. In addition, on January 19, 1993, the Treasury Department issued proposed regulations (the "1993 Proposed Regulations") concerning contingent payment debt obligations, which would have replaced the 1986 Proposed Regulations and which would have provided for a set of rules with respect to the timing and character of income recognition on contingent payment debt obligations that differ from the rules contained in the 1986 Proposed Regulations with respect to the timing and character of income recognition on contingent payment debt obligations. The 1993 Proposed Regulations, which would have applied to debt instruments issued 60 days or more after the date the 1993 Proposed Regulations became final, generally provided for several alternative timing methods which would have required annual interest accruals to reflect either a market yield for the debt instrument, determined as of the issue date, or a reasonable estimate of the performance of contingencies. The amount of interest deemed to accrue in a taxable year pursuant to

such methods would have been currently includible in income by a U.S. Holder with subsequent adjustments to the extent that the estimate of income was incorrect. In addition, under the 1993 Proposed Regulations, any gain recognized by a U.S. Holder on the sale, exchange or retirement of a contingent payment debt obligation would have been treated entirely as ordinary interest income and any loss recognized on the sale, exchange or retirement of a contingent payment debt obligation would have been treated entirely as a capital loss. However, on January 22, 1993, the United States Government's Office of Management and Budget announced that certain proposed regulations which had not yet been published in the Federal Register, including the 1993 Proposed Regulations, had been withdrawn. It is unclear whether the 1993 Proposed Regulations will be re-proposed or, if re-proposed, what effect, if any, such regulations would have on the Notes. Based upon the foregoing, the continued viability of the 1986 Proposed Regulations is uncertain. It should also be noted that proposed Treasury regulations are not binding upon either the IRS or taxpayers prior to becoming effective as temporary or final regulations. Prospective investors in the Notes are urged to consult their own tax advisors regarding the application of the Treasury Regulations to their investment in the Notes, and the effect of possible changes to the Treasury Regulations.

### **PURCHASE AS PRINCIPAL**

This Pricing Supplement relates to \$25,000,000 aggregate principal amount of Notes that may be offered, as principal, by Morgan Stanley & Co. Incorporated ("Morgan") from time to time to one or more investors or other purchasers at varying prices related to prevailing market conditions at the time or times of resale as determined by Morgan. Net proceeds payable by Morgan to U S WEST Communications, Inc. (the "Company") will be 99.65% of the aggregate principal amount of the Notes, or \$24,912,500, before deduction of expenses payable by the Company. In connection with the sale of the Notes, Morgan may be deemed to have received compensation from the Company in the form of underwriting discounts.

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