

## **Cost Basis Calculations for Qwest Shareholders**

Since Qwest's historical stock transactions include numerous acquisitions and stock splits, calculating the cost basis of your Qwest shares can be challenging. This workbook provides information and worksheets to assist you in determining the cost basis of your Qwest shares. Anytime you sell shares of Qwest stock, you will need to determine your cost basis to compute the gain or loss on the shares for tax reporting purposes.

We suggest you keep this information with your tax records and share it with your tax advisor.

### **What is my cost basis?**

Your cost basis generally is the original cost of the shares you purchased plus any brokerage commission. The difference between the amount you realize for the sale of your shares and your cost basis determines the amount of the gain or loss you must report on Schedule D of your income tax return.

### **How do I compute my cost basis?**

The first step is to determine the date your shares were purchased. Next, you'll need to determine the cost of your shares from brokerage statements or receipts. Finally, complete the appropriate worksheet to determine your cost basis. If your shares were acquired by some means other than purchase, such as a gift or inheritance, please consult your tax advisor.

*The information in this booklet is not intended as tax, legal or other advice. The information provided is for your convenience only. Qwest does not purport the information to be complete and undertakes no obligation to update any information contained herein after the date hereof. Please contact a tax advisor if you have any questions.*

## Historical Events Affecting Your Cost Basis

### Qwest Stock Splits

#### 1998 Two-for-One Stock Split

Record Date: February 2, 1998

Payable Date: February 24, 1998 (close price \$71.50)

#### 1999 Two-for-One Stock Split

Record Date: May 3, 1999

Payable Date: May 24, 1999 (close price \$84.00)

### Qwest Acquisitions

Following is information pertaining to Qwest's historical acquisitions including the date the acquisition became effective, the per share exchange rate and the cash-in-lieu rate, which was paid for fractional shares. Information regarding previous acquisitions made by the target companies is detailed below.

Worksheet Number	Target Company	Completion Date	Exchange Rate	Cash-in-lieu Rate
1	Phoenix Network, Inc.	March 30, 1998	0.0218	\$36.29
2	LCI International, Inc.	June 5, 1998	1.1661	\$31.25
3	Icon CMT Corp.	December 31, 1998	0.3200	\$50.00
4	U S West, Inc.	June 30, 2000	1.72932	\$54.25

## Phoenix Network, Inc. Historical Events

Phoenix Network, Inc. completed its initial public offering in October 1982.

### ▶ Commonwealth Capital Acquisition

November 9, 1987, Phoenix Network acquired Commonwealth Capital Ltd. and each share of Commonwealth Capital became exchangeable for 0.01 shares of Phoenix Network, Inc. common stock.

### ▶ Americonnect Acquisition

October 8, 1996, Phoenix Network acquired Americonnect, Inc. and each share of Americonnect became exchangeable for 0.3605 shares of Phoenix Network, Inc. common stock.

### ▶ Qwest Acquisition

March 30, 1998, Qwest acquired Phoenix Network, Inc. and each share of Phoenix Network, Inc. became exchangeable for 0.0218 shares of Qwest common stock and cash in lieu of fractional shares.

## LCI International, Inc. Historical Events

LCI International, Inc. completed its initial public offering in June 1991.

### ▶ USLD Acquisition

December 22, 1997, LCI acquired USLD Communications Corp. and each share of USLD Communications became exchangeable for 0.75760 shares of LCI International, Inc. common stock.

- ▶ Prior to LCI's acquisition of USLD, the company changed its name from US Long Distance Corp. to USLD Communications Corp.
- ▶ February 15, 1991, each old common share of US Long Distance Corp. became exchangeable for 1/3 new common or 0.3333 shares of USLD Communications Corp.

### ▶ Qwest Acquisition

June 5, 1998, Qwest acquired LCI International, Inc. and each share of LCI became exchangeable for 1.1661 shares of Qwest common stock and cash in lieu of fractional shares.

## Icon CMT Corp. Historical Events

- ▶ February 1998, initial public offering of Icon CMT Corp. was completed.
- ▶ May 27, 1998, Icon acquired Frontier Media Group, Inc. and each share of Frontier Media Group was exchanged for 0.26012 shares of Icon CMT Corp. common stock.
- ▶ December 31, 1998, Qwest acquired Icon CMT and each share of Icon CMT became exchangeable for 0.3200 shares of Qwest common stock and cash in lieu of fractional shares.

## U S West, Inc. Historical Events

U S West began trading as a separate company at the time of the AT&T divestiture.

### ▶ AT&T Divestiture

Effective January 1, 1984, as a result of the AT&T Divestiture, each AT&T shareholder received one share in each of the seven regional companies for every 10 shares of AT&T. The cost basis is allocated as follows:

AT&T . . . . .	28.50%	NYNEX . . . . .	9.84%
Ameritech . . . . .	10.33%	Pacific Telesis Group . . .	8.88%
Bell Atlantic . . . . .	10.49%	Southwestern Bell . . . . .	9.49%
BellSouth . . . . .	13.53%	U S West . . . . .	8.94%

▶ **U S West Stock Splits**

**1986** Two-for-One Stock Split

Record Date: May 9, 1986

Payable Date: May 28, 1986 (close price \$103.375)

**1990** Two-for-One Stock Split

Record Date: April 19, 1990

Payable Date: May 2, 1990 (close price \$71.625)

▶ **U S West Recapitalization**

Effective November 1, 1995, as part of a plan to recapitalize the company, U S West, Inc., a Colorado corporation, reincorporated in the state of Delaware and created two classes of common stock, U S West Communications Group and U S West Media Group. Each share of U S West, Inc. was converted into one share of U S West Communications Group and one share of U S West Media Group.

- ▶ Allocation Ratio: U S West Communications Group - 59.82%;  
U S West Media Group - 40.18%
- ▶ Record Date: October 31, 1995 (close price \$47.875)
- ▶ Effective Date: November 1, 1995 (close price for U S West Communications Group \$29.25; U S West Media Group \$19.75)

▶ **U S West Communications Group/Media Group Separation**

- ▶ June 12, 1998, U S West, Inc. separated into two independent companies containing the businesses of U S West Communications Group and Media Group. As part of the separation, the Dex business was moved from U S West Media Group to U S West Communications Group. The movement of the Dex business resulted in a distribution of 0.02731 shares of new U S West, Inc. for every one share of Media Group owned. Fractional shares were sold.
- ▶ Effective Date: June 12, 1998 (close price for U S West, Inc. \$50.50; MediaOne Group, Inc. \$36.625)

▶ **Qwest and U S West Merger**

- ▶ June 30, 2000, Qwest and U S West merged and each outstanding share of U S West, Inc. common stock became exchangeable for 1.72932 shares of Qwest common stock and cash in lieu of fractional shares. Fractional shares sold at \$54.25. The closing stock price for U S West on June 30, 2000 was \$85.75 and the closing price for Qwest was \$50.00. On July 3, 2000, Qwest's opening stock price was \$49.8125.

## Worksheet 1: Phoenix Network, Inc.

If you acquired your common stock on more than one occasion, you will need to fill out this worksheet separately for each such acquisition.

### **Commonwealth Cap. Ltd. Shares acquired before 11/9/87:**

		\$/Share
Cost per share of Commonwealth acquired prior to 11/9/87 exchange		\$ _____ (A)
<b>Step 1:</b> Adjustment for 11/9/87 exchange:	Divide (A) by .01	= _____ (B)
<b>Step 2:</b> Adjustment for 3/30/98 exchange:	Divide (B) by .0218	= _____ (C)
<b>Step 3:</b> Adjustment for 5/24/99 stock split:	Divide (C) by 2	= _____ (D)

(D) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for Phoenix Network, Inc. common stock as adjusted for the 5/24/1999 2-for-1 stock split.

### **Americconnect, Inc. Shares acquired before 10/8/96:**

		\$/Share
Cost per share of Americconnect acquired prior to 10/8/96 exchange		\$ _____ (A)
<b>Step 1:</b> Adjustment for 10/8/96 exchange:	Divide (A) by .3605	= _____ (B)
<b>Step 2:</b> Adjustment for 3/30/98 exchange:	Divide (B) by .0218	= _____ (C)
<b>Step 3:</b> Adjustment for 5/24/99 stock split:	Divide (C) by 2	= _____ (D)

(D) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for Phoenix Network, Inc. common stock as adjusted for the 5/24/1999 2-for-1 stock split.

### **Phoenix Network, Inc. Shares acquired before 3/30/98:**

		\$/Share
Cost per share of Phoenix Network acquired prior to 3/30/98 exchange		\$ _____ (A)
<b>Step 1:</b> Adjustment for 3/30/98 exchange:	Divide (A) by .0218	= _____ (B)
<b>Step 2:</b> Adjustment for 5/24/99 exchange:	Divide (B) by 2	= _____ (C)

(C) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for Phoenix Network, Inc. common stock as adjusted for the 5/24/1999 2-for-1 stock split.

## Worksheet 2: LCI International, Inc.

If you acquired your common stock on more than one occasion, you will need to fill out this worksheet separately for each such acquisition.

### U S Long Distance Corp. Shares acquired before 2/15/91:

		\$/Share
Cost per share of USLD acquired prior to 2/15/91 exchange		\$ _____(A)
<b>Step 1:</b> Adjustment for 2/15/91 exchange:	Divide (A) by .33333	= _____(B)
<b>Step 2:</b> Adjustment for 12/22/97 exchange:	Divide (B) by .75760	= _____(C)
<b>Step 3:</b> Adjustment for 6/5/98 exchange:	Divide (C) by 1.1661	= _____(D)
<b>Step 4:</b> Adjustment for 5/24/99 stock split:	Divide (D) by 2	= _____(E)

(E) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for LCI International, Inc. common stock as adjusted for the 5/24/1999 2-for-1 stock split.

### U S Long Distance Corp./USLD Shares acquired between 2/15/91 and 12/22/97:

		\$/Share
Cost per share of USLD acquired after 2/15/91 exchange		\$ _____(A)
<b>Step 1:</b> Adjustment for 12/22/97 exchange:	Divide (A) by .75760	= _____(B)
<b>Step 2:</b> Adjustment for 6/5/98 exchange:	Divide (B) by 1.1661	= _____(C)
<b>Step 3:</b> Adjustment for 5/24/99 stock split:	Divide (C) by 2	= _____(D)

(D) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for LCI International, Inc. common stock as adjusted for the 5/24/1999 2-for-1 stock split.

### LCI International, Inc. Shares acquired before 6/5/98:

		\$/Share
Cost per share of LCI acquired prior to 6/5/98 exchange		\$ _____(A)
<b>Step 1:</b> Adjustment for 6/5/98 exchange:	Divide (A) by 1.1661	= _____(B)
<b>Step 2:</b> Adjustment for 5/24/99 stock split:	Divide (B) by 2	= _____(C)

(C) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for LCI International, Inc. common stock as adjusted for the 5/24/1999 2-for-1 stock split.

## Worksheet 3: Icon CMT Corp.

If you acquired your common stock on more than one occasion, you will need to fill out this worksheet separately for each such acquisition.

### **Icon CMT Shares acquired between 2/12/98 and 12/31/98:\*\***

	\$/Share
Cost per share of Icon CMT	\$ _____ (A)
<b>Step 1:</b> Adjustment for 12/31/1998 exchange: Divide (A) by .3200	= _____ (B)
<b>Step 2:</b> Adjustment for 5/24/99 stock split: Divide (B) by 2	= _____ (C)

(C) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for Icon CMT Corp. common stock as adjusted for the 5/24/1999 2-for-1 stock split.

*\*\*This worksheet does not apply to shares of Icon CMT Corp. obtained as a result of Icon's acquisition of Frontier Media Group, Inc. on May 27, 1998.*

## Worksheet 4: U S West, Inc.

If you acquired your common stock on more than one occasion, you will need to fill out this worksheet separately for each such acquisition.

### “Old AT&T” Shares acquired before 1/1/84:

		\$/Share
Original cost per share of AT&T stock		\$ _____ (A)
<b>Step 1:</b> Adjustment for 1/01/84 divestiture:	Multiply (A) by 8.94	= _____ (B)
<b>Step 2:</b> Adjustment to account for the 1-for-10 distribution	Divide (B) by 10	= _____ (C)
<b>Step 3:</b> Adjustment for 1986 and 1990 stock splits	Divide (C) by 4	= _____ (D)
<b>Step 4:</b> Adjustment for U S West Media Group allocation	Multiply (D) by .5982	= _____ (E)
<b>Step 5:</b> Adjustment for Qwest Merger	Divide (E) by 1.72932	= _____ (F)

(F) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for U S West, Inc. common stock.

### “U S West” Shares acquired between 1/1/84 and 5/9/86:

		\$/Share
Original cost per share of U S West stock		\$ _____ (A)
<b>Step 1:</b> Adjustment for 1986 and 1990 stock splits	Divide (A) by 4	= _____ (B)
<b>Step 2:</b> Adjustment for U S West Media Group allocation	Multiply (B) by .5982	= _____ (C)
<b>Step 3:</b> Adjustment for Qwest Merger	Divide (C) by 1.72932	= _____ (D)

(D) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for U S West, Inc. common stock.

### “U S West” Shares acquired between 5/10/86 and 4/19/90:

		\$/Share
Original cost per share of U S West stock		\$ _____ (A)
<b>Step 1:</b> Adjustment for 1990 stock split	Divide (A) by 2	= _____ (B)
<b>Step 2:</b> Adjustment for U S West Media Group allocation	Multiply (B) by .5982	= _____ (C)
<b>Step 3:</b> Adjustment for Qwest Merger	Divide (C) by 1.72932	= _____ (D)

(D) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for U S West, Inc. common stock.

## Worksheet 4: U S West, Inc. (cont.)

If you acquired your common stock on more than one occasion, you will need to fill out this worksheet separately for each such acquisition.

### **“U S West” Shares acquired between 4/20/90 and 10/31/95:**

		\$/Share
Original cost per share of U S West stock		\$ _____ (A)
<b>Step 1:</b> Adjustment for U S West Media Group allocation	Multiply (B) by .5982	= _____ (B)
<b>Step 2:</b> Adjustment for Qwest Merger	Divide (B) by 1.72932	= _____ (C)

(C) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for U S West, Inc. common stock.

### **“U S West” Shares acquired between 10/31/95 and 6/30/00:**

		\$/Share
Original cost per share of U S West stock		\$ _____ (A)
<b>Step 1:</b> Adjustment for Qwest Merger	Divide (A) by 1.72932	= _____ (B)

(B) Represents the new cost basis in each of your shares of Qwest Communications International Inc. common stock received in exchange for U S West, Inc. common stock.

### **“U S West” Shares acquired due to Dex distribution to MediaOne Group shareowners 6/12/98:**

		\$/Share
Original cost per share of U S West received as a result of Dex distribution (on June 12, 1998)		\$ _____ (A)
<b>Step 1:</b> Adjustment for Qwest Merger	Divide (A) by 1.72932	= _____ (B)

(B) Represents your new cost basis in each of your shares of new Qwest Communications International Inc. common stock received in exchange for U S West, Inc. common stock which was from the Dex distribution.

### **Qwest Communications International Inc. shares acquired after 6/30/00**

If you acquired your shares of Qwest Communications International Inc. after the closing of the merger with U S West, Inc., the cost basis in each of your shares will equal the cost of such shares, plus any brokerage commission.

