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ALSO ADMITTED IN:

UNITED STATES SUPREME COURT
STATE OF ARIZONA
STATE OF OKLAHOMA
STATE OF TEXAS
WASHINGTON, D.C.

January 29, 2005

(Via Email)

Erik P. Ammidown, Director of Employee Benefits
QWEST COMMUNICATIONS INTERNATIONAL, INC.
1801 California Street, Suite 900
Denver, CO 80202
Tele: 303-992-6154
Fax: 303-992-3379
erik.ammidown@qwest.com (Erik Ammidown)

Re: Qwest Health Care Plan

Erik:

Thank you for your January 26, 2005, letter partially responding to my January 21, 2005, email and letter again reminding you that a full response is sought for the requests for information and questions set forth in my November 9, 2004, letter to you wherein concerns are expressed about whether the Qwest Health Care Plan has been heavily invested in Qwest stock, i.e., "employer securities."

In your January 26 letter faxed to me yesterday, you state any assertion that the Qwest Health Plan has been "heavily invested" in Qwest common stock is **incorrect**. You refer to the 2003 Qwest Health Care Plan Financial Statements which shows the Plans holds assets in a "Partnership" containing only \$424,000 worth of Qwest stock. Your letter is attached hereto.

But, your January 26 letter avoids giving any explanation about a report filed by Qwest which report gives contrary information and which report is the basis for the underlying concern about whether the Qwest Health Care Plan has been heavily invested in employer securities. The Form 5500 Report for year ending December 31, 2001, a report apparently signed by Erik Ammidown on October 15, 2002, contains a Schedule H with entries on page two showing the Health Plan Trust had a total value of \$1,911,871,039 with **\$689,211,000** in employer securities, i.e., Qwest common stock. That is the same amount of the fair value of "net investments" shown in Note 7 concerning the Health Plan Trust's interest in Qwest Benefit Plans Investment

Partnership. The Form 5500 report was approved by “independent” auditors Arthur Andersen, and retirees have good reason to believe the official report is true and accurate. After all, when you signed the 2001 Form 5500 report, you declared that you had “examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report if it is being filed electronically, and to the best of my knowledge and belief, it is true, correct and complete.” Thus, you must understand the underlying basis for the concern about whether the Qwest Health Care Plan has been “heavily invested” in employer securities, i.e., Qwest stock and the subsequent stream of inquiries to check on this subject matter.

Please advise whether the official report filed for year 2001, a report you declared on October 14, 2002, to be accurate is **incorrect**. Did the Health Plan Trust have **\$689,211,000** in “employer securities” as of the end of December 31, 2001? For your convenience a copy of that report containing your signature is attached hereto.

Sincerely,

A handwritten signature in cursive script that reads "Curtis L. Kennedy".

Curtis L. Kennedy

Attachment: (Erik Ammidown January 26, 2005 letter and Qwest Health Care Plan report filed for year ending 2001 - pages)

c: Association of U S WEST Retirees



Qwest
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Denver, Colorado 80202
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erik.ammidown@qwest.com

Erik P. Ammidown
Director of Employee Benefits

January 26, 2005

Mr. Curtis Kennedy, Esq.
8405 E. Princeton Avenue
Denver, CO 80237-1741

Re: Qwest Health Care Plan

Dear Mr. Kennedy:

This letter is to acknowledge receipt of your January 24, 2005 email correspondence in which you request information and copies of certain documents and information related to an investment of the Qwest Health Care Plan (the "Plan"), which you refer to as the "Qwest Benefit Plan Investment Partnership."

In particular, you assert that the trust underlying the Plan has been "heavily invested" in Qwest common stock. You are incorrect. Please refer to the 2003 Qwest Health Care Plan Financial Statements which have been previously provided to you. As indicated in Note 2, the market value of the Partnership as of December 31, 2003 and 2002 was \$556.0 million and \$538.2 million, respectively. Note 6 explains that, in December 2003 and 2002, Qwest common stock held in the Partnership had a fair market value of approximately \$297,000 and \$424,000 respectively. The percentage of Qwest Stock compared to other assets held by the Partnership was 0.05% in 2003 and 0.08% in 2002.

Please note that some of the documents you request don't exist. Further, much of the information you request regarding the Plan and the Qwest Investment Partnership (the "Partnership") is public and readily available in the Plan's Annual Reports, Forms 5500, which we have previously provided to you. Finally, we believe that the remaining documents and information you seek are not required to be disclosed to Plan participants under the Employee Retirement Income Security Act of 1974, as amended ("ERISA"). However, without waiving reserved rights, we will respond in greater detail to the subject of your letter within the next several weeks.

So that Plan participants may be made aware of all points of view on this issue, we will expect to see this acknowledgement, as well our response when you receive it, posted on the AUSWR web site.

Sincerely,

Erik P. Ammidown /ks
Erik P. Ammidown
Director, Employee Benefits

Annual Return/Report of Employee Benefit Plan
 This form is required to be filed under sections 104 and 4065 of the Employee Retirement Income Security Act of 1974 (ERISA) and sections 6039D, 6047(e), 6057(b), and 6058(a) of the Internal Revenue Code (the Code).
 ▶ Complete all entries in accordance with the instructions to the Form 5500.

Official Use Only
 OMB Nos. 1210 - 0110
 1210 - 0089
2001
 This Form is Open to Public Inspection

Part I Annual Report Identification Information

For the calendar plan year 2001 or fiscal plan year beginning _____ **and ending** _____

A This return/report is for: (1) a multiemployer plan; (3) a multiple-employer plan; or
 (2) a single-employer plan (other than a multiple-employer plan); (4) a DFE (specify) _____

B This return/report is: (1) the first return/report filed for the plan; (3) the final return/report filed for the plan;
 (2) an amended return/report; (4) a short plan year return/report (less than 12 months).

C If the plan is a collectively-bargained plan, check here

D If filing under an extension of time or the DFVC program, check box and attach required information (see instructions)

Part II Basic Plan Information - enter all requested information.

1a Name of plan <u>Health Care</u> QWEST FLEXIBLE BENEFITS PLAN	1b Three-digit plan number (PN) ▶ 537
	1c Effective date of plan (mo., day, yr.) 01/01/1984
2a Plan sponsor's name and address (employer, if for a single-employer plan) (Address should include room or suite no.) QWEST COMMUNICATIONS INTERNATIONAL 801 CALIFORNIA STREET, SUITE 4590 DENVER CO 80202	2b Employer Identification Number (EIN) 84-1339282
	2c Sponsor's telephone number 800-879-4357
	2d Business code (see instructions) 513300

Caution: A penalty for the late or incomplete filing of this return/report will be assessed unless reasonable cause is established.

Under penalties of perjury and other penalties set forth in the instructions, I declare that I have examined this return/report, including accompanying schedules, statements and attachments, as well as the electronic version of this return/report if it is being filed electronically, and to the best of my knowledge and belief, it is true, correct and complete.

[Signature] 10-15-02 ERIK AMMENDOWN
 Signature of plan administrator Date Typed or printed name of individual signing as plan administrator

[Signature] 10-15-02 ERIK AMMENDOWN
 Signature of employer/plan sponsor/DFE Date Typed or printed name of individual signing as employer, plan sponsor or DFE as applicable



**SCHEDULE H
(Form 5500)**

Department of the Treasury
Internal Revenue Service

Department of Labor
Pension and Welfare Benefits
Administration

Pension Benefit Guaranty Corporation

Financial Information

This schedule is required to be filed under Section 104 of the Employee Retirement Income Security Act of 1974 (ERISA) and section 6058(a) of the Internal Revenue Code (the Code).

▶ **File as an attachment to Form 5500.**

Official Use Only

OMB No. 1210-0110

2001

**This Form is Open to
Public Inspection.**

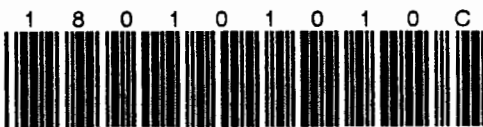
For calendar year 2001 or fiscal plan year beginning		and ending	
A Name of plan QWEST FLEXIBLE BENEFITS PLAN	B Three-digit plan number ▶	537	
C Plan sponsor's name as shown on line 2a of Form 5500 QWEST COMMUNICATIONS INTERNATIONAL	D Employer Identification Number 84-1339282		

Part I Asset and Liability Statement

1 Current value of plan assets and liabilities at the beginning and end of the plan year. Combine the value of plan assets held in more than one trust. Report the value of the plan's interest in a commingled fund containing the assets of more than one plan on a line-by-line basis unless the value is reportable on lines 1c(9) through 1c(14). Do not enter the value of that portion of an insurance contract which guarantees, during this plan year, to pay a specific dollar benefit at a future date. **Round off amounts to the nearest dollar.** DFEs do not complete lines 1b(1), 1b(2), 1c(8), 1g, 1h, 1i, and, except for master trust investment accounts, also do not complete lines 1d and 1e. See instructions.

Assets	(a) Beginning of Year	(b) End of Year
a Total noninterest-bearing cash		158000
b Receivables (less allowance for doubtful accounts):		
(1) Employer contributions	b(1)	
(2) Participant contributions	b(2)	
(3) Other	19,009,000	
c General investments:		
(1) Interest-bearing cash (incl. money market accounts and certificates of deposit)	140000	
(2) U.S. Government securities	287,773,000	207,851,000
(3) Corporate debt instruments (other than employer securities):		
(A) Preferred	c(3)(A) 151,205,000	
(B) All other	c(3)(B) 79,349,000	278,754,000
(4) Corporate stocks (other than employer securities):		
(A) Preferred	c(4)(A) 1,177,000	
(B) Common	c(4)(B) 1,146,315,000	259,475,000
(5) Partnership/joint venture interests	c(5) 119,047,000	154,567,000
(6) Real estate (other than employer real property)	c(6)	
(7) Loans (other than to participants)	c(7)	
(8) Participant loans	c(8)	
(9) Value of interest in common/collective trusts	c(9) 290,155,000	80,353,000
(10) Value of interest in pooled separate accounts	c(10) 99,874,000	84,204,000
(11) Value of interest in master trust investment accounts	c(11)	
(12) Value of interest in 103-12 investment entities	c(12) 1,772,000	33,035,000
(13) Value of interest in registered investment companies (e.g., mutual funds)	c(13) 57,177,000	67,952,000
(14) Value of funds held in insurance co. general account (unallocated contracts)	c(14)	
(15) Other	c(15) 95,871,000	223,059,000

For Paperwork Reduction Act Notice and OMB Control Numbers, see the instructions for Form 5500. v4.1 Schedule H (Form 5500) 2001



	(a) Beginning of Year	(b) End of Year
d Employer-related investments:		
(1) Employer securities	d(1)	689,211,000
(2) Employer real property	d(2)	
e Buildings and other property used in plan operation	e	
f Total assets (add all amounts in lines 1a through 1e)	f	2,348,864,000
Liabilities		
g Benefit claims payable	g	35,100,000
h Operating payables	h	1,838,000
i Acquisition indebtedness	i	
j Other liabilities	j	109,261,000
k Total liabilities (add all amounts in lines 1g through 1j)	k	166,748,000
Net Assets		
l Net assets (subtract line 1k from line 1f)	l	2,202,665,000

Part III Income and Expense Statement

2 Plan income, expenses, and changes in net assets for the year. Include all income and expenses of the plan, including any trust(s) or separately maintained fund(s) and any payments/receipts to/from insurance carriers. Round off amounts to the nearest dollar. DFEs do not complete lines 2a, 2b(1)(E), 2e, 2f, and 2g.

	(a) Amount	(b) Total
Income		
a Contributions:		
(1) Received or receivable in cash from:		
(A) Employers	a(1)(A)	331,446,000
(B) Participants	a(1)(B)	33,188,000
(C) Others (including rollovers)	a(1)(C)	98,000,000
(2) Noncash contributions	a(2)	
(3) Total contributions. Add lines 2a(1)(A), (B), (C), and line 2a(2)	a(3)	462,634,000
b Earnings on investments:		
(1) Interest:		
(A) Interest-bearing cash (including money market accounts and certificates of deposit)	b(1)(A)	40,313,000
(B) U.S. Government securities	b(1)(B)	
(C) Corporate debt instruments	(1)(C)	-60,807,000
(D) Loans (other than to participants)	b(1)(D)	
(E) Participant loans	b(1)(E)	
(F) Other	b(1)(F)	-1,386,000
(G) Total interest. Add lines 2b(1)(A) through (F)	b(1)(G)	-21,880,000
(2) Dividends:		
(A) Preferred stock	b(2)(A)	7,588,000
(B) Common stock	b(2)(B)	
(C) Total dividends. Add lines 2b(2)(A) and (B)	b(2)(C)	7,588,000
(3) Rents	b(3)	
(4) Net gain (loss) on sale of assets:		
(A) Aggregate proceeds	b(4)(A)	
(B) Aggregate carrying amount (see instructions)	b(4)(B)	
(C) Subtract line 2b(4)(B) from line 2b(4)(A) and enter result	b(4)(C)	0



	(a) Amount	(b) Total
(5) Unrealized appreciation (depreciation) of assets: (A) Real estate	b(5)(A)	
(B) Other	b(5)(B)	
(C) Total unrealized appreciation of assets. Add lines 2b(5)(A) and (B)	b(5)(C)	0
(6) Net investment gain (loss) from common/collective trusts	b(6)	-1,542,000
(7) Net investment gain (loss) from pooled separate accounts	b(7)	-7,354,000
(8) Net investment gain (loss) from master trust investment accounts	b(8)	
(9) Net investment gain (loss) from 103-12 investment entities	b(9)	-28,211,000
(10) Net investment gain (loss) from registered investment companies (e.g., mutual funds)	b(10)	557,000
c Other income	c	-103,969,000
d Total income. Add all income amounts in column (b) and enter total	d	307,823,000
Expenses		
e Benefit payment and payments to provide benefits:		
(1) Directly to participants or beneficiaries, including direct rollovers	e(1)	
(2) To insurance carriers for the provision of benefits	e(2)	
(3) Other	e(3)	531,456,000
(4) Total benefit payments. Add lines 2e(1) through (3)	e(4)	531,456,000
f Corrective distributions (see instructions)	f	
g Certain deemed distributions of participant loans (see instructions)	g	
h Interest expense	h	
i Administrative expenses: (1) Professional fees	i(1)	49,731
(2) Contract administrator fees	i(2)	57,150,000
(3) Investment advisory and management fees	i(3)	2,453,137
(4) Other	i(4)	7,508,132
(5) Total administrative expenses. Add lines 2i(1) through (4)	i(5)	67,161,000
j Total expenses. Add all expense amounts in column (b) and enter total	j	598,617,000
Net Income and Reconciliation		
k Net income (loss) (subtract line 2j from line 2d)	k	-290,794,000
l Transfers of assets		
(1) To this plan	l(1)	
(2) From this plan	l(2)	

Part II Accountant's Opinion

3 The opinion of an independent qualified public accountant for this plan is (see instructions):

a Attached to this Form 5500 and the opinion is: (1) Unqualified (2) Qualified (3) Disclaimer (4) Adverse

b Not attached because: (1) the Form 5500 is filed for a CCT, PSA or MTIA.

(2) the opinion will be attached to the next Form 5500 pursuant to 29 CFR 2520.104-50.

c Also check this box if the accountant performed a limited scope audit pursuant to 29 CFR 2520.103-8 and/or 2520.103-12(d)

d If an accountant's opinion is attached, enter the name and EIN of the accountant (or accounting firm)

ARTHUR ANDERSON

36-0732690



Part IV Transactions During Plan Year

CCTs and PSAs do not complete Part IV. MTIAs, 103-12 IEs, and GIAs do not complete 4a, 4e, 4f, 4g, 4h, 4k, or 5. 103-12 IEs also do not complete 4j.

During the plan year:

- a** Did the employer fail to transmit to the plan any participant contributions within the maximum time period described in 29 CFR 2510.3-102? (see instructions)
- b** Were any loans by the plan or fixed income obligations due the plan in default as of the close of plan year or classified during the year as uncollectible? Disregard participant loans secured by participant's account balance. (Attach Schedule G (Form 5500) Part I if "Yes" is checked)
- c** Were any leases to which the plan was a party in default or classified during the year as uncollectible? (Attach Schedule G (Form 5500) Part II if "Yes" is checked)
- d** Did the plan engage in any nonexempt transaction with any party-in-interest? (Attach Schedule G (Form 5500) Part III if "Yes" is checked)
- e** Was this plan covered by a fidelity bond?
- f** Did the plan have a loss, whether or not reimbursed by the plan's fidelity bond, that was caused by fraud or dishonesty?
- g** Did the plan hold any assets whose current value was neither readily determinable on an established market nor set by an independent third party appraiser?
- h** Did the plan receive any noncash contributions whose value was neither readily determinable on an established market nor set by an independent third party appraiser?
- i** Did the plan have assets held for investment? (Attach schedule(s) of assets if "Yes" is checked, and see instructions for format requirements)
- j** Were any plan transactions or series of transactions in excess of 5% of the current value of plan assets? (Attach schedule of transactions if "Yes" is checked and see instructions for format requirements)
- k** Were all the plan assets either distributed to participants or beneficiaries, transferred to another plan or brought under the control of the PBGC?

	Yes	No	Amount
a		X	
b		X	
c		X	
d		X	
e		X	
f		X	
g		X	
h		X	
i	X		
j		X	
k			

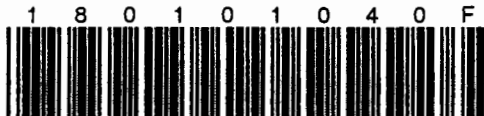
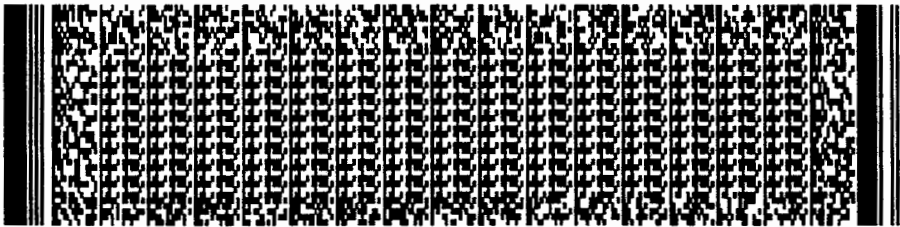
a Has a resolution to terminate the plan been adopted during the plan year or any prior plan year? If yes, enter the amount of any plan assets that reverted to the employer this year Yes No **Amount** _____

5b If, during this plan year, any assets or liabilities were transferred from this plan to another plan(s), identify the plan(s) to which assets or liabilities were transferred. (See instructions).

5b(1) Name of plan(s)

5b(2) EIN(s)

5b(3) PN(s)



QWEST
HEALTH CARE PLAN
NOTES TO FINANCIAL STATEMENTS

(Thousands of Dollars)

7. INTEREST IN QWEST BENEFIT PLANS INVESTMENT PARTNERSHIP
(continued):

The Plan's proportionate interest in the investments held by the Partnership at December 31, 2001 is as follows:

	<u>Fair Value</u>	<u>Cost</u>
Corporate Stock - Common	\$ 682,729	\$ 424,059
Other Investments	5,776	5,776
Accrued Income	767	767
Payables	<u>(61)</u>	<u>(61)</u>
Net Investments	<u>\$ 689,211</u>	<u>\$ 430,541</u>

The Plan's proportionate interest in the investments held by the Partnership at December 31, 2000 is as follows:

	<u>Fair Value</u>	<u>Cost</u>
Corporate Stock - Common	\$ 846,346	\$ 457,298
Other Investments	28,769	28,769
Accrued Income	554	554
Payables	<u>(22)</u>	<u>(22)</u>
Net Investments	<u>\$ 875,647</u>	<u>\$ 486,599</u>

Net Depreciation in Fair Value of Partnership Investments

During the year ended December 31, 2001, the Plan's proportionate share of the net depreciation in the fair value of Partnership investments was composed of three items: realized and unrealized losses, investment income and administrative expenses.