

# AT&T offspring US West is rated as a strong hold

When AT&T was split up in January of 1984, I took my shares in US West. I did that because I reasoned its area was one of the fastest-growing in the country and therefore the chance of the company growing faster was better.

I'm satisfied with my choice. The stock has almost doubled in price since I received it. My goal is to double the value of my holdings every five years, and since this doubling has happened so quick, I'm wondering if the stock hasn't gotten overpriced and is therefore likely to do less well in the next few years.

Do you think there is a chance it will double in the next five years?

Let's consider your concern.

From early 1984 to the present time, there has been quite a change in stock market averages, and a lot of stocks have enjoyed substantial price increases. The price-earnings ratio at which the stock sells has gone from 6 to 11.

This change in attitude towards the stock by investors can account for about 80 percent of the price increase in the next five years. The company not only has a good territory but it seems to have able management with a lot of ideas.

MANAGEMENT HAS pushed its earnings on equity up to 15.4 percent in 1985. That is one of the best figures in the industry.

The company believes that most of the future growth of telephones will be beyond the local networks in



today's investor

**Thomas E. O'Hara**

of the National Association of Investors Corp.

business information systems, in cellular mobile telephone service, directory publishing, and other similar areas.

This year, the company bought Applied Communications Inc. It is the nation's leading producer of electronic funds transfer software.

The company is anxious to compete in a non-regulated market. It has actively worked to get the states in which it operates to adopt legislation permitting or requiring deregulation of competitive services. Nine of the 14 states in which it operates have done this.

The company has considerable non-regulated businesses. Its real estate subsidiary has \$300 million in assets. Its cellular subsidiary has mobile telephone systems in 10 cities.

ITS HANDWORK publishing subsidiary publishes directories in 800 cities. The company also has a financial services subsidiary.

So far, the subsidiaries are not adding to income. We would expect management to make them quite profitable in the years ahead.

We would not project earnings to double in five years, but I suspect

they could get to the \$7-8 range. And in the kind of stock market I expect we will see at that time, I think the stock could easily sell at 15 or 16 times earnings.

So far the company really hasn't shown the ability to earn money on its diversified operations. If it learns to do that, it would be a nice plus to shareholders.

Thomas E. O'Hara of Bloomfield Hills is chairman of the board of trustees of the National Association of Investors Corp. and editor of Better Investing magazine. O'Hara welcomes questions and comments but will answer them only through this column. Readers who send in questions on a general investment subject or on a corporation with broad investor interest and whose questions are used will receive a free, one-year subscription to Better Investing. O'Hara will send a free copy of Better Investing magazine or information about investment clubs to any reader requesting it. Send 50 cents for postage and write Today's Investor, P.O. Box 220, Roy, at Oak 48068.

## datebook

### • GETTING THINGS DONE

Tuesday, Dec. 2 — "How to Get Things Done" offered 8:30 a.m. to 4:30 p.m. in Southfield. Fee: \$175. Information: Claudia, 577-4449. Sponsor: Wayne State University management school.

### • MOTIVATION

Wednesday, Dec. 3 — "How to Motivate People" offered 8:30 a.m. to 4:30 p.m. in Southfield. Fee: \$175. Information: Claudia, 577-4449. Sponsor: Wayne State University management school.

### • INDEPENDENT ACCOUNTANTS

Wednesday, Dec. 3 — Independent Accountants Association of Michigan meets. Information: 777-1310.

### • REAL ESTATE WOMEN

Wednesday, Dec. 3 — Commercial Real Estate Women Inc. meets. Information: Maureen Driscoll, 963-8074.

### • NON-PROFIT MANAGEMENT

Thursday, Dec. 4 — "The Risks of Managing a Non-profit" seminar be-

gins at 9:30 a.m. in Southfield. Fee: \$25 at door. Information: 961-3885. Sponsors: Accounting Aid Society, Michigan League for Human Services, Michigan Voluntary Agency Group Plan for Unemployment Compensation, NBD Bancorp.

### • MANAGEMENT TRAINING

Friday, Dec. 5 — "Assertive Management" will be offered 9 a.m. to 4:30 p.m. in Troy. Fee: \$225. Information: Clark DeHaven, 1 (800) 425-4284. Sponsor: Michigan State University.

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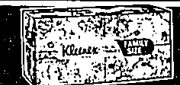
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