

Verizon Communications Inc.
EIN: 23-2259884
Date of Action: August 16, 2017
Attachment to Internal Revenue Service Form 8937

The information contained herein is being provided pursuant to the requirements of Section 6045B of the Internal Revenue Code of 1986, as amended, and includes a general summary regarding the application of certain U.S. federal income tax laws and regulations relating to the effects of the Exchange (as defined below) on the tax basis of the new notes issued by Verizon Communications Inc. (“Verizon”) to holders of fourteen series of existing notes of Verizon and one series of existing debentures of GTE LLC (“GTE”) in exchange therefor. The information contained herein does not constitute tax advice and does not purport to be complete or to describe the consequences that may apply to particular categories of holders. Verizon does not provide tax advice to holders of its debt obligations and the examples provided below are based on certain assumptions and are merely illustrative. Holders should consult their own tax advisers regarding the particular tax consequences of the Exchange to them, including the applicability and effect of all U.S. federal, state and local and foreign tax laws.

Line 10 – CUSIP Numbers:

Old Notes:

92343VBM5
92343VCA0
92343VBP8
92343VCB8
92343VDF8
92343VCH5
92343VCC6
92343VDG6
362320AT0
92343VBC7
92343VCN2
92343VBJ2
92343VBQ6
92343VAX2
92343VBR4

New Notes:

92343VEB6 and U9221AAY4

14. Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action.

On August 16, 2017, holders of fourteen outstanding series of notes of Verizon and one outstanding series of debentures of GTE listed below (collectively, the "Old Notes") exchanged their Old Notes for newly issued 3.376% notes due 2025 of Verizon (the "New Notes") and, in the case of certain series, cash (the "Exchange").

Exchange of the following series of Old Notes for New Notes and, in the case of the 4.600% notes due 2021 and the 5.150% notes due 2023, cash in the amount of \$220 and \$130, respectively, per \$1,000 face amount of such Old Notes:

1. Floating rate notes due 2018 of Verizon
2. Floating rate notes due 2019 of Verizon
3. 3.650% notes due 2018 of Verizon
4. 2.550% notes due 2019 of Verizon
5. 1.375% notes due 2019 of Verizon
6. 2.625% notes due 2020 of Verizon
7. 3.450% notes due 2021 of Verizon
8. 1.750% notes due 2021 of Verizon
9. 8.750% debentures due 2021 of GTE (the "GTE Debentures")
10. 3.500% notes due 2021 of Verizon
11. 3.000% notes due 2021 of Verizon
12. 2.450% notes due 2022 of Verizon
13. 4.500% notes due 2020 of Verizon
14. 4.600% notes due 2021 of Verizon
15. 5.150% notes due 2023 of Verizon

For more information, see the press release for the final results of the Exchange, available on the SEC website:

<https://www.sec.gov/Archives/edgar/data/732712/000119312517258073/d417191dex992.htm>.

15. Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis.

Exchange of the floating rate notes due 2019 and 1.375% notes due 2019

Although the matter is not free from doubt, Verizon took the position that the floating rate notes due 2019 and 1.375% notes due 2019 are not treated as securities and therefore the exchange of the floating rate notes due 2019 and 1.375% notes due 2019 for New Notes was a taxable transaction for U.S. federal income tax purposes. Accordingly, a holder would have recognized capital gain or loss (other than with respect to accrued market discount, which would be treated as ordinary gain) in an amount equal to the difference between the issue price of the New Notes and the holder's adjusted tax basis in the floating rate notes due 2019 or 1.375% notes due 2019, as applicable, tendered. A holder's initial tax basis in New Notes received in

exchange for floating rate notes due 2019 or 1.375% notes due 2019 is the issue price of the New Notes.

Exchange of the floating rate notes due 2018 and 3.650% notes due 2018

It is not certain whether the floating rate notes due 2018 and the 3.650% notes due 2018 should be treated as securities, but it is possible that the IRS would treat them as such. If such notes are not treated as securities, the tax consequences described above under “Exchange of the floating rate notes due 2019 and 1.375% notes due 2019” would apply. If such notes are treated as securities, the tax consequences described below under “Exchange of the other Old Notes” would apply.

Exchange of the other Old Notes

While not free from doubt, Verizon intends to treat all of the other series of Old Notes and the New Notes exchanged therefor as securities, and to treat the exchange of such series of Old Notes for New Notes as recapitalizations.

Recapitalizations generally do not result in the recognition of gain or loss, subject to certain exceptions. However, under the rules applicable to recapitalizations, a holder recognizes gain equal to the lesser of (i) the cash amount received (not including any accrued coupon payment) plus the fair market value of the “excess principal” amount received (collectively, “boot”), or (ii) the gain realized by the holder. The excess principal amount is the excess of the principal amount of New Notes received for a given series of Old Notes over the principal amount of such series of Old Notes surrendered for those New Notes. The gain realized by a holder is equal to the excess of (i) the issue price of the New Notes received in exchange for Old Notes of a given series, plus any cash received (not including any accrued coupon payment) with respect to such series of Old Notes over (ii) the holder’s adjusted tax basis in such series of Old Notes that are surrendered in the exchange.

A holder’s initial tax basis in the portion of New Notes that are not treated as boot is the same as the holder’s tax basis in the Old Notes allocated thereto, increased by the amount of gain recognized by the holder in the exchange, if any, and decreased by the amount of boot that is received by the holder. The portion of the New Notes treated as boot has an initial tax basis in a holder’s hands equal to the fair market value of those New Notes.

In addition, while Verizon intends to treat the GTE Debentures and the New Notes as securities issued by the same corporate issuers, it is possible that the IRS could take the position that they are not. If the GTE Debentures and the New Notes are treated as securities issued by different corporate issuers, the tax consequences described under “Exchange of the floating rate notes due 2019 and 1.375% notes due 2019” above would apply.

16. Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates.

As described in line 15 above, a holder's initial tax basis in New Notes received in a taxable exchange will equal the issue price of the New Notes on the date of the exchange. See line 19 regarding the issue prices of the New Notes.

For New Notes received in an exchange treated as a recapitalization, as described in line 15 above, a holder's initial tax basis in the portion of New Notes that is not treated as boot will be the same as the holder's tax basis in the Old Notes allocated thereto, increased by the amount of gain recognized by the holder in the exchange, if any, and decreased by the amount of boot that is received by the holder. The portion of the New Notes treated as boot will have an initial tax basis in a holder's hands equal to the fair market value of those New Notes.

The following simplified examples (which include fractional portions of New Notes for purposes of the examples) illustrate a hypothetical U.S. holder's calculation of its adjusted tax basis in the New Notes received on the exchange date. Given our determination that the issue price of the New Notes is less than the face amount of the New Notes (see line 19 below), the examples assume that the fair market value and the issue price of the New Notes is less than their face amount. The examples below use simplified numbers and assumptions, are for illustrative purposes only, and do not purport to fully describe the actual facts or tax consequences that may apply to a particular holder. Holders should consult their own tax advisers regarding the particular tax consequences of the Exchange to them.

Assumptions:

- Investor A exchanged \$1,000 principal amount of a given series of Old Notes for a total consideration of \$1,406, consisting of New Notes with a principal amount of \$1,406. Alternatively, assume A exchanged the Old Notes for \$1,205 principal amount of New Notes and cash of \$201.
- The excess principal amount of New Notes received is equal to the principal amount of the New Notes minus the principal amount of the Old Notes exchanged therefor, and the cash amount received does not include any accrued coupon payment.
- The New Notes were issued at a fair market value ("FMV") and issue price of \$995.48 per face amount of \$1,000, or 99.548%. Thus, the issue price of New Notes received in exchange for \$1,000 principal amount of Old Notes is:
 - o \$1,400 for New Notes with a principal amount of \$1,406 (i.e., \$1,406 x 99.548%), or
 - o \$1,200 for New Notes with a principal amount of \$1,205 (i.e., \$1,205 x 99.548%).

Example 1 (A's basis in the Old Notes is equal to their face amount):

Example 1 Old Notes:

- Principal Amount (*pa*): \$1,000
- Tax Basis (*tb*): \$1,000

	Exchange Terms			Gain on the Exchange			New Notes Received	
	Principal Amount	Issue Price ¹	Cash Amount	Boot ²	Gain Realized	Gain Recognized	Tax Basis (portion not boot)	Tax Basis (boot portion)
<i>Exchanged for:</i>	(A)	(B)	(C)	(D) = (C) + FMV of ((A) – (<i>pa</i>))	(E) = (B) + (C) - (<i>tb</i>)	(F) = Lesser of (D) or (E)	(G) = (<i>tb</i>) + (F) - (D)	(H) = FMV of ((A) – (<i>pa</i>))
New Notes of \$1,406	\$1,406	\$1,400	0	\$404	\$400	\$400	\$996	\$404
New Notes of \$1,205 plus cash of \$201	\$1,205	\$1,200	\$201	\$405 (= \$204 + \$201)	\$401	\$401	\$996	\$204

¹ See assumptions. Represents the issue price of the New Notes (\$995.48 per \$1,000) received in exchange for \$1,000 principal amount of Old Notes.

² See assumptions. Boot includes the FMV of the applicable excess principal amount. The FMV of the excess principal amount of \$406 is \$404 (\$406 x 99.548%); the FMV of the excess principal amount of \$205 is \$204 (\$205 x 99.548%).

Example 2 (A's basis in the Old Notes is less than their face amount):

Example 2 Old Notes:

- Principal Amount (*pa*): \$1,000
- Tax Basis (*tb*): \$900

<i>Exchanged for:</i>	<i>Exchange Terms</i>			<i>Gain on the Exchange</i>			<i>New Notes Received</i>	
	Principal Amount (A)	Issue Price ³ (B)	Cash Amount (C)	Boot ⁴ (D) = (C) + FMV of ((A) – (<i>pa</i>))	Gain Realized (E) = (B) + (C) - (<i>tb</i>)	Gain Recognized (F) = Lesser of (D) or (E)	Tax Basis (portion not boot) (G) = (<i>tb</i>) + (F) - (D)	Tax Basis (boot portion) (H) = FMV of ((A) – (<i>pa</i>))
New Notes of \$1,406	\$1,406	\$1,400	0	\$404	\$500	\$404	\$900	\$404
New Notes of \$1,205 plus cash of \$201	\$1,205	\$1,200	\$201	\$405 (= \$204 + \$201)	\$501	\$405	\$900	\$204

³ See assumptions. Represents the issue price of the New Notes (\$995.48 per \$1,000) received in exchange for \$1,000 principal amount of Old Notes.

⁴ See assumptions. Boot includes the FMV of the applicable excess principal amount. The FMV of the excess principal amount of \$406 is \$404 (\$406 x 99.548%); the FMV of the excess principal amount of \$205 is \$204 (\$205 x 99.548%).

Example 3 (A's basis in the Old Notes is greater than their face amount):

Example 3 Old Notes:

- Principal Amount (*pa*): \$1,000
- Tax Basis (*tb*): \$1,100

	Exchange Terms			Gain on the Exchange			New Notes Received	
	Principal Amount	Issue Price ⁵	Cash Amount	Boot ⁶	Gain Realized	Gain Recognized	Tax Basis (portion not boot)	Tax Basis (boot portion)
<i>Exchanged for:</i>	(A)	(B)	(C)	(D) = (C) + FMV of ((A) – (<i>pa</i>))	(E) = (B) + (C) - (<i>tb</i>)	(F) = Lesser of (D) or (E)	(G) = (<i>tb</i>) + (F) - (D)	(H) = FMV of ((A) – (<i>pa</i>))
New Notes of \$1,406	\$1,406	\$1,400	0	\$404	\$300	\$300	\$996	\$404
New Notes of \$1,205 plus cash of \$201	\$1,205	\$1,200	\$201	\$405 (= \$204 + \$201)	\$301	\$301	\$996	\$204

⁵ See assumptions. Represents the issue price of the New Notes (\$995.48 per \$1,000) received in exchange for \$1,000 principal amount of Old Notes.

⁶ See assumptions. Boot includes the FMV of the applicable excess principal amount. The FMV of the excess principal amount of \$406 is \$404 (\$406 x 99.548%); the FMV of the excess principal amount of \$205 is \$204 (\$205 x 99.548%).

17. List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based.

Section 1001; Section 368(a)(1)(E); Section 354; Section 356; Section 358; Treasury Regulation section 1.1273-2.

18. Can any resulting loss be recognized?

A holder that exchanges Old Notes for New Notes in an exchange treated as a recapitalization generally will not be permitted to recognize any loss on the exchange. However, a holder may recognize a loss on an exchange treated as a taxable sale or exchange of floating rate notes due 2019 or 1.375% notes due 2019 for New Notes (and possibly in the case of loss realized on an exchange of floating rate notes due 2018, 3.650% notes due 2018 or GTE

Debentures, in each case for New Notes, as discussed above in line 15).

19. Provide any other information necessary to implement the adjustment, such as the reportable tax year.

The Exchange was consummated on August 16, 2017. For a holder whose taxable year is the calendar year, the reportable tax year is 2017.

Pursuant to U.S. Treasury Regulation section 1.1273-2(f)(9), Verizon has determined that, within the meaning of U.S. Treasury Regulation section 1.1273-2:

- The New Notes are “traded on an established market.”
- The issue price of New Notes is \$995.48 per \$1,000 face amount of such New Notes, or 99.548%.

More information relating to these determinations is available on Verizon’s Investor Relations web page: <http://www.verizon.com/about/investors/tax-information>.