

Part II Organizational Action (continued)

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

Blank lined area for listing applicable Internal Revenue Code sections.

18 Can any resulting loss be recognized? ▶ See attached.

Blank lined area for providing information on loss recognition.

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

Blank lined area for providing other necessary information.

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶ *William P. Van Sadler*

Date ▶ *5/18/2017*

Print your name ▶ *WILLIAM P. VAN SADERS*

Title ▶ *Senior Vice President & Deputy General Counsel - Corporate Tax*

Paid Preparer Use Only

Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
Firm's name ▶	Firm's EIN ▶		Phone no.	
Firm's address ▶				

Verizon Communications Inc.
EIN: 23-2259884
Date of Action: August 21, 2014
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 seven series of existing notes of Verizon and two series of existing notes of Alltel Corporation (“Alltel”) (an indirect wholly-owned subsidiary of Verizon) 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:

92343VBN3
92343VBP8
92343VAU8
020039DC4
92344GAS5
92344GAM8/92344GAC0
020039AJ2
92343VBS2
92343VBT0

New Notes:

92343VCG7/U9221AAF5/92343VCH5
92343VCJ1/U9221AAG3/92343VCK8
92343VCL6/U9221AAH1/92343VCM4

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 21, 2014, holders of the outstanding series of notes of Verizon or Alltel listed below (collectively, the "Old Notes") exchanged their Old Notes for newly issued debt securities of Verizon (the "New Notes") (the "Exchange").

Exchange of the following series of notes for 2.625% notes due 2020 ("New Notes due 2020"):

1. 2.500% notes due 2016 of Verizon
2. 3.650% notes due 2018 of Verizon

Exchange of the following series of notes for 4.862% notes due 2046 ("New Notes due 2046"):

3. 7.350% notes due 2039 of Verizon
4. 7.875% debentures due 2032 of Alltel
5. 7.750% notes due 2032 of Verizon
6. 7.750% notes due 2030 of Verizon
7. 6.800% debentures due 2029 of Alltel
8. 6.400% notes due 2033 of Verizon

Exchange of the following series of notes for 5.012% notes due 2054 ("New Notes due 2054"):

9. 6.550% notes due 2043 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/732712/000119312514315860/d778567dex991.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 2.500% notes due 2016 of Verizon, 3.650% notes due 2018 of Verizon, 7.875% debentures due 2032 of Alltel and 6.800% debentures due 2029 of Alltel.

Although the matter is not free from doubt, Verizon took the position that the exchanges of 2.500% notes due 2016 (the "2.500% Notes") and 3.650% notes due 2018 (the "3.650% Notes") for New Notes due 2020 will not qualify as recapitalizations and therefore were taxable transactions for U.S. federal income tax purposes. Further, although the matter is not free from doubt, Verizon took the position that, as the 7.875% debentures due 2032 of Alltel (the "7.875% Debentures") and the 6.800% debentures due 2029 of Alltel (the "6.800% Debentures") have a different obligor than the New Notes due 2046, the exchange of those notes for New Notes due 2046 should not qualify as recapitalizations.

Accordingly, a holder should have recognized capital gain or loss (other than with respect to accrued but unrecognized market discount, which would be treated as ordinary gain) in an amount equal to the difference between the issue price of the New Notes due 2020 or the New Notes due 2046, as applicable, and the holder's adjusted tax basis in the 2.500% Notes, 3.650%

Notes, 7.875% Debentures or 6.800% Debentures tendered, as applicable. A holder's initial tax basis in New Notes due 2020 or New Notes due 2046 received in exchange is the issue price of such New Notes.

Exchange of the other Old Notes

Verizon treated the exchange of the other 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) any 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 over the principal amount 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, plus any cash received (not including any accrued coupon payment) over (ii) the holder's adjusted tax basis in the Old Notes 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.

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 greater 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 greater 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 an Old Note for a total consideration of \$1,275, consisting of New Notes with a principal amount of \$1,275. No additional cash was received by A.
- The excess principal amount of New Notes received is treated as equal to the principal amount of the New Notes minus the principal amount of the Old Notes exchanged therefor.
- The New Notes were issued at a fair market value (“FMV”) and issue price of \$1,019.60 per face amount of \$1,000, or 101.96%. Thus, the issue price of New Notes received in exchange for \$1,000 principal amount of an Old Note is approximately \$1,300 for New Notes with a principal amount of \$1,275 (*i.e.*, $\$1,275 \times 101.96\%$).

Example 1 (A's basis in the Old Note is equal to its face value):

Example 1 Old Note:

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

Exchanged for:	Exchange Terms		Gain on the Exchange			New Notes Received	
	Principal Amount	Issue Price ¹	Boot ²	Gain Realized	Gain Recognized	Tax Basis (portion not boot)	Tax Basis (boot portion)
	(A)	(B)	(C) = FMV of ((A) - (<i>pa</i>))	(D) = (B) - (<i>tb</i>)	(E) = Lesser of (C) or (D)	(F) = (<i>tb</i>) + (E) - (C)	(G) = FMV of ((A) - (<i>pa</i>))
New Note of \$1,275	\$1,275	\$1,300	\$280	\$300	\$280	\$1,000	\$280

¹ See assumptions. Represents issue price of the New Notes (\$1,019.60 per \$1,000) received in exchange for \$1,000 principal amount of an Old Note.

² See assumptions. Boot includes FMV of excess principal amount. FMV of \$275 excess principal is about \$280 (\$275 x 101.96%).

Example 2 (A's basis in the Old Note is less than its face value):

Example 2 Old Note:

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

Exchanged for:	Exchange Terms		Gain on the Exchange			New Notes Received	
	Principal Amount	Issue Price ³	Boot ⁴	Gain Realized	Gain Recognized	Tax Basis (portion not boot)	Tax Basis (boot portion)
	(A)	(B)	(C) = FMV of ((A) - (<i>pa</i>))	(D) = (B) - (<i>tb</i>)	(E) = Lesser of (C) or (D)	(F) = (<i>tb</i>) + (E) - (C)	(G) = FMV of ((A) - (<i>pa</i>))
New Note of \$1,275	\$1,275	\$1,300	\$280	\$400	\$280	\$900	\$280

³ See assumptions. Represents issue price of the New Notes (\$1,019.60 per \$1,000) received in exchange for \$1,000 principal amount of an Old Note.

⁴ See assumptions. Boot includes FMV of excess principal amount. FMV of \$275 excess principal is about \$280 (\$275 x 101.96%).

Example 3 (A's basis in the Old Note is greater than its face value):

Example 3 Old Note:

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

	Exchange Terms		Gain on the Exchange			New Notes Received	
	Principal Amount	Issue Price ⁵	Boot ⁶	Gain Realized	Gain Recognized	Tax Basis (portion not boot)	Tax Basis (boot portion)
<i>Exchanged for:</i>	(A)	(B)	(C) = FMV of ((A) - (<i>pa</i>))	(D) = (B) - (<i>tb</i>)	(E) = Lesser of (C) or (D)	(F) = (<i>tb</i>) + (E) - (C)	(G) = FMV of ((A) - (<i>pa</i>))
New Note of \$1,275	\$1,275	\$1,300	\$280	\$200	\$200	\$1,020	\$280

⁵ See assumptions. Represents issue price of the New Notes (\$1,019.60 per \$1,000) received in exchange for \$1,000 principal amount of an Old Note.

⁶ See assumptions. Boot includes FMV of excess principal amount. FMV of \$275 excess principal is about \$280 (\$275 x 101.96%).

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 2.500% Notes, 3.650% Notes, 7.875% Debentures or 6.800% Debentures for New Notes received therefor.

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

The Exchange was consummated on August 21, 2014. For a holder whose taxable year is the calendar year, the reportable tax year is 2014.

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 due 2020, New Notes due 2046, and New Notes due 2054 are “traded on an established market.”
- The issue price of New Notes due 2020 is \$1,004.48 per \$1,000 face amount of such New Notes, or 100.448%.
- The issue price of New Notes due 2046 is \$1,030.45 per \$1,000 face amount of such New Notes, or 103.045%.
- The issue price of New Notes due 2054 is \$1,025.34 per \$1,000 face amount of such New Notes, or 102.534%.

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