Verizon Communications Inc.
EIN: 23-2259884
Date of Action: October 6, 2020
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 eleven series of existing notes 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:	New Notes:
92343VCC6	92343VFN9 / U9221ABS6
92343VDX9	92343VFM1 / U9221ABR8
92343VBR4	
92343VDQ4 / 92343VDM3 / U9221AAS7	
92343VBJ2	
92343VBY9	
92343VCR3	
92343VDV3	
92343VBT0	
92343VDU5	
92343VDS0	

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 October 6, 2020, holders of the eleven series of existing notes of Verizon listed below (collectively, the "Old Notes") exchanged their Old Notes for newly issued debt securities of Verizon (the "New Notes") and, in the case of certain series, cash (the "Exchange"), as follows.

Exchange of the following series of Old Notes for 1.680% notes due 2030 ("New Notes due 2030"):

1. 3.450% notes due 2021
2. Floating Rate notes due 2022
3. 5.150% notes due 2023
4. 2.946% notes due 2022
5. 2.450% notes due 2022
6. 4.150% notes due 2024
7. 3.500% notes due 2024

Exchange of the following series of Old Notes for 2.987% notes due 2056 ("New Notes due 2056") and cash in the amounts specified below (excluding cash paid with respect to accrued but unpaid interest on the Old Notes ("Accrued Coupon Payments") or in lieu of fractional denominations of New Notes due 2056 ("Rounding Payments")):

8. 5.500% notes due 2047; holders received cash in the amount of $63 per $1,000 face amount of such Old Notes.
9. 6.550% notes due 2043; holders received cash in the amount of $214 per $1,000 face amount of such Old Notes.
10. 5.250% notes due 2037; holders received cash in the amount of $185 per $1,000 face amount of such Old Notes.
11. 5.012% notes due 2049; holders received cash in the amount of $281 per $1,000 face amount of such Old Notes.

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

https://www.verizon.com/about/news/verizon-announces-accepted-amounts

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.

<u>Exchange of the Old Notes</u>

Based on applicable IRS guidance, Verizon treated the exchange of the 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 or Rounding 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 or Rounding 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 and by any basis allocated to any fractional portion of New Notes for which a rounding payment is received. 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.

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.

Facts and Assumptions:

- Investor A exchanged $1,000 principal amount of an Old Note for a total consideration of $1,225, consisting of New Notes with a principal amount of $1,225. Alternatively, assume A exchanged the Old Note for New Notes with a principal amount of $1,100 and cash of $125.

- The cash amount received does not include any Accrued Coupon Payment or Rounding Payment.

- The New Notes were issued at a fair market value ("FMV") and issue price of $1,020 per face amount of $1,000, or 102.00%. Thus, the issue price of New Notes received in exchange for $1,000 principal amount of an Old Note is:

    - $1,249.50 for New Notes with a principal amount of $1,225 (i.e., $1,225 x 102.00%), or
    - $1,122 for New Notes with a principal amount of $1,100 (i.e., $1,100 x 102.00%).

- The excess principal amount of New Notes received is generally equal to the principal amount of the New Notes minus the principal amount of the Old Notes exchanged therefor; for these examples:

    - the excess principal amount for $1,225 principal amount of New Notes received is $225 (i.e., $1,225 – $1,000 = $225), and
    - the excess principal amount for $1,100 principal amount of New Notes received is $100 (i.e., $1,100 – $1,000 = $100).

  Boot will include the FMV of the excess principal amount; for these examples:

    - the FMV of the excess principal amount of $225 is $229.50 (i.e., $225 x 102.00%), and
    - the FMV of the excess principal amount of $100 is $102 (i.e., $100 x 102.00%).

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

Exchanged for:	*Exchange Terms*			*Gain on the Exchange*			*New Notes Received*	
	Principal Amount (A)	Issue Price[1] (B)	Cash Amount (C)	Boot[2] (D) = (C) + FMV of ((A) – (*pa*))	Gain Realized (E) = (B) + (C) - (*tb*)	Gain Recognized (F) = Lesser of (D) or (E)	Tax Basis (portion not boot) (G) = (*tb*) + (F) - (D)	Tax Basis (boot portion) (H) = FMV of ((A) – (*pa*))
New Notes of $1,225	$1,225	$1,249.50	$0	$229.50	$249.50	$229.50	$1,000	$229.50
New Notes of $1,100 plus cash of $125	$1,100	$1,122	$125	$227 (= $125 + $102)	$247	$227	$1,000	$102

[1] *See* assumptions. Represents the issue price of the New Notes (102.00%) received in exchange for $1,000 principal amount of Old Notes.

[2] *See* assumptions. Boot includes the FMV of the excess principal amount (i.e., the FMV of (A)-(*pa*)); for this example, the FMV of the excess principal amount for $1,225 principal amount of New Notes received is $229.50 (($1,225 – $1,000) x 102.00%); the FMV of the excess principal amount for $1,100 principal amount of New Notes received is $102 (($1,100 – $1,000) x 102.00%).

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

Exchanged for:	*Exchange Terms*			*Gain on the Exchange*			*New Notes Received*	
	Principal Amount (A)	Issue Price[1] (B)	Cash Amount (C)	Boot[2] (D) = (C) + FMV of ((A) – (*pa*))	Gain Realized (E) = (B) + (C) - (*tb*)	Gain Recognized (F) = Lesser of (D) or (E)	Tax Basis (portion not boot) (G) = (*tb*) + (F) - (D)	Tax Basis (boot portion) (H) = FMV of ((A) – (*pa*))
New Notes of $1,225	$1,225	$1,249.50	$0	$229.50	$349.50	$229.50	$900	$229.50
New Notes of $1,100 plus cash of $125	$1,100	$1,122	$125	$227 (= $125 + $102)	$347	$227	$900	$102

[1] *See* assumptions. Represents the issue price of the New Notes (102.00%) received in exchange for $1,000 principal amount of Old Notes.

[2] *See* assumptions. Boot includes the FMV of the excess principal amount (i.e., the FMV of (A)-(*pa*)); for this example, the FMV of the excess principal amount for $1,225 principal amount of New Notes received is $229.50 (($1,225 – $1,000) x 102.00%); the FMV of the excess principal amount for $1,100 principal amount of New Notes received is $102 (($1,100 – $1,000) x 102.00%).

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*	
Exchanged for:	Principal Amount (A)	Issue Price[1] (B)	Cash Amount (C)	Boot[2] (D) = (C) + FMV of ((A) – (*pa*))	Gain Realized (E) = (B) + (C) - (*tb*)	Gain Recognized (F) = Lesser of (D) or (E)	Tax Basis (portion not boot) (G) = (*tb*) + (F) - (D)	Tax Basis (boot portion) (H) = FMV of ((A) – (*pa*))
New Notes of $1,225	$1,225	$1,249.50	$0	$229.50	$149.50	$149.50	$1,020	$229.50
New Notes of $1,100 plus cash of $125	$1,100	$1,122	$125	$227 (= $125 + $102)	$147	$147	$1,020	$102

[1] *See* assumptions. Represents the issue price of the New Notes (102.00%) received in exchange for $1,000 principal amount of Old Notes.

[2] *See* assumptions. Boot includes the FMV of the excess principal amount (i.e., the FMV of (A)-(*pa*)); for this example, the FMV of the excess principal amount for $1,225 principal amount of New Notes received is $229.50 (($1,225 – $1,000) x 102.00%); the FMV of the excess principal amount for $1,100 principal amount of New Notes received is $102 (($1,100 – $1,000) x 102.00%).

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.

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

The Exchange was consummated on October 6, 2020. For a holder whose taxable year is the calendar year, the reportable tax year is 2020.

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 the New Notes due 2030 is $1,006.09 per $1,000 face amount of such New Notes, or 100.609%.

- The issue price of the New Notes due 2056 is $1,027.52 per $1,000 face amount of such New Notes, or 102.752%.

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