Verizon Communications benefits—Year-end tax information

This information describes the tax forms sent to you for pension and/or other benefit payments you received in 2017, and includes answers to questions that are often asked by other participants, as well as examples of the tax forms.

Your 2017 tax forms are included in this mailing. If you misplace your form(s) or need additional copies, go to the Benefits Payments Online (BPO) website at wellsfargo.com/verizonbpo. Enter your user ID and your password and follow the on-site instructions. If you have forgotten your password, click on Forgot your password in order to reset it. You will be asked to answer several security questions you provided at the time you initially registered on the site. If you don’t remember your security questions, or have forgotten your user ID, click on Contact Us for a 1-800 Help Line. If you are a first time user, click on Register and follow the instructions to set up your user ID and password. Your user ID will initially be your Social Security number, and you will be immediately required to choose a new user ID.

Frequently asked questions

I received a 1099-R, 1099-MISC and/or 1042-S and the TIN/SSN is masked—why?
Due to new legislation changes and data privacy guidelines, the full TIN/SSN has been partially masked on the 1099-R, 1099-MISC and/or 1024-S tax forms.

I received two tax forms—why?
Depending on your situation you may receive more than one tax form:
• If you turned 59½ in 2017, you may have a form for the period of time when you were less than 59½ and a form for the period of time after you turned 59½.
• You may be receiving a payment as both a beneficiary and an employee.
• You may have received both a lump-sum and annuity payments from a qualified plan in 2017.
• You may have received both a qualified (1099-R) and a non-qualified (W-2) payment in 2017.
• You may have been an active employee of Verizon and also retired and received a pension payment in 2017.

What is the code of distribution?
Codes of distribution are assigned based on your age and the type of payment you’re receiving. For additional information regarding codes of distribution, please visit the IRS website at irs.gov.

What if I didn’t receive my 2017 W-2 from Verizon payroll?
If you did not receive your W-2 statement for a period of active service with Verizon in 2017, please call Verizon Employee Services at 800.932.7947.

My state and/or federal withholding is incorrect—how can I get this amount corrected?
We cannot change the reporting of state and/or federal withholding once the 2017 tax year has closed. If there is an error in the withholding amount on your tax form, please speak with a financial advisor or your tax preparer for information on how to recover amounts withheld that exceed your tax obligation.

Why do I have imputed income in box 12 of my 2017 W-2 form?
If you had retiree life insurance coverage greater than $50,000 during 2017, a portion of the amount over $50,000 is reported to the government as taxable income. If our records indicate you have a domestic partner who does not qualify as a tax dependent, the value of the Verizon medical and/or dental coverage provided to your domestic partner (and to children of your domestic partner) during 2017 is reported as taxable income.

How can I change my payment to be directly deposited into my bank account?
Call the Verizon Benefits Center at 855.4Vz.Bens (855.489.2367) to make direct deposit changes.
The table below indicates tax forms you should receive based on your circumstances.

<table>
<thead>
<tr>
<th>If you are a:</th>
<th>You will receive:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Service Pensioner, Vested Pensioner, Disability Pensioner or Beneficiary</td>
<td>Form 1099-R</td>
</tr>
<tr>
<td>Beneficiary or Alternate Payee who received a non-qualified pension benefit</td>
<td>Form 1099-MISC</td>
</tr>
<tr>
<td>Recipient of payment from any of the Verizon Savings Plans</td>
<td>Form 1099-R</td>
</tr>
<tr>
<td>Post-Divestiture Retiree (retired on or after January 1, 1984) living outside of the Verizon service areas and receiving taxable concession telephone reimbursement</td>
<td>Form W-2</td>
</tr>
<tr>
<td>Service Pensioner with over $50,000 in basic group term life insurance coverage (cost of coverage as determined by the IRS)</td>
<td>Form W-2</td>
</tr>
<tr>
<td>Service Pensioner with domestic partner coverage</td>
<td>Form W-2</td>
</tr>
<tr>
<td>Service or Disability Pensioner who received medical or dental credits or a Medicare Incentive Payment</td>
<td>Form W-2</td>
</tr>
<tr>
<td>Recipient of any payments issued by your former and/or active payroll</td>
<td>Form W-2</td>
</tr>
<tr>
<td>Non-Resident Alien (these tax forms will be mailed by March 15, 2018)</td>
<td>Form 1042-S</td>
</tr>
<tr>
<td>Puerto Rico Resident (these tax forms will be mailed by February 28, 2018)</td>
<td>Form 480.7C</td>
</tr>
</tbody>
</table>

**For more information**

If you have questions about your tax form(s) that are not addressed within this communication or if you do not receive your tax form(s) by February 14, 2018 (or the date on the table above, as applicable), please contact the Verizon Benefits Center. Make sure you have the last four digits of your Social Security number, your date of birth, your Benefits Center password available and then dial 855.4Vz.Bens (855.489.2367). Listen to the main menu to make your selection and then follow the prompts to reach a representative.
SAMPLE Form 1099-R

The 1099-R form reports qualified pension payments and/or distributions from savings plans and other retirement plans to the Internal Revenue Service (IRS). Descriptions of the types of information you may find on your Form 1099-R are provided below. Please note due to recent legislation changes and data privacy guidelines the tax identification number (TIN/SSN) will be partially masked/hidden as seen with the example provided below. The first five characters will include Xs.

1. Gross distribution
Amount(s) paid in 2017 from pension plans, annuities, retirement or profit sharing plans, IRAs, savings distributions, insurance contracts, etc. Lump-sum payments rolled over to a qualified IRA or other retirement plan will also appear here.

2a. Taxable amount
Taxable portion of amount paid. Usually this is the same as the amount in Box 1. However, payments that were directly rolled over to a qualified IRA or other retirement plan should not appear here.

2b. Taxable amount not determined/Total distribution
If you received a lump-sum distribution, Total distribution (second) box contains an X.

3. Capital gain
Capital gains will appear here if applicable.

4. Federal income tax withheld
Federal income tax withheld from distribution(s).

7. Distribution code
IRS code to identify type of distribution. (Refer to the instructions on the back of the form.)

12. State tax withheld
State income tax withheld from distribution(s).

15. Local tax withheld
Local income tax withheld from distribution(s).

16. Name of locality
Populated for New York City or Yonkers residents only.
The Form W-2 reports income and other items, such as taxable fringe benefits, payments from non-qualified pension plans and supplemental retirement plans. Descriptions of the types of information you may find on your Form W-2 are provided below.

| Box 12a | The value of imputed income on basic group term life insurance (GTLI) in excess of $50,000 will appear as Code C. |
| Box 12b | The amount of Social Security tax will appear as Code M. |
| Box 12c | The amount of uncollected Medicare tax resulting from imputed income on GTLI will appear as Code N. You are responsible for reporting this tax liability on your income tax return. More specific questions should be directed to your tax advisor. |
| Box 12d | The cost of non-taxable health insurance provided through your employer will appear as Code DD. |