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Cost Basis Worksheet

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Determining Your Tax Basis in shares of Verizon Communications Common Stock

This worksheet describes some of the information needed to compute gain or loss, for income tax purposes, if you sell or otherwise dispose of your Verizon Communications common stock. We recommend that you keep this information with your tax records, and furnish it to your tax advisor to assist in preparing your income tax returns for any year in which you sell or otherwise dispose of shares.

Generally, gain or loss for income tax purposes is the difference between the "amount realized" (for example, in a simple sale transaction, the amount of money you receive) and your "tax basis" (for example, if you purchased your shares for cash, your purchase price).

The information described in this worksheet provides some, but not all, of the information needed to determine your tax basis. The other information which you need to determine your tax basis is particular to you individual situation, and your tax advisor can assist you in identifying this other information.

Note: There are several methods for calculating your tax basis in your Verizon Communications shares, and various factors, which must be taken into account. It is beyond the scope of this worksheet to describe these methods or factors. The information in this worksheet is not intended as tax advice, but is intended only to assist you and your tax advisor in determining your tax basis in shares of Verizon Communications stock.

Major Events Overview

AT&T Divestiture

Shareowners received one share in each of the seven regional telephone companies for every ten shares of AT&T owned. Shareowners also had the option to purchase additional shares of Bell Atlantic or NYNEX by selling shares in one or more of the other regional companies.

Record Date: December 31, 1983
Effective Date: January 1, 1984

Allocation Ratios:
Bell Atlantic 10.49%
NYNEX 9.84%

Bell Atlantic/NYNEX Stock Splits

In each of the following Bell Atlantic and NYNEX stock splits, shareowners received one additional share of stock for each share owned.

Bell Atlantic Stock Splits

Record Date: March 31, 1986
Payable Date: April 17, 1986

Record Date: April 10, 1990
Payable Date: May 1, 1990

Record Date: June 1, 1998
Payable Date: June 29, 1998

NYNEX Stock Splits

Record Date: March 31, 1986
Payable Date: May 1, 1986

Record Date: August 16, 1993
Payable Date: September 15, 1993

GTE Stock Dividends

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In each stock dividend, shareholders of GTE Common Stock received 1/2 additional share for each share of stock owned as of the record date.

1954 Stock Dividend
Record Date: April 22, 1954
Payable Date: May 15, 1954

1955 Stock Dividend
Record Date: June 3, 1955
Payable Date: June 30, 1955

GTE/Contel Stock Splits

In each stock split, shareholders of GTE Common Stock received one or more additional shares for each share of stock owned as of the record date.

1960 3-for-1 Stock Split
Record Date: April 20, 1960
Payable Date: May 20, 1960

1987 3-for-2 Stock Split
Record Date: January 14, 1987
Payable Date: February 12, 1987

1990 2-for-1 Stock Split
Record Date: May 23, 1990
Payable Date: June 22, 1990

Contel 1989 2-for-1 Stock Split
Payable Date: August 31, 1989

Contel Merger

The merger of GTE and Contel became effective on March 14, 1991, with an exchange ratio of 1.27 shares of GTE Common Stock for each share of Contel owned.

Bell Atlantic/NYNEX Merger

The Bell Atlantic/NYNEX Merger was effective on August 14, 1997, with an exchange ratio of 0.768 shares of Bell Atlantic Common Stock for each share of NYNEX Common stock owned. Fractional shares resulting from the exchange of your NYNEX stock certificate into Bell Atlantic shares were sold at a price of \$74.235 per share.

Bell Atlantic/GTE Merger (Verizon Communications)

The merger of Bell Atlantic and GTE, to form Verizon Communications, became effective on June 30, 2000, with an exchange ratio of 1.22 shares of Verizon Communications Common Stock for each share of GTE Common Stock owned. Fractional shares resulting from the exchange of your GTE stock certificate into Verizon Communications shares were sold at a price of \$55.00 per share.

Verizon / MCI Merger (Verizon Communications)

The merger of MCI into Verizon Communications became effective on January 6, 2006 with an exchange ratio of .5743 shares of Verizon Communications Common Stock and a cash payment of \$2.738 for each share of MCI Common Stock owned. Fractional shares resulting from the exchange of MCI shares into Verizon Communications shares were sold at a price of \$31.35 per share.

Verizon / Idearc Spin-off

The spin-off from Verizon of its domestic print and Internet yellow pages directories publishing operations into Idearc Inc. became effective on November 20, 2006. In the distribution, each Verizon stockholder received one share of Idearc common stock for every 20 shares of Verizon common stock held as of 5:00pm Eastern time on November 1, 2006. Fractional shares resulting from the spin-off were sold at a price of \$27.17 per share.

Calculating the Tax Basis for Verizon Communications Inc. Common Stock and Idearc Inc. Common Stock Following the Spin-off

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Shareholders of Verizon Communications Inc. ("Verizon") who received shares of Idearc Inc. ("Idearc") in the spin-off are required to allocate their aggregate tax basis in their Verizon shares between the Verizon shares and the Idearc shares that they received in the spin-off in proportion to the relative fair market values of their Verizon and Idearc shares (including any cash received in lieu of fractional shares of Idearc). The distribution ratio in the spin-off was one share of Idearc for every twenty shares of Verizon.

U.S. federal income tax law does not specifically provide a method for determining the fair market values of the Verizon and Idearc shares. There are several potential methods for determining the fair market values of the Verizon and Idearc shares, including:

1. the opening trading prices of Verizon and Idearc on the first regular trading day of the Idearc shares (\$34.82 and \$26.50, respectively, on November 20, 2006);
2. the average of the high and low trading prices of the Verizon and Idearc shares on the first regular trading day of the Idearc shares (\$34.90 and \$27.57, respectively, on November 20, 2006);and
3. the closing trading prices of Verizon and Idearc on the first regular trading day of the Idearc shares (\$34.67 and \$28.20, respectively, on November 20, 2006).

There may be other methods to determine the fair market values of shares of Verizon and Idearc for purposes of allocating tax basis following the spin-off.

Verizon is providing an example below of how to allocate a shareholder's aggregate tax basis in Verizon common stock between his or her shares of Verizon and Idearc. This example is provided solely for illustrative purposes and as a convenience because shareholders and their tax advisors may find it useful when establishing their specific tax positions. Please remember that Verizon does not provide its shareholders with tax advice, and this notice is not intended to provide tax advice. Verizon encourages its shareholders to consult with their own tax advisors with their specific questions pertaining to their own tax positions including the application of the tax basis allocation rules to different blocks of Verizon shares acquired at different times and/or at different prices.

EXAMPLE

The following example is based on the first of the three options above. It assumes that a Verizon shareholder owned 100 shares of Verizon common stock before the spin-off that were all acquired at the same time and for the same price of \$30.00 per share, for a combined tax basis of \$3,000.00. As a result of the spin-off, the Verizon shareholder received five shares of Idearc common stock.

	<u>Verizon</u>	<u>Idearc</u>
Opening price on November 20	\$34.82	\$26.50
1/20th of Idearc opening price		\$1.325
Opening price of Verizon plus 1/20th of Idearc opening price (A)		\$36.145
Divide opening price of Verizon by (A) (i.e., \$34.82 / \$36.145)	96.334 %	
Divide 1/20th of Idearc opening price By (A) (i.e., \$1.325 / \$36.145)		3.666 %
Allocated tax basis ratios:	96.334 %	3.666 %
Verizon Tax Basis per share (\$30.00 x 96.334 %)	\$28.9002	
Idearc Tax Basis per share (\$30.00 x 3.666 % x 20)		\$21.996

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New Tax Basis =		
Verizon: 100 shares x \$28.9002	\$2,890.02	
Idearc: 5 shares x \$21.996		109.98
Combined Tax Basis	\$3,000.00	

Calculating Tax Basis in Verizon Communications for former Bell Atlantic Shareowners

Use the original tax basis of your Bell Atlantic stock to complete one of the following sections based on the date you acquired or purchased such stock. If you acquired or purchased stock on more than one occasion, the tax basis must be determined separately for each transaction.

Verizon Communications (formerly Bell Atlantic) Stock Acquired as a Result of the AT&T Divestiture

Original tax basis per AT&T share		_____ (A)
Adjust for AT&T Divestiture and three stock splits	Divide (A) by 7.62631	_____ New Basis

Verizon Communications (formerly Bell Atlantic) Stock Acquired on or after January 1, 1984 through March 31, 1986

Original tax basis per Bell Atlantic share		_____ (A)
Adjust for 3 Stock Splits	Divide (A) by 8	_____ New Basis

Verizon Communications (formerly Bell Atlantic) Stock Acquired on or after April 1, 1986 through April 10, 1990

Original tax basis per Bell Atlantic share		_____ (A)
Adjust for 2 Stock Splits	Divide (A) by 4	_____ New Basis

Verizon Communications (formerly Bell Atlantic) Stock Acquired on or after April 11, 1990 through June 1, 1998

Original tax basis per Bell Atlantic share		_____ (A)
Adjust for 1 Stock Split	Divide (A) by 2	_____ New Basis

This information should be used to calculate former Bell Atlantic cost basis only; former GTE and NYNEX shares shall be calculated separately using GTE and NYNEX cost basis calculations.

Calculating Tax Basis in Verizon Communications for former NYNEX Shareowners

Use the original tax basis of your NYNEX stock to complete one of the following sections based on the date you acquired or purchased such stock. If you acquired or purchased stock on more than one occasion, the tax basis must be determined separately for each transaction.

NYNEX Stock Acquired as a Result of the AT&T Divestiture

Original tax basis per AT&T		_____ (A)
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share

Adjust for AT&T Divestiture, two NYNEX stock splits, Bell Atlantic merger, and Bell Atlantic stock split Divide by 6.24390 _____ New Basis

NYNEX Stock Acquired on or after January 1, 1984 through and including March 31, 1986

Original tax basis per NYNEX share _____ (A)

Adjust for two NYNEX stock splits, Bell Atlantic merger and Bell Atlantic stock split Divide (A) by 6.1440 _____ New Basis

NYNEX Stock Acquired on or after April 1, 1986 through and including August 16, 1993

Original tax basis per NYNEX share _____ (A)

Adjust for NYNEX stock split, Bell Atlantic merger, and Bell Atlantic stock split Divide (A) by 3.0720 _____ New Basis

NYNEX Stock Acquired on or after August 17, 1993 through and including August 14, 1997

Original tax basis per NYNEX share _____ (A)

Adjust for Bell Atlantic merger and Bell Atlantic stock split Divide (A) by 1.5360 _____ New Basis

This information should be used to calculate NYNEX cost basis only; previously held Bell Atlantic and GTE shares shall be calculated separately using Bell Atlantic and GTE cost basis calculations.

Calculating Tax Basis in Verizon Communications for former GTE Shareowners

The following sections illustrate how to take into account the major events described previously in determining your tax basis in shares of Verizon Communications. Use this section or sections which describe when your shares were acquired. If you acquired Contel and/or GTE stock on more than one occasion, your tax basis must be determined separate for the shares involved in each acquisition.

GTE Common Stock Acquired through and including April 22, 1954

Original tax basis per GTE share _____ (A)

Adjust for two stock dividends, three stock splits and Bell Atlantic merger Divide (A) by 24.705 _____ New Basis

GTE Common Stock Acquired after April 22, 1954 through and including June 3, 1955

Original tax basis per GTE share _____ (A)

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Adjust for one stock dividends, three stock splits and Bell Atlantic merger	Divide (A) by 16.470	_____ New Basis
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GTE Common Stock Acquired after June 3, 1955 through and including April 20, 1960

Original tax basis per GTE share		_____ (A)
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Adjust for three stock splits and Bell Atlantic merger	Divide (A) by 10.980	_____ New Basis
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GTE Common Stock Acquired after April 20, 1960 through and including January 14, 1987

Original tax basis per GTE share		_____ (A)
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Adjust for two stock splits and Bell Atlantic merger	Divide (A) by 3.660	_____ New Basis
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GTE Common Stock Acquired after January 14, 1987 through and including May 23, 1990

Original tax basis per GTE share		_____ (A)
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Adjust for one stock split and Bell Atlantic merger	Divide (A) by 2.440	_____ New Basis
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GTE Common Stock Acquired after May 23, 1990 through and including June 30, 2000

Original tax basis per GTE share		_____ (A)
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Adjust for Bell Atlantic merger	Divide (A) by 1.22	_____ New Basis
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Contel stock acquired through and including August 31, 1989

Original tax basis per Contel share		_____ (A)
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Adjust for 1 stock split, GTE/Contel merger, and Bell Atlantic/GTE merger	Divide (A) by 3.0988	_____ New Basis
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Contel stock acquired through and including March 14, 1991

Original tax basis per Contel share		_____ (A)
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Adjust for GTE/Contel merger and Bell Atlantic merger	Divide (A) by 1.5494	_____ New Basis
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Calculating Tax Basis in Verizon Communications Stock for former MCI Shareowners

Use the original aggregate tax basis of your MCI stock to complete the following section. If you have different tax bases in different blocks of MCI stock (e.g., if you acquired or purchased MCI stock on more than one occasion or at different prices), then calculate your new tax basis in Verizon Communications stock using the worksheet below for each block of MCI stock.

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MCI Stock Acquired on or after November 3, 2003 through and including January 6, 2006

Enter the original aggregate tax basis of MCI stock in (A) _____ (A)

Enter merger cash consideration (excluding cash received in lieu of fractional Verizon Communications shares) in (B) _____ (B)

Subtract (B) from (A); enter the difference in (C) _____ (C)

Enter gain recognized, if any, in connection with the transaction (excluding gain associated with cash received in lieu of fractional shares) in (D) ¹ _____ (D)

Add (C) and (D) and enter the sum in (E) _____ (E)

The new aggregate basis in Verizon Communications stock, before basis reduction for fractional share cash, equals (E)

Enter cash received for fractional shares in (F) _____ (F)

The basis reduction for fractional share cash equals (F), divided by [(the number of shares of MCI exchanged times .5743) times \$31.35], times (E); enter result in (G) _____ (G)

Subtract (G) from (E); difference is the new aggregate basis in Verizon Communications stock; enter in (H) _____ (H)

If you have different tax bases in different blocks of MCI stock (e.g., if you acquired or purchased MCI stock on more than one occasion or at different prices), consult your tax advisor as to the calculation of gain recognized on the receipt of cash for fractional shares and how the basis reduction for fractional share cash should be allocated among the blocks of MCI shares exchanged in the merger.

¹ For the amount of gain recognized in connection with the transaction please refer to the section in the Proxy Statement and Prospectus dated August 31, 2005 page 114 entitled "Material United States Federal Income Tax Considerations-Original Structure and Alternative Merger-Original Structure".

Verizon Communications does not provide tax advice. This worksheet was not intended or written to be used, and it cannot be used by any taxpayer, for the purpose of avoiding penalties that may be imposed on the taxpayer under U.S. federal tax law.

This information represents our understanding of existing federal income tax law and regulations and does not constitute tax advice. It does not purport to be complete or to describe tax consequence that may apply to particular categories of shareowners. Please consult your tax advisor

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