TELEFONICA BRASIL S.A.
Form 6-K
May 15, 2015

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER PURSUANT TO RULE 13a-16 OR 15d-16 UNDER THE SECURITIES EXCHANGE ACT OF 1934

For the month of May, 2015

Commission File Number: 001-14475

TELEFÔNICA BRASIL S.A.
(Exact name of registrant as specified in its charter)

TELEFONICA BRAZIL S.A.
(Translation of registrant's name into English)

Av. Eng° Luís Carlos Berrini, 1376 - 28º andar
São Paulo, S.P.
Federative Republic of Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F:

Form 20-F	X	Form 40-F	

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(1):

Yes		No	X

Indicate by check mark if the registrant is submitting the Form 6-K in paper as permitted by Regulation S-T Rule 101(b)(7):

Yes	No	X

Condomínio São Luiz

Av. Presidente Juscelino Kubitschek, 1830

Torre I - 8º Andar - Itaim Bibi

04543-900 - São Paulo - SP - Brasil

Tel: (5511) 2573-3000

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A free translation from Portuguese into English of Independent Auditor's Report on quarterly financial statements prepared in Brazilian currency in accordance with accounting practices adopted in Brazil and International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board (IASB)

Independent auditor's report on quarterly financial statements

The Shareholders, Board of Directors and Officers

Telefônica Brasil S.A.

São Paulo - SP

We have reviewed the individual and consolidated interim financial information of Companhia Telefônica Brasil S.A., ("Company"), contained in the Quarterly Information Form (ITR) for the quarter ended March 31, 2015, which comprise the balance sheet as at March 31, 2015 and the related statements of income, of comprehensive income, of changes in equity and of cash flows for the three-month period then ended, including other explanatory information.

Management is responsible for the preparation of the individual and consolidated interim financial information in accordance with Accounting Pronouncement CPC 21 (R1) - Interim Financial Reporting, and with IAS 34 – Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in conformity with the standards issued by the Brazilian Securities and Exchange Commission (CVM) applicable to the preparation of Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim financial information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Review Engagements (NBC TR 2410 and ISRE 2410 - Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with auditing standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the individual and consolidated interim financial information

Based on our review, nothing has come to our attention that causes us to believe that the individual and consolidated interim financial information included in the quarterly information referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of Quarterly Information (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

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Other matters

Statements of value added

We have also reviewed the individual and consolidated interim statements of value added (SVA) for the three-month period ended March 31, 2015, prepared under management's responsibility, whose presentation in the interim financial information is required by rules issued by the Brazilian Securities and Exchange Commission (CVM) applicable to preparation of Quarterly Information (ITR), and as supplementary information under IFRS, which do not require SVA presentation. This statement has been subject to the same review procedures previously described and, based on our review, nothing has come to our attention that causes us to believe that it is not fairly presented fairly, in all material respects, in relation to the overall accompanying interim financial information.

Audit of the balance sheet as of December 31, 2014 and review of the interim statements of income, of changes in equity, of cash flows and of value added for the three-month period ended March 31, 2014

The balance sheet as of December 31, 2014, presented for comparison purposes, was previously audited by other independent auditors, who issued an unmodified report dated February 12, 2015. In addition, the interim statements of income, of changes in equity, of cash flows and of value added for the three-month period ended March 31, 2014, presented for comparison purposes, were reviewed by other independent auditors, who issued an unmodified report dated May 7, 2014.

São Paulo, April 27, 2015

ERNST & YOUNG

Auditores Independentes S.S.

CRC-2SP015199/O-6

Luiz Carlos Passetti

Accountant CRC-1SP144343/O-3

Héctor Ezequiel Rodríguez Padilla

Accountant CRC-1SP299427/O-9

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Three-month period ended March 31, 2015

(In thousands of reais, unless otherwise stated)

1) OPERATIONS

a) Background information

Telefônica Brasil S.A. ("Company" or "Telefônica Brasil") is a publicly-traded corporation operating in telecommunication services and in the performance of activities that are necessary or useful in the rendering of such services, in conformity with the concessions and authorizations it has been or granted. The Company, headquartered at Avenida Engenheiro Luiz Carlos Berrini, No. 1376, in the city and State of São Paulo, Brazil, is a member of Telefónica Group ("Group"), the telecommunications industry leader in Spain, also present in various European and Latin American countries.

At March 31, 2015 and December 31, 2014, Telefónica S.A., holding company of the Group, held a total of 73.96% direct and indirect interest in the Company – 91.82% of common shares and 64.78% of preferred shares (Note 21).

The Company is listed in the Brazilian Securities and Exchange Commission (CVM) as a publicly-held company under Category A (issuers authorized to trade any marketable securities) and has shares traded on the São Paulo Stock Exchange ("BM&FBovespa"). The Company is also listed in the Securities and Exchange Commission ("SEC"), of the United States of America, and its American Depositary Shares ("ADSs") are classified under level II, backed only by preferred shares and traded in the New York Stock Exchange ("NYSE").

b) Operations

The Company is primarily engaged in rendering land-line telephone and data services in the state of São Paulo, under Fixed Switched Telephone Service Concession Arrangement ("STFC") and Multimedia Communication Service ("SCM") authorization, respectively. Also, the Company is authorized to render STFC services in Regions I and II of the General Service Concession Plan ("PGO") and other telecommunications services, such as SCM (data communication, including broadband internet), SMP (Personal Communication Services) and SEAC (Conditional Access Audiovisual Services) (especially by means of DTH and cable technologies).

Service concessions and authorizations are granted by Brazil's Telecommunications Regulatory Agency ("ANATEL"), under the terms of Law No. 9472 of July 16, 1997 - General Telecommunications Law ("Lei Geral das Telecomunicações" - LGT), amended by Laws No. 9986 of July 18, 2000 and No. 12485 of September 12, 2011. Operation of such concessions and authorizations is subject to supplementary regulations and plans issued.

b.1) STFC service concession arrangement

The Company is the grantee on an STFC concession to render land-line services in the local network and national long distance calls originated in sector 31 of Region III, which comprises the state of São Paulo (except for cities within sector 33), as established in the General Service Concession Plan (PGO).

In accordance with the service concession arrangement, every two years, during the arrangement's 20-year term, the Company shall pay a fee equivalent to 2% of its prior-year STFC revenue, net of applicable taxes and social contribution taxes (Note 20).

The Company's current STFC service concession arrangement is effective until December 31, 2025, and may be subject to reviews on December 31, 2015 and December 31, 2020.

b.2) SMP authorization arrangement

The Company operates SMP services, in accordance with the authorizations it has been given. Frequency authorizations granted by ANATEL may be renewed only once, over a 15-year period, through payment, every two years after the first renewal, of fees equivalent to 2% of the Company's prior-year revenue, net of taxes and social contribution taxes, related to the application of the Basic and Alternative Service Plans (Note 20).

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Three-month period ended March 31, 2015

(In thousands of reais, unless otherwise stated)

The information on the areas of operation (regions) and due dates of the radiofrequency authorizations is the same of Note 1b2) – “SMP Authorization Arrangements”, as disclosed in the financial statements at December 31, 2014.

c) Proposal for Acquisition of GVT Participações S.A.

On September 18, 2014, the Company released a material fact provided for by CVM Rule No. 358/02, disclosing that, on said date, the Company (“Buyer”) and Vivendi S.A. (“Vivendi”) and its subsidiaries (“Sellers”), entered into a Purchase and Sale Agreement and Other Covenants (“Agreement”), in which all shares issued by GVT Participações S.A. (GVTPar), controller of Global Village Telecom S.A. (provided that GVTPar together with GVT Operadora are hereinafter called “GVT”), shall be acquired by the Company. The execution of the Agreement and other documentation related thereto were duly approved by the Company's Board of Directors in a meeting held on the aforementioned date.

Payment for acquisition of GVT shares shall be made by the Company and Sellers as follows:

- €4,663,000,000.00 payable in cash after contractual adjustments on the execution date.

The Company will finance the payment of this installment with capital increase through public offering, whose terms and conditions were approved by the Company’s Board of Directors in a meeting held on March 25, 2015 (Note 1e).

- A portion of shares issued by the Company, equivalent to 12% of the Company's common shares and 12% of preferred shares after merger of GVTPar shares.

Payment of this installment will be made through merger of shares issued by GVTPar by the Company, with the corresponding delivery of common and preferred shares issued by the Company to GVTPar shareholders in place of the merged GVTPar's shares, observing the number of shares referring to the portion to be granted to Sellers as negotiated between the parties and determined in the Agreement, provided that Management shall manage and disclose other terms and conditions of this merger of shares on a timely fashion.

Determinations referring to transaction described above will grant the dissident Company's shareholders the right of recess. Accordingly, dissident shareholders holding Company common and/or preferred shares will have withdrawal right upon receipt of the respective amount of net earnings per share. The amount per share to be paid upon exercise of the recess right will be disclosed when the date of the Special Shareholders' Meeting for discussion of issues related to this transaction is determined.

Vivendi accepted the public offer made by Telefónica S.A. ("Telefónica") for acquisition of interest in Telecom Itália S.p.A. ("Telecom Itália"), specifically the acquisition of 1,110 billion common shares of Telecom Itália, which currently represent an 8.3% interest in the voting capital of Telecom Itália (equivalent to 5.7% of its capital), in exchange of 4.5% of the Company's capital which Vivendi shall receive due to the combination of the Company and GVT, and represent all common shares and a portion of the preferred shares (0.7% of preferred shares).

Considering that the acquisition of GVT shares by the Company represents a significant investment under the terms of Article No. 256 of Law No. 6404/76, this acquisition will be submitted to the Company's shareholders and a Special Shareholders' Meeting will be held for this purpose as provided for by the applicable law.

This transaction is subject to obtainment of the applicable corporate and regulatory authorizations, including Brazil's Administrative Council for Economic Defense ("CADE") and ANATEL, in addition to other conditions among those usually applicable to this kind of transaction.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Three-month period ended March 31, 2015

(In thousands of reais, unless otherwise stated)

On December 22, 2014, ANATEL approved the acquisition of all GVT shares by the Company under certain conditions, including: (i) maintaining the current services and plans offered by both GVT and the Company for a certain period; (ii) maintaining the contracts currently held by GVT customers for a certain period; (iii) maintaining the current geographic scope of the services provided by GVT and the Company, in addition to expanding operations to at least 10 municipalities within 3 years, beginning January 26, 2015; and (iv) relinquishing the STFC license held by GVT within up to 18 months after ANATEL's decisions. The ruling contains further details and may be referred to in the Federal Official Gazette ("DOU") of December 26, 2014 (Ruling No. 430/2014-CD, of December 24, 2014).

On March 25, 2015, CADE approved the Concentration Control Agreement ("ACC") No. 08700.009732/2014-93 (linked to ACC 08700.009731/2014-49, also approved on that date), involving the Company, GVT and CADE, which its object is the acquisition of all GVT's shares by the Company. This ACC provides for certain conditions, including: (i) maintaining the current services, plans and contracts offered by both GVT and the Company for a certain period; (ii) maintaining the current geographic scope of the services provided by GVT and the Company, as well as expanding its operations; (iii) maintaining, for a certain period, some specific quality indicators for GVT's broadband services provided to its customers; and (iv) commitment with certain obligations referring to waiver of Vivendi's political rights in the Company.

d) Agreement between Telefónica S.A. and Telecom Italia, S.p.A.

TELCO S.p.A. ("TELCO") has a 22.4% interest with voting rights in Telecom Itália, and is the majority shareholder of this company.

Telefónica S.A holds indirect control in Telefónica S.A., and Telecom Italia holds an indirect interest in TIM Participações S.A. ("TIM"), a Brazilian telecommunications company. Neither Telefónica, nor Telefônica Brasil or any other affiliate of Telefónica interfere in, are involved with or have decision-making powers over TIM operations in Brazil, also being lawfully and contractually forbidden to exercise any type of political power derived from indirect interest in relation to TIM operations in Brazil. TIM (Brazil) and Telefônica Brasil compete in all markets in which they operate in Brazil under permanent competitive stress and, in this context, as well as in relation to the other economic players in the telecommunications industry, maintain usual and customary contractual relations with one another (many of which are regulated and inspected by ANATEL) and/or which, as applicable, are informed to ANATEL and Brazil's Administrative Council for

Economic Defense (CADE), concerning the commitments assumed before these agencies so as to ensure total independence of their operations.

On September 24, 2013, Telefónica S.A., entered into an agreement with the other shareholders of the Italian company TELCO whereby Telefónica subscribed and paid up capital in TELCO through a contribution of 324 million euros, receiving shares without voting rights of TELCO as consideration. As a result of this capital increase, the share capital of Telefónica with voting rights in TELCO remained unchanged, although their economic participation rose to 66%. Thus, the governance of TELCO, as well as the obligations of Telefónica to abstain from participating in or influencing the decisions that impact the industries where they both operate, remained unchanged.

In the same document, Italian shareholders of TELCO granted to Telefónica an option to purchase all of their shares in TELCO, and such option is conditioned on prior competition defense and telecommunications approvals that are required (including in Brazil and Argentina). The purchase option is available since January 1, 2014 and remain available while the Shareholders' Agreement is in effect, except (i) between June 1 and 30, 2014 and January 15 to February 15, 2015, and (ii) in certain periods if the Italian shareholders of TELCO request the entity's spin-off.

On December 4, 2013, CADE approved, subject to the conditions described below, the acquisition, by Telefónica, of the total interest held by Portugal Telecom, SGPS SA and PT Móveis – Serviços de Telecomunicações, SGPS, SA ("PT") in Brasilcel NV, which controlled Brazilian mobile telecommunications operator Vivo Participações S.A. ("Vivo Participações"), a company merged by Telefônica Brasil S.A. The transaction has been approved by ANATEL and its completion (requiring no prior approval from CADE at the time) took place immediately after approval from ANATEL, on September 27, 2010.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Three-month period ended March 31, 2015

(In thousands of reais, unless otherwise stated)

The conditions imposed by CADE in relation to this decision are the following:

- a new shareholder of former Vivo Participações shares the control of former Vivo Participações with Telefónica, under conditions identical to those applicable to PT, when it held interest in Brasilcel NV, or Telefónica ceases to have direct or indirect interest in TIM Participações S.A.; and

- a fine of R$15 million to Telefónica for violation of the intent and objective of the agreement that Telefónica entered into with CADE (as a condition for approval of the initial acquisition process of Telecom Itália in 2007), due to the subscription and payment of Telefónica shares without voting right in TELCO, in its recent capital increase. This decision also imposes to Telefónica the obligation to dispose of its nonvoting shares held in TELCO.

At December 13, 2013, Telefónica published a material news release regarding the decisions made by CADE in the meeting held on December 4, 2013, stating that it considered the measures imposed by that agency to be unreasonable, thus considering the possibility of starting applicable legal proceedings in July 2014.

On June 16, 2014, the Italian shareholders of TELCO decided to exercise their rights to request spin-off ensured by the Shareholders' Agreement of the company. This spin-off was approved by the Annual General Meeting of TELCO held on July 9, 2014, and is subject to prior authorization by relevant authorities, including CADE and ANATEL in Brazil. After its authorization, this spin-off will be implemented by means of full assignment of TELCO’s current interest in Telecom Itália capital to four other companies, each fully held by one of the current TELCO shareholders, and each shareholder will hold Telecom Itália shares in a number proportional to the current economic participation of the respective future controlling shareholder of TELCO.

The spin-off will result in Telefónica holding, by means of a special purpose entity, 14.77% of the voting shares of Telecom Itália, and 8.3% of such shares will be exchanged with Vivendi as mentioned above, and 6.47% of the shares, pegged to debentures issued by Telefónica in July 2014, convertible on the maturity date into shares of Telecom Itália, since TELCO’s spin-off.

On December 22, 2014 and March 12, 2015, ANATEL authorized TELCO's spin-off, in a transaction impacting the swap transaction conducted with Vivendi, allowing Telefónica to hold direct interest in Telecom Itália, through a full subsidiary. Such decision is conditioned on the suspension and waiver by Telefónica of all its political rights in Telecom Itália, and finally on the divestiture of the direct interest to be held by Telefónica in Telecom Itália The acceptance of this waiver was publicly disclosed by Telefónica by means of a material news released published on March 20, 2015 in Italy, Spain and United States.

In addition, on March 12, 2015, ANATEL approved the swap transaction agreed between Telefónica and Vivendi, pursuant to the terms under which Vivendi will exchange all its voting shares and part of its non-voting shares held in the Company for an indirect interest held by Telefónica in Telecom Itália, subject to certain conditions, such as prohibiting Vivendi to increase its interest in the Company.

On March 25, 2015, CADE approved TELCO's spin-off, subject to the execution of three concentration control agreements. In such agreements, Telefónica and the Company undertake to comply with certain provisions, such as: (i) maintaining the current services and plans offered by both GVT and the Company for a certain period; (ii) maintaining the contracts currently held by GVT customers for a certain period; (iii) maintaining the current geographic scope of the services provided by GVT and the Company, in addition to expanding operations in accordance with the expansion plan to be submitted to ANATEL; (iv) maintaining, for a certain period, some specific quality indicators for services provided by GVT to its customers; (v) commitment with certain obligations undertaken by Vivendi, under the terms of the agreement entered into by Vivendi and CADE; (vi) waiving and suspending all political rights held by Telefónica in Telecom Itália; and (vii) divestiture of all shares held by Telefónica to Telecom Itália.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Three-month period ended March 31, 2015

(In thousands of reais, unless otherwise stated)

e) Public offer of primary distribution of shares

The Company Board of Directors approved, in a meeting held on March 25, 2015, the public offer of primary distribution of common and preferred shares issued by the Company, all of them registered, book-entry and without par value, free and clear of any burden or lien, including ADSs, represented by American Depositary Receipts (“ADRs”), to be conducted simultaneously in Brazil and abroad (“Global Offer” or “Offer”), as well as its terms and conditions.

The effective capital increase, within the authorized capital limit, excluding the right of first refusal by the current Company shareholders, in conformity with the provisions of article 172, item I, of the Corporation Law, as well as the price per Common and Preferred Share, will be approved in a meeting of the Company Board of Directors to be held before CVM grants the Offer registration.

On March 26, 2015, the Company filed at CVM a request for automatic registration of the Offer, which will be conducted simultaneously: (i) in Brazil (“Brazilian Offer”), in a non-organized OTC, in conformity with the CVM Rule No. 400, on December 29, 2003, through a public offer of primary distribution of shares registered in the CVM; and (ii) abroad (“International Offer"), through public offer of primary distribution of preferred shares, as ADSs, represented by ADRs, jointly with the Brazilian Offer shares, to be registered in the Securities and Exchange Commission (“SEC”), in conformity with the U.S. Securities Act of 1933.

As reported in Note 1c), the funds from this Offer will be used mostly to acquire GVT.

The Company shareholders will not have the right of first refusal for the subscription of shares, under the terms of article 172 of Law No. 6404/76, but they will have priority to subscribe shares, proportionally to their ownership interest in the Company capital.

The complete information of this Public Offer of Primary Distribution of Shares was filed and are available in the CVM website (www.cvm.org.br) and in the Company website (www.telefonica.com.br/ri), and the information on the Company's capital increase is described in Note 34.

2) BASIS OF PREPARATION AND PRESENTATION OF QUARTERLY INFORMATION

2.1) Statement of Compliance

The individual quarterly information (Company) was prepared and is presented in accordance with accounting practices adopted in Brazil, which comprise the rules issued by CVM, and with CPC 21 - Interim Financial Reporting, issued by the Brazilian FASB (CPC), which are in accordance with the International Financial Reporting Standards (IFRS), issued by the International Accounting Standards Board (IASB).

The consolidated quarterly information (Consolidated) was prepared and is presented in accordance with CPC 21 and IAS 34 – Interim Financial Reporting, issued by IASB, and CVM rules.

At the meeting held on May6, 2015, the Executive Board authorized the issue of this quarterly information, which was ratified by the Board of Directors at a meeting held on May 12, 2015.

2.2) Basis of preparation and presentation

The Company's quarterly information for the three-month period ended March 31, 2015 is presented in thousands of reais (unless otherwise stated) and was prepared under a going concern assumption.

This quarterly information compares the quarters ended March 31, 2015 and 2014, except the balance sheets, in which the positions at March 31, 2015 and December 31, 2014 are compared.

This quarterly information was prepared pursuant to the accounting principles, practices and criteria consistent with those adopted in preparing the financial statements for the year ended December 31, 2014 (Note 3 – "Summary of Significant Accounting Practices") and must be analyzed jointly with the referred to financial statements.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Three-month period ended March 31, 2015

(In thousands of reais, unless otherwise stated)

Certain accounts in the tables of these notes to quarterly information and Statements Of Value Added ("SVA") were reclassified so as to allow comparison of information for the three-month periods ended March 31, 2015 and 2014.

On the date of preparation of this quarterly information, the following IFRS amendments had been published; however, their application was not compulsory:

IFRS 9 Financial Instruments, issue of final version*:* This standard encompasses all phases of the financial instruments project and replaces IAS 39 – Financial Instruments: Recognition and Measurement and all prior versions of IFRS 9. It introduces new requirements for classification and measurement, impairment loss and hedge accounting. This standard is applicable as from the year beginning on January 1, 2018, and its early adoption is not permitted. Its retrospective application is required; however, the presentation of comparative information is not mandatory. Early adoption of previous versions of IFRS 9 (2009, 2010 and 2013) is permitted if the initial application date falls before February 1, 2015. The adoption of IFRS 9 will impact the classification and measurement of the Company's financial assets, but it will not impact the classification and measurement of its financial liabilities.

IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture, revision: This standard determines the accounting treatment for transactions involving assets between an investor and its associates or joint ventures. This standard is applicable as from the year beginning on January 1, 2016. The Company does not expect any significant impacts on its financial position.

IFRS 10, 12 and IAS 28 Investment Entities: Applying the Consolidation Exception, revision: This standard addresses the requirements for financial statements disclosure for an investment entity. This standard is applicable as from the year beginning on January 1, 2017. The Company does not expect any significant impacts on its financial position.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations, revision: The amendments to this standard require that a joint investor, which records the acquisition of interest in a joint operation that is a business, apply the relevant IFRS 3 principles applicable to business combination. The amendments further clarify that the interest previously held in a joint operation is not remeasured upon acquisition of additional interest in the same joint operation, while the joint control is held. In addition, a scope exclusion was added to IFRS 11 in order to specify that the amendments are not applicable when the parties sharing joint control, including the reporting entity, are under the common control of the main controlling party. The amendments apply both to the acquisition of final interest in a joint operation and the acquisition of any additional interest in the same joint operation, and are effective prospectively as from the year beginning on January 1, 2016. The Company does not expect significant impacts on its financial position.

IFRS 14 Regulatory Deferral Accounts, issue: This standard is optional and allows a company that conducts rate-regulated activities to continue applying most part of its accounting policies on regulatory deferral account balances, upon first-time adoption of IFRS. The companies that adopt IFRS 14 must present regulatory deferral account balances as separate accounts in the balance sheets and in other comprehensive income. This standard requires disclosures on the nature and risks associated with company's regulated rates and the effects of such regulation on the financial statements. This standard is applicable as from the year beginning on January 1, 2016. The Company does not expect any significant impacts on its financial position, since it has already been preparing its financial statements based on the effective IFRS.

IFRS 15 Revenue from Contracts with Customers, issue: This standard requires that an entity recognize revenue, reflecting the consideration expected to be received in exchange of the control over goods or services. When adopted, this standard will replace most part of the current guidance on revenue recognition (standards IAS 11, IAS 18, IFRIC 13, IFRC 15 and IFRIC 18). This standard is applicable as from the year beginning on January 1, 2017, and it may be adopted retrospectively, or using a cumulative effect approach. The Company is evaluating the impacts on its quarterly information and disclosures, and has neither defined the transition method nor determined the potential impacts on its financial reports yet.

IAS 1 Disclosure Initiative, revision: This standard addresses changes in the overall financial statements of a company. This standard is applicable as from the year beginning on January 1, 2016. The Company does not expect any significant impacts on its financial position.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Three-month period ended March 31, 2015

(In thousands of reais, unless otherwise stated)

IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization, revision*:* The amendments clarify the depreciation and amortization methods, subject to the alignment to the concept of future economic benefits expected from the use of assets over its economic useful life. This standard is applicable as from the year beginning on January 1, 2016. The Company does not expect any significant impacts on its financial position.

The Company does not early adopt any pronouncement, interpretation or amendment which has been issued but whose application is not mandatory.

2.3) Basis of consolidation

At March 31, 2015 and December 31, 2014, the Company held interest in the following companies:

Investees	Type of investment	(%) of interest held	Country (head office)	Business a
Telefônica Data S.A. ("TData")	Wholly-owned subsidiary	100.00%	Brazil	Telecommu
Aliança Atlântica Holging B.V. ("Aliança")	Jointly-controlled subsidiary	50.00%	Netherlands	Holding, op the telecommu industry
Companhia AIX de Participações ("AIX")	Jointly-controlled subsidiary	50.00%	Brazil	Undergrou telecommu network
Companhia ACT de Participações ("ACT")	Jointly-controlled subsidiary	50.00%	Brazil	Technical assistance telecommu

network

Interests held in subsidiary or jointly-controlled entity are measured under the equity method in the individual quarterly information. In the consolidated quarterly information, investments and all asset and liability balances, revenues and expenses arising from transactions and interest held in subsidiary are fully eliminated. Investments in jointly-controlled entities are measured under the equity method in the consolidated quarterly information.

3) CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	03/31/15	12/31/14	03/31/15	12/31/14
Cash and bank checking accounts	71,935	63,136	74,079	64,010
Short-term investments	2,060,263	3,772,168	3,138,075	4,628,679
Total	**2,132,198**	**3,835,304**	**3,212,154**	**4,692,689**

Highly liquid short-term investments basically correspond to Bank Deposit Certificates (CDB), pegged to the Interbank Deposit Certificate (CDI) rate variation, and are kept at first-tier financial institutions.

4) TRADE ACCOUNTS RECEIVABLE, NET

Company		Consolidated
03/31/15	12/31/14	