TELEFONICA BRASIL S.A.
Form 6-K
November 12, 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 November, 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

ey.com.br

A free translation from Portuguese into English of Independent Auditor's Report on interim financial information 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 interim financial information

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 Telefônica Brasil S.A., ("Company"), contained in the Quarterly Information Form (Informações Trimestrais - ITR) for the period ended on September 30, 2015, which comprise the balance sheet as at September 30, 2015 and the related statements of income and of comprehensive income for the three-month and nine-month period ended on September 30, 2015, and changes in equity and of cash flows for the nine-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 Standard CPC 21 (R1) Interim Financial Reporting (Demonstração Intermediaria) 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 Form (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 - *Revisão de Informações Intermediárias Executada pelo Auditor da Entidade* 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 Form (ITR) referred to above was not prepared, in all material respects, in accordance with CPC 21 (R1) and IAS 34 applicable to the preparation of the Quarterly Information Form (ITR), and presented consistently with the rules issued by the Brazilian Securities and Exchange Commission (CVM).

Condomínio São Luiz

Av. Presidente Juscelino Kubitschek, 1830

Torre I - 8º Andar - Itaim Bibi

04543-900 - São Paulo - SP - Brasil

Tel: (5511) 2573-3000

ey.com.br

Other matters

Statements of value added

We have also reviewed the individual and consolidated interim Value Added Statement for the nine-month period ended on September 30, 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 the Quarterly Information Form (ITR), and as supplementary information under IFRS, which do not require Value Added Statement 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, 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 and of comprehensive income for three-month and nine-months period ended on September 30, 2014, and statements of changes in equity and of cash flows for the nine-month period ended on September 30, 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 and of comprehensive income for three-month and nine-month period ended on September 30, 2014, and statements of changes in equity, of cash flows and of value added for the nine-month period ended September 30, 2014, presented for comparison purposes, were reviewed by other independent auditors, who issued an unmodified report dated November 10, 2014.

São Paulo, November 4, 2015

ERNST & YOUNG

Auditores Independentes S.S.

CRC-2SP015199/O-6

Cássio de Oliveira Barbosa	Héctor Ezequiel Rodríguez Padilla
Accountant CRC-1SP269018/O-7	Accountant CRC-1SP299427/O-9

TELEFÔNICA BRASIL S. A.
Balance sheets
September 30, 2015 and December 31, 2014
(In thousands of reais)

		Company		Consolidated		
ASSETS	**Note**	**09.30.15**	**12.31.14**	**09.30.15**	**12.31.14**	**LIABILITIES**
Current assets		**16,072,988**	**14,754,381**	**19,033,030**	**15,517,368**	**Current liab**
Cash and cash equivalents	4	5,293,875	3,835,304	6,315,241	4,692,689	Personnel, c
Trade accounts receivable, net	5	6,879,814	6,470,764	8,169,311	6,724,061	Trade accou
Inventories	6	597,249	458,488	647,151	479,801	Taxes, rates
Dividends and Interest on Equity (IOE)	17	-	174,726	-	-	Dividends an
Prepaid expenses	9	499,012	300,567	542,909	303,551	Provisions ar
Taxes recoverable	7.1	1,968,971	2,163,404	2,224,794	2,202,662	Deferred reve
						Loans, financ
Judicial deposits and garnishments	8	211,098	202,169	211,098	202,169	contingent co
Derivative transactions	33	83,351	613,939	507,734	613,939	Debentures
Other assets	10	539,618	535,020	414,792	298,496	Derivative tra
						Other liabiliti
Noncurrent assets		**80,339,746**	**58,382,747**	**83,174,797**	**57,547,920**	
Short-term investments pledged as collateral		94,162	125,343	113,031	125,353	**Noncurrent**
Trade accounts receivable, net	5	237,528	190,288	352,191	299,405	Personnel, c
Taxes recoverable	7.1	348,930	340,205	409,643	340,205	Taxes, rates
Deferred taxes	7.2	24,393	40,704	459,431	144,817	Provisions ar
Prepaid expenses	9	27,539	24,346	29,315	26,223	Deferred reve
						Loans, financ
Judicial deposits and garnishments	8	4,786,990	4,514,783	5,397,777	4,543,056	contingent co
Derivative transactions	33	277,777	152,843	277,777	152,843	Debentures
Other assets	10	67,217	94,703	73,262	94,925	Derivative tra
Investments	11	**22,888,389**	**1,445,014**	**105,537**	**79,805**	Post-employ
Property and equipment, net	12	**21,349,788**	**20,381,731**	**30,624,916**	**20,453,864**	Other liabiliti
Intangible assets, net	13	**30,237,033**	**31,072,787**	**45,331,917**	**31,287,424**	
						Equity
						Capital
						Premium on
						interests
						Capital reser
						Income reser
						Retained ear
						Proposed ad
						Other compre
TOTAL ASSETS		**96,412,734**	**73,137,128**	**102,207,827**	**73,065,288**	**TOTAL LIAB**

TELEFÔNICA BRASIL S. A.
Income Statements
Three and nine-month periods ended September 30, 2015 and 2014
(In thousands of reais)

		Company				
		Three-month period ended		Nine-month period ended		Three
	Note	09.30.15	09.30.14	09.30.15	09.30.14	09.3
Net operating revenue	23	8,536,988	**8,190,690**	**25,373,145**	**24,508,982**	10,580
Cost of sales and services	24	(4,315,136)	(4,041,900)	(12,907,993)	(12,123,661)	(5,381,
Gross profit		**4,221,852**	**4,148,790**	**12,465,152**	**12,385,321**	**5,198**
Operating income (expenses)		**(3,294,603)**	**(3,175,777)**	**(9,812,162)**	**(9,383,068)**	**(3,864,**
Selling expenses	24	(2,759,439)	(2,587,396)	(8,128,580)	(7,625,313)	(3,193,
General and administrative expenses	24	(395,064)	(464,403)	(1,272,797)	(1,393,564)	(488,
Other operating income	25	160,446	122,890	404,158	347,722	178
Other operating expenses	25	(300,546)	(246,868)	(814,943)	(711,913)	(361,
Operating income		**927,249**	**973,013**	**2,652,990**	**3,002,253**	**1,334**
Financial revenues	26	301,578	298,371	976,982	503,506	990
Financial expenses	26	(428,578)	(409,702)	(1,296,533)	(856,068)	(1,249,
Equity pickup	11	180,783	202,400	508,235	525,753	
Income before taxes		**981,032**	**1,064,082**	**2,841,674**	**3,175,444**	**1,076**
Income and social contribution taxes	27	(94,867)	(41,757)	(505,974)	500,304	(190,
Net income for the period		**886,165**	**1,022,325**	**2,335,700**	**3,675,748**	**886**
Basic and diluted earnings per share (in R$)						
Common shares	28	0.49	0.85	1.54	3.07	
Preferred shares	28	0.54	0.94	1.69	3.38	

TELEFÔNICA BRASIL S.A.
Statements of changes in equity
Nine-month periods ended September 30, 2015 and 2014
(In thousands of reais)

			Capital reserves			Income reserves		
	Capital	**Premium on acquisition of noncontrolling interests**	**Special goodwill reserve**	**Other capital reserves**	**Treasury stock**	**Legal reserve**	**Tax incentives**	**Retained earnings**
Balances at December 31, 2013	**37,798,110**	**(70,448)**	**63,074**	**2,735,930**	**(112,107)**	**1,285,797**	**1,699**	**-**
Proposed additional dividend for 2013	-	-	-	-	-	-	-	-
Unclaimed dividends and interest on equity	-	-	-	-	-	-	-	109,518
Corporate Income Tax Return (DIPJ) adjustment - tax incentives	-	-	-	-	-	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	3,675,748
Interim interest on equity	-	-	-	-	-	-	-	(847,552)
Balances at September 30, 2014	**37,798,110**	**(70,448)**	**63,074**	**2,735,930**	**(112,107)**	**1,285,797**	**1,699**	**2,937,714**
Proposed additional dividend for 2013	-	-	-	-	-	-	-	-
Unclaimed dividends and interest on	-	-	-	-	-	-	-	97,924

equity								
Corporate Income Tax Return (DIPJ) adjustment - tax incentives	-	-	-	-	-	-	150	(150)
Other comprehensive income	-	-	-	-	-	-	-	(36,526)
Net income for the period	-	-	-	-	-	-	-	1,260,911
Allocation of income:								
Legal reserve	-	-	-	-	-	246,833	-	(246,833)
Interim interest on equity	-	-	-	-	-	-	-	(1,244,448)
Interim dividends	-	-	-	-	-	-	-	
Proposed additional dividend	-	-	-	-	-	-	-	(2,768,592)
Balances at December 31, 2014	**37,798,110**	**(70,448)**	**63,074**	**2,735,930**	**(112,107)**	**1,532,630**	**1,849**	**-**
Proposed additional dividend for 2014	-	-	-	-	-	-	-	-
Unclaimed dividends and interest on equity	-	-	-	-	-	-	-	58,623
Corporate Income Tax Return (DIPJ) adjustment - tax incentives	-	-	-	-	-	-	2,962	(2,962)
Cancelation of treasury stock, according to the Special Shareholders' Meeting held on 03/12/15	-	-	-	(112,107)	112,107	-	-	-
Capital increase - Special Shareholders' Meeting held on	15,812,000	-	-	-	-	-	-	-

04/28/15								
Direct costs on capital increases (net of taxes), according to the Special Shareholders' Meeting held on 04/30/15	-	-	-	(62,812)	-	-	-	-
Capital increase - Special Shareholders' Meeting held on 04/30/15	295,285	-	-	-	-	-	-	-
Direct costs on capital increases (net of taxes), according to the Special Shareholders' Meeting held on 04/30/15	-	-	-	(3,776)	-	-	-	-
Capital increase - Merger of GVTPart shares - Special Shareholders' Meeting held on 05/28/15	9,666,021	-	-	(1,188,707)	-	-	-	-
Dissenters' right - Acquisition of GVTPart.	-	-	-	-	(87,805)	-	-	-
Other comprehensive income	-	-	-	-	-	-	-	-
Net income for the period	-	-	-	-	-	-	-	2,335,700
Interim interest on equity	-	-	-	-	-	-	-	(1,120,000)
Interim dividends	-	-	-	-	-	-	-	(270,000)
Balances at September 30, 2015	**63,571,416**	**(70,448)**	**63,074**	**1,368,528**	**(87,805)**	**1,532,630**	**4,811**	**1,001,361**

Outstanding shares (in thousands)
VPA - Equity value of Company's shares (in R$)

TELEFÔNICA BRASIL S. A.
Statements of comprehensive income (loss)
Three and nine-month periods ended September 30, 2015 and 2014
(In thousands of reais)

	Company				Consolidated			
	Three-month period ended		Nine-month period ended		Three-month period ended		Nine-month period ended	
	09.30.15	09.30.14	09.30.15	09.30.14	09.30.15	09.30.14	09.30.15	09.30.14
Net income for the period	**886,165**	**1,022,325**	**2,335,700**	**3,675,748**	**886,165**	**1,022,325**	**2,335,700**	**3,675,748**
Unrealized losses on investments available for sale	(854)	(607)	(1,637)	(5,178)	(854)	(607)	(1,637)	(5,178)
Taxes	291	206	557	1,760	291	206	557	1,760
	(563)	(401)	(1,080)	(3,418)	(563)	(401)	(1,080)	(3,418)
Gains (losses) on derivative transactions	(22,757)	45,829	(359,932)	47,423	(22,719)	45,829	(359,779)	47,423
Taxes	7,737	(15,582)	122,377	(16,124)	7,737	(15,582)	122,377	(16,124)
	(15,020)	30,247	(237,555)	31,299	(14,982)	30,247	(237,402)	31,299
Cumulative Translation Adjustments (CTA) on transactions in foreign currency	20,690	1,604	25,900	(3,525)	20,690	1,604	25,900	(3,525)
Other comprehensive income, net to be reclassified to P&L in subsequent periods	**5,107**	**31,450**	**(212,735)**	**24,356**	**5,145**	**31,450**	**(212,582)**	**24,356**
Other comprehensive income	-	-	-	-	444	-	(251)	-
Interest held in comprehensive income of	482	-	(98)	-	-	-	-	-

subsidiaries

Other comprehensive income, net to be reclassified to P&L in subsequent periods	**482**	**-**	**(98)**	**-**	**444**	**-**	**(251)**	**-**
Comprehensive income for the period, net of taxes	**891,754**	**1,053,775**	**2,122,867**	**3,700,104**	**891,754**	**1,053,775**	**2,122,867**	**3,700,104**

TELEFÔNICA BRASIL S. A.
Cash flow statements
Nine-month periods ended September 30, 2015 and 2014
(In thousands of reais)

	Compan	
	Six	
	09.30.15	
Net cash from operating activities	**4,537,291**	**5**
Expenses (revenue) not representing changes in cash	**9,175,286**	**8**
Income before taxes	2,841,674	3
Depreciation and amortization	4,219,008	3
Exchange gains (losses) on loans	(62,384)	
Monetary gains	212,673	
Equity pickup	(508,235)	(
Losses on write-off/disposal of assets	32,727	
Estimated impairment losses on accounts receivable	824,644	
(Reversal of) provision for trade accounts payable	328,489	
Write-offs and reversals for impairment of realizable value of inventories	(21,823)	
Private pension plans and other post-employment benefits	32,392	
Provisions for tax, civil, labor and regulatory contingencies	653,119	
Interest expenses	576,612	
Other	46,390	
Changes in operating assets and liabilities:	**(4,637,995)**	**(2,**
Trade accounts receivable	(1,280,934)	(1,
Inventories	(116,938)	
Taxes recoverable	(213,381)	
Prepaid expenses	(91,973)	
Other current assets	(13,437)	(
Other noncurrent assets	(136,204)	
Personnel, charges and social benefits	(164,389)	
Trade accounts payable	(531,189)	(
Taxes, charges and contributions	(95,669)	
Interest paid	(616,149)	(
Income and social contribution taxes paid	-	(
Other current liabilities	(917,984)	(
Other noncurrent liabilities	(459,748)	
Net cash from investing activities	**(16,073,619)**	**(4,**
Acquisitions of property and equipment and intangible assets (net of donations)	(4,486,329)	(4,
Cash from disposal of property and equipment	16,054	
Acquisition of company, net of cash and cash equivalents acquired in the amount of R$399,241	(8,903,954)	
Capital increase in subsidiary	(4,087,040)	
Other	-	

Redemption (realization) of judicial deposits	6,044	(
Dividends and interest on equity received	698,911	
Net payment of derivative agreements in the acquisition of company	682,695	
Net cash from financing activities	**12,994,899**	**(2,**
Payments of loans and financing and debentures	(1,441,261)	(
Loans taken out and debentures acquired	12,580	
Net payment of derivative agreements	332,897	
Payments referring to reverse split of shares	(143)	
Capital increase	16,107,285	
Direct costs for capital increase	(86,758)	
Dissenters' right	(87,805)	
Dividends and interest on equity paid	(1,841,896)	(1,
Total cash (provided by) used in financing activities	**12,994,899**	**(2,**
Increase (decrease) in cash and cash equivalents	**1,458,571**	**(1,**
Cash and cash equivalents at beginning of period	**3,835,304**	**6**
Cash and cash equivalents at end of period	**5,293,875**	**5**
Changes in cash and cash equivalents for the period	**1,458,571**	**(1,**

TELEFÔNICA BRASIL S. A.
Statements of value added
Nine-month periods ended September 30, 2015 and 2014
(In thousands of reais)

	Company		Consolidated	
	Six-month period ended			
	09.30.15	09.30.14	09.30.15	09.30.14
Revenues	**34,488,318**	**33,336,040**	**39,859,025**	**35,074,118**
Sales of goods and services	34,787,087	33,465,912	39,962,840	35,222,119
Other revenues	525,875	483,274	854,773	510,831
Estimated impairment losses on accounts receivable	(824,644)	(613,146)	(958,588)	(658,832)
Inputs acquired from third parties	**(13,616,249)**	**(13,394,536)**	**(15,531,835)**	**(14,166,873)**
Cost of sales and services	(7,363,586)	(7,359,385)	(8,827,999)	(8,106,739)
Materials, electric energy, third-party services and other	(6,246,031)	(6,009,595)	(6,686,192)	(6,039,609)
Loss/recovery of assets	(6,632)	(25,556)	(17,644)	(20,525)
Gross value added	**20,872,069**	**19,941,504**	**24,327,190**	**20,907,245**
Retentions	**(4,219,008)**	**(3,926,696)**	**(4,944,926)**	**(3,942,954)**
Depreciation and amortization	(4,219,008)	(3,926,696)	(4,944,926)	(3,942,954)
Net value added produced	**16,653,061**	**16,014,808**	**19,382,264**	**16,964,291**
Value added received in transfer	**1,485,217**	**1,029,259**	**1,701,904**	**570,029**
Equity pickup	508,235	525,753	1,469	6,502
Financial revenues	976,982	503,506	1,700,435	563,527
Total value added to be distributed	**18,138,278**	**17,044,067**	**21,084,168**	**17,534,320**
Distribution of value added	**(18,138,278)**	**(17,044,067)**	**(21,084,168)**	**(17,534,320)**
Personnel, charges and social benefits	(2,045,579)	(1,955,549)	(2,548,140)	(1,972,749)
Direct compensation	(1,443,751)	(1,356,247)	(1,810,336)	(1,368,024)
Benefits	(505,003)	(501,541)	(617,991)	(505,999)
Unemployment Compensation Fund (FGTS)	(96,825)	(97,761)	(119,813)	(98,726)
Taxes, rates and contributions	(10,984,501)	(9,234,913)	(12,219,756)	(9,719,979)
Federal	(3,486,553)	(2,261,638)	(4,067,893)	(2,663,678)
State	(7,445,828)	(6,926,238)	(8,011,626)	(6,934,745)
Municipal	(52,120)	(47,037)	(140,237)	(121,556)
Debt remuneration	(2,772,498)	(2,177,857)	(3,980,572)	(2,165,844)
Interest	(1,245,530)	(852,437)	(2,298,714)	(836,265)
Leases	(1,526,968)	(1,325,420)	(1,681,858)	(1,329,579)
Equity remuneration	(2,335,700)	(3,675,748)	(2,335,700)	(3,675,748)
Retained profits	(2,335,700)	(3,675,748)	(2,335,700)	(3,675,748)

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 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 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 September 30, 2015 and December 31, 2014, Telefónica S.A. (“Telefónica”), the Group holding company based in Spain, held a total direct and indirect interest in the Company (Note 22) of 73.58% and 73.81%, respectively (note 22).

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 is subject to supplementary regulations and plans.

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 21).

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.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

Global Village Telecom S.A. (“GVT”), a wholly-owned subsidiary of GVT Participações S.A. (“GVTPart”), is engaged in the provision of STFC, SCM and pay-TV (SEAC) services throughout Brazil. ANATEL granted GVT the right to operate STFC in Region II of the PGO and a license to operate local and long-distance services in the Brazilian territory. In November 2006, GVT received the remaining licenses of STFC services for all of the Brazilian regions (the company was authorized to provide such services only in part of these regions). This granted the company the STFC license for the whole territory. GVT also has licenses to provide SCM and SEAC services in the entire Brazilian territory.

GVT is the controlling shareholder of POP Internet Ltda. (“POP”) and Innoweb Ltda. (“Innoweb”), Brazil-based entities operating in the telecommunications industry.

b.2) <u>SMP authorization arrangement</u>

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 21).

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) 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 Italia, S.p.A. (“Telecom Italia”), and is the majority shareholder of this company.

Telefónica S.A. holds an indirect control in Telefónica Brasil and Telecom Italia holds an indirect interest in TIM 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 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 S.A. to abstain from participating in or influencing the decisions that impact the industries where they both operate, remained unchanged.

In the same document, the Italian shareholders of TELCO granted to Telefónica the option to acquire all TELCO’s shares, and such option is conditioned on prior competition defense and telecommunications approvals that are required (including in Brazil and Argentina).

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

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 Shareholders' Meeting of TELCO held on July 9, 2014, and was subject to prior authorization by relevant authorities, including CADE and ANATEL in Brazil.

On December 22, 2014 and March 12, 2015, ANATEL authorized TELCO's spin-off, in a transaction impacting the swap transaction conducted with Vivendi S.A. ("Vivendi"), based on Rulings No. 429/2014-CD and No. 87/2015-CD, respectively. In the swap transaction agreed by and between Telefónica and Vivendi, Vivendi would 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 Italia (Note 3), subject to certain conditions, such as prohibiting Vivendi to increase its interest in the Company.

The 61st ordinary session of CADE's Trial Court, held on March 25, 2015, approved TELCO's spin-off and the swap transaction agreed upon between Telefónica and Vivendi, subject to the execution of three concentration control agreements.

On June 24, 2015, a stock swap operation was closed between Telefónica and *Société d'Investissements et de Gestion 108 SAS* ("FrHolding108"), whereby FrHolding108 would transfer shares to Telefónica, representing 4.5% of the Company's capital, in exchange for 1,110,000,000 shares, representing 8.2% of the common shares of Telecom Italia, previously held by TELCO, a subsidiary of Telefónica (Note 22).

On July 29, 2015, after the New York Stock Exchange (NYSE) closed, Vivendi sold preferred shares of the Company, representing 4% of its capital. On that same date, the stock swap operation between Telefónica and FrHolding108 was completed. As such, as from that date, FrHolding108 has not held any share equity in the Company (Note 22).

d) Corporate Restructuring

The Company's Special Meeting held on May 28, 2015, approved acquisition of all the shares issued by GVTPart. and 675,571 shares of GVT, as well as the incorporation of shares of GVTPart. by the Company. As a consequence of these acts, the Company became the sole shareholder of GVTPart. and indirect controlling company of GVT, Pop Internet Ltda. ("POP") and Innoweb Ltda. ("Innoweb") (Note 3).

After concluding the aforementioned stages, the Company's Board of Directors' meeting held on September 22, 2015 analyzed the proposal of Corporate Restructuring involving the Company, its wholly-owned subsidiary (GVTPart.) and its indirect subsidiaries (GVT and POP), in such a way that at the end of the process, the services rendered by GVT that are not classified as telecommunication services will be centralized by POP and telecommunication services will be centralized by the Company.

Considering that in the implementation of the Corporate Reorganization all the companies involved are wholly-owned subsidiary or indirect subsidiaries of the Company, there will not be right of retirement of the Company's shareholders (on the terms of article 137 of Law No. 6404/76, as amended), since the operations provided for will not affect the shareholding structure and will not result in capital increase and issue of new shares of the Company.

The Corporate Restructuring will only be implemented after prior approval by ANATEL, which is in the phase of analysis.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

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 a meeting held on October 21, 2015, the Executive Board authorized the issue of this quarterly information, which was ratified by the Board of Directors at a meeting held on November 4, 2015.

2.2) Basis of preparation and presentation

The Company's Quarterly Information for the nine-month period ended September 30, 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 September 30, 2015 and 2014, except for balance sheets that compare the positions at September 30, 2015 and December 31, 2014.

As a result of the consolidation of GVTPart. (Note 3), as of May 1, 2015, the consolidated financial information as at September 30, 2015 is not comparable to the information as at December 31 and September 30, 2014.

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.

Certain accounts in the tables of these notes to quarterly information and the Statement of Value Added were reclassified so as to allow comparison of information for the nine-month periods ended September 30, 2015 and 2014, as applicable.

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.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

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 for annual periods beginning on or after 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 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, 2018, 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.

<u>IAS 1 Disclosure Initiative, review:</u> This standard addresses changes in the overall financial statements of a company. This standard is applicable for annual periods beginning on or after January 1, 2016. The Company does not expect any significant impacts on its financial position.

<u>IAS 16 and IAS 38 Clarification of Acceptable Methods of Depreciation and Amortization, revision:</u> 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 for annual periodsbeginning on or after 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 notmandatory.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

2.3) Basis of consolidation

At September 30, 2015 and December 31, 2014, the Company held interest in the following companies:

		Ownership interest (%)		
Investees	Type of investment	At 09.30.15	At 12.31.14	Country (head office)
Telefônica Data S.A. ("TData")	Wholly-owned subsidiary	100.00%	100.00%	Brazil
GVT Participações S.A. ("GVTPart.") (Note 3)	Wholly-owned subsidiary	100.00%	-	Brazil
Aliança Atlântica Holging B.V. ("Aliança")	Jointly-controlled subsidiary	50.00%	50.00%	Netherlands
Companhia AIX de Participações ("AIX")	Jointly-controlled subsidiary	50.00%	50.00%	Brazil
Companhia ACT de Participações ("ACT")	Jointly-controlled subsidiary	50.00%	50.00%	Brazil

Interests held in subsidiaries or jointly-controlled entities 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 subsidiaries are fully eliminated. Investments in jointly-controlled entities are measured under the equity method in the consolidated quarterly information.

3) ACQUISITION OF GVT PARTICIPAÇÕES S.A.

Pursuant to and for the purposes of CVM Rule No. 358/02, the Company informed the market that its Special Shareholders' Meeting ("AGE") held on May 28, 2015 approved the ratification of the Stock Purchase Agreement and Other Covenants executed by the Company, in the capacity of "Buyer", and Vivendi and its subsidiaries (Société d'Investissements et de Gestion 108 SAS - "FrHolding108" and Société d'Investissements et de Gestion 72 S.A.), in the capacity of "Sellers", whereby all the shares issued by GVTPart were acquired by the Company.

Payment for acquisition of GVTPart shares was made as follows:

- €4,663,000,000.00 paid in cash after contractual adjustments on the execution date; and
- Company-issued shares delivered to FRHolding108 as a result of the merger of GVTPart shares by the Company, representing 12% of the Company's capital stock after the merger of shares.

As a result of the merger of GVTPart shares, the Company's capital increased by R$9,666,021, with the issuance of 68,597,306 common shares and 134,320,885 preferred shares, all registered, no-par value shares, based on the economic value of merged shares calculated using the discounted cash flow method and on the appraisal report on GVTPart's economic value prepared by an expert firm, in conformity with article 252, paragraph 1, together with article 8, of Law No. 6404/76. The difference between the economic value of merged shares and the market value of shares issued on the transaction closing date was recognized in "Other Capital Reserves", in the amount of R$1,188,707.

This transaction was subject to obtaining of applicable corporate and regulatory approvals, including from CADE and ANATEL, further to other conditions usually applicable to this type of transaction. The transaction was approved by ANATEL under Act No. 448 of January 22, 2015 and published in the Federal Register ("DOU") on January 26, 2015, and by CADE at the 61st ordinary session of its Trial Court, held on March 25, 2015, and published in the Federal Register ("DOU") on March 31, 2015.

Once the acquisition transaction was completed on May 28, 2015, the Company has held direct interests in GVTPart and indirect interests in GVT. GVTPart. is headquartered in Brazil as its business purpose includes participation in other companies, whether national or foreign, as partner, shareholder or member. Its direct subsidiary (GVT) provides land-line telephone, data, multimedia communication and pay-TV services throughout the Brazilian territory.

Under IFRS 3 (R)/CPC 15 (R1) – Business Combinations, business acquisitions are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value, which is calculated as the sum of the fair value of assets transferred, the liabilities assumed at acquisition date from the former acquiree's shareholders and equity interests issued in exchange for control over the acquiree.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

The acquisition price, as yet calculated on a preliminary basis, is shown below:

Gross consideration in cash (Euros 4,663 billion)	15,964,853
(-) Contract Adjustment (Net Debt) (*)	(7,060,899)
Net consideration in cash	**8,903,954**
(+) Contingent payment	344,217
(+) Consideration in shares at fair value	8,477,314
(-) Gains on cash flow hedge on transaction	(377,373)
Total consideration, net of cash flow hedge	**17,348,112**

(*) Under review by an expert independent firm, as contractually defined.

Please find below a breakdown of the fair value of assets acquired for R$5,118,753, as well as goodwill recorded on the acquisition date. Additionally, we present detailed information on these fair value amounts allocated to each account, taking into consideration prior disclosure restatements, which is allowed for a period of twelve months as from acquisition date, in accordance which the accounting practices adopted.

Current assets	**1,566,636**	**Current liabilities**	**5,274,876**
Cash and cash equivalents	399,241	Personnel, charges and social benefits	170,989
Trade accounts receivable, net	947,378	Trade accounts payable	591,767
Inventories	4,641	Taxes, rates and contributions	341,503
Taxes recoverable	147,057	Loans and financing	3,968,553
Prepaid expenses	58,101	Provisions	17,866
Other assets	10,218	Other liabilities	184,198
Noncurrent assets	**12,609,860**	**Noncurrent liabilities**	**3,782,867**
Taxes recoverable	65,797	Taxes, rates and contributions	1,342

Deferred taxes (4)	250,770	Loans and financing	3,088,414
Judicial deposits and garnishments	551,275	Provisions (3)	604,306
Other assets	15,938	Other liabilities	88,805
Property and equipment, net (1)	8,904,052		
Intangible assets, net (2)	2,822,028	**Fair value of liabilities assumed**	**9,057,743**
		Fair value of net assets acquired	**5,118,753**
		Goodwill (5)	**12,229,359**
Fair value of assets acquired	**14,176,496**	**Total considered, net of cash flow hedge**	**17,348,112**

(1) This includes the allocation of appreciation of property, plant and equipment items (R$368,622).

(2) This includes the allocation of fair value assigned to the brand (R$59,000), customer portfolio (R$2,414,000), appreciation and other intangible assets (R$148,169).

(3) This includes the allocation of fair value assigned to contingent liabilities (R$437,660).

(4) This includes the allocation of deferred taxes on contingent liabilities (R$148,805).

(5) This refers to goodwill recorded on the acquisition of GVTPart. based on expected synergies resulting from the business combination, including a nondeductible amount R$574,909, which is under review and adjustments to determine the fair value of identifiable assets acquired and liabilities assumed from GVTPart. This review is expected to be completed shortly, as soon as management has all significant information about the facts, limited to a period not exceeding 12 months after the date of acquisition.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

The main purpose of the Company's acquisition of control over GVTPart was to enable the integration of land-line, mobile, data and TV telecommunication services in Brazil, with a view to operating moreeffectively. The acquisition of GVTPart. allows the Company to obtain significant synergies in revenues and costs, thus generating opportunities of cross sales in the individual and corporate market, also allowing optimization of investments, improvement of service quality, reduction of cost of content, acquisition and platform in the pay-TV business, due to economies of scale, as well as reduction of general and administrative expenses, not affecting the Company's growth potential.

The methods and assumptions used to determine the fair values were:

Customer portfolio

The customer portfolio was valued using the MEEM method ("Multi-period Excess Earnings Method"), which is based on a discounted cash flow calculation of future economic benefits attributable to the customer base, net of eliminated liabilities for contributions involving its generation. In order to estimate the remaining useful life of the customer portfolio, an analysis of the average length of customer relationships was conducted using a churn method.

The purpose of the useful life analysis is to estimate a survival curve that anticipates future churn rates in relation to the existing customer base. The so-called Iowa curves were used as an approximation to the customer survival curve. The fair value allocated to the customer portfolio on the acquisition date was R$2,414,000, which will be amortized over 7.77 years on average.

Brand

The fair value of "GVT" brand was determined through the "relief-from-royalty" method. This method measures the value of the asset by capitalizing the royalties saved by owning intellectual property. In other words, the owner of the brand profits from owning the intangible asset, rather than having to pay royalties for its use. The royalties saved were determined by applying a market royalty rate (expressed as a percentage of revenue) to the future expected revenues from the sale of the product or service associated with the intangible asset. The market royalty rate, normally expressed as a percentage of net revenue, is the rate a knowledgeable willing owner would charge a knowledgeable willing user for use of an asset it owns in an arm's length transaction. The fair value allocated to the brand on the acquisition date was

R$59,000, which will be amortized over 1.5 year.

Contingent Consideration

As part of the Stock Purchase Agreement and Other Covenants executed by the Company and Vivendi for the acquisition of all GVTPart-issued shares, a contingent consideration was defined for the court deposits made by GVT for the monthly installments of deferred income and social contribution taxes on the amortization of goodwill arising from the corporate restructuring process completed by GVT in 2013. In September 2014, GVT filed for a cancellation of the judicial review and the return of amounts deposited with the courts.

If GVT succeeds in receiving (being reimbursed, refunded of or netting) these funds, they will be returned to Vivendi, as long as they are obtained in a final unappealable decision. The period for returning such amount is of up to 15 years.

The fair value of the contingent consideration on the acquisition date is R$344,217, recorded in the Company’s noncurrent liabilities as “Loans, financing, lease and contingent consideration” (Note 20), which is subject to monthly monetary adjustments based on the Selic rate.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

Fair Value of Contingent Liabilities

According to IFRS 3(R) Business Combinations, the acquirer must recognize, on the acquisition date, contingent liabilities assumed in a business combination, even if it is not probable that cash outflows will be required to settle the obligation, as long as it is a present obligation arising from past events and its fair value can be measured reliably. In compliance with these requirements, contingent liabilities were recognized in this acquisition at a fair value of R$437,660, which were determined considering the expected cash outflow required to settle the obligation on the acquisition date (Note 18).

Other Information

Analysis of cash flow upon acquisition	**R$ thousand**
Transaction costs on acquisition (included in cash from operations) (a)	(11,773)
Cash and cash equivalents in the acquired company (included in cash from investing activities)	399,241
Net balance of cash and cash equivalents on acquisition	**387,468**

(a) These refer to transaction costs incurred to date that were recorded in the Company's income statement as operating expenses.

The fair value of accounts receivable for service rendering totaled R$947,378 as of acquisition date, which does not differ from the book value comprising the gross amount of R$1,271,314, net of estimated impairment losses totaling R$323,936.

From the date of acquisition to the completion of this quarterly information, GVTPart. contributed R$2,477,333 in combined net operating revenue and R$14,584 in combined net incometo the Company.

Upon completion of this consolidated quarterly information, the Company was performing a review of and adjustments to the determination of the fair value of identifiable assets acquired and liabilities assumed of GVTPart. This review is expected to be completed shortly, as soon as management has all significant information about the facts, limited to a period not exceeding 12 months after the date of acquisition.

In compliance with CVM Instruction No. 565, of June 15, 2015, the Company reports, in Note 35, the pro forma consolidated income statement (not audited or reviewed) for 2014 and for the nine-month periods ended September 30, 2015 and 2014.

4) CASH AND CASH EQUIVALENTS

	Company		Consolidated	
	09.30.15	12.31.14	09.30.15	12.31.14
Cash and bank checking accounts	127,986	63,136	138,427	64,010
Short-term investments	5,165,889	3,772,168	6,176,814	4,628,679
Total	**5,293,875**	**3,835,304**	**6,315,241**	**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.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

5) TRADE ACCOUNTS RECEIVABLE, NET

	Company		Consolidated	
	09.30.15	12.31.14	09.30.15	12.31.14
Billed amounts	5,475,689	4,957,574	7,115,759	5,538,184
Unbilled amounts	1,476,609	1,280,851	1,942,614	1,410,273
Interconnection amounts	1,604,077	1,579,277	1,626,480	1,579,277
Receivables from related parties (Note 29)	219,353	157,306	194,112	115,048
Gross accounts receivable	**8,775,728**	**7,975,008**	**10,878,965**	**8,642,782**
Estimated impairment losses	(1,658,386)	(1,313,956)	(2,357,463)	(1,619,316)
Total	**7,117,342**	**6,661,052**	**8,521,502**	**7,023,466**
Current	6,879,814	6,470,764	8,169,311	6,724,061
Noncurrent	237,528	190,288	352,191	299,405

Consolidated balances of noncurrent trade accounts receivable include:

- At September 30, 2015, R$237,528 (R$190,288 at December 31, 2014) referring to the business model of resale of goods to legal entity, receivable within 24 months. At September 30, 2015, the impact of the present-value adjustment was R$61,036 (R$29,872 at December 31, 2014).

- At September 30, 2015, R$114,663 (R$109,117 at December 31, 2014) referring to "Soluciona TI", traded by TData, which consists in lease of IT equipment to small and medium enterprises and receipt of fixed installments over the contractual term. Considering the contractual terms, this product was classified as finance lease. At September 30, 2015, the impact of the present-value adjustment was R$4,730 (R$7,522 at December 31, 2014).

The aging list of trade accounts receivable, net of estimated impairment losses, is as follows:

	Company		Consolidated	
	09.30.15	12.31.14	09.30.15	12.31.14
Falling due	4,826,387	4,853,376	5,920,603	5,107,714
Overdue from 1 to 30 days	985,894	914,709	1,125,327	970,086
Overdue from 31 to 60 days	525,626	318,552	576,042	328,367
Overdue from 61 to 90 days	230,610	207,542	322,487	243,981
Overdue from 91 to 120 days	157,942	75,895	149,767	73,962
Overdue above 120 days	390,883	290,978	427,276	299,356
Total	**7,117,342**	**6,661,052**	**8,521,502**	**7,023,466**

At September 30, 2015 and December 31, 2014, no customer represented more than 10% of trade accounts receivable, net.

Changes in the estimated impairment losses of accounts receivable are as follows:

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

	Company	Consolidated
Balance at 12.31.13	**(1,033,665)**	**(1,271,622)**
Complement net of estimated losses (Note 24)	(613,146)	(658,832)
Write-off due to use	413,751	408,607
Balance at 09.30.14	**(1,233,060)**	**(1,521,847)**
Complement net of estimated losses	(219,038)	(237,504)
Write-off due to use	138,142	140,035
Balance at 12.31.14	**(1,313,956)**	**(1,619,316)**
Complement net of estimated losses (Note 24)	(824,644)	(958,588)
Write-off due to use	480,214	544,377
Business combination (Note 3)	-	(323,936)
Balance at 09.30.15	**(1,658,386)**	**(2,357,463)**

The balances of current and noncurrent trade accounts receivable, relating to finance lease of “Soluciona TI” product, comprise the following effects:

	Consolidated	
	09.30.15	12.31.14
Present value receivable	554,592	497,523
Unrealized financial income	4,730	7,522
Nominal value receivable	**559,322**	**505,045**
Estimated impairment losses	(288,034)	(240,191)
Net amount receivable	**271,288**	**264,854**
Current	156,625	155,737
Noncurrent	114,663	109,117

At September 30, 2015, the aging list of gross trade accounts receivable referring to “Soluciona TI” product is as follows:

	Consolidated	
	Nominal value receivable	Present value receivable
Falling due within 1 year	299,285	299,285
Falling within 5 years	260,037	255,307
Total	**559,322**	**554,592**

There are no unsecured residual values resulting in benefits to the lessor nor contingent payments recognized as revenue for the period.

6) INVENTORIES, NET

	Company		Consolidated	
	09.30.15	12.31.14	09.30.15	12.31.14
Materials for resale (a)	575,793	441,793	624,431	464,718
Consumer materials	55,068	54,847	58,123	55,820
Other inventories	7,746	7,749	7,746	7,749
Gross total	**638,607**	**504,389**	**690,300**	**528,287**
Estimated impairment losses and obsolescence	(41,358)	(45,901)	(43,149)	(48,486)
Total	**597,249**	**458,488**	**647,151**	**479,801**

(a) This includes, among others, mobile phones, simcards (chip) and IT equipment in stock.

Changes in estimated impairment losses and inventory obsolescence are as follows:

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

	Company	Consolidated
Balance at 12.31.13	**(52,275)**	**(58,161)**
Complement net of estimated losses	(19,929)	(22,874)
Reversal of estimated losses	17,630	23,914
Balance at 09.30.14	**(54,574)**	**(57,121)**
Complement net of estimated losses	(7,223)	(8,138)
Reversal of estimated losses	15,896	16,773
Balance at 12.31.14	**(45,901)**	**(48,486)**
Complement net of estimated losses	(20,328)	(20,951)
Reversal of estimated losses	24,871	26,288
Balance at 09.30.15	**(41,358)**	**(43,149)**

Additions and reversals of estimated impairment losses and inventory obsolescence are included in cost of goods sold (Note 24).

7) DEFERRED TAXES AND TAXES RECOVERABLE

7.1) Taxes recoverable

	Company		Consolidated	
	09.30.15	12.31.14	09.30.15	12.31.14
State VAT - ICMS (a)	1,739,184	1,686,062	1,905,570	1,696,578
Income and social contribution taxes recoverable (b)	275,746	597,718	311,040	601,515
Taxes and contribution withheld at source (c)	145,418	115,445	223,002	134,795
PIS and COFINS	89,443	85,662	113,990	86,447

Other	68,110	18,722	80,835	23,532
Total	**2,317,901**	**2,503,609**	**2,634,437**	**2,542,867**
Current	1,968,971	2,163,404	2,224,794	2,202,662
Noncurrent	348,930	340,205	409,643	340,205

(a) This includes credits arising from acquisition of property and equipment (subject to offsetting in 48 months), in ICMS refund request, which was paid under invoices later cancelled, for the rendering of services, tax substitution, rate difference, among others.

(b) These refer to prepayments of income and social contribution taxes, which will be offset against federal taxes to be determined in the future.

(c) These refer to credits on Withholding Income Tax (IRRF) on short-term investments, interest on equity and others, which are used as deduction in operations for the period and social contribution tax withheld at source on services provided to public agencies.

7.2) Deferred taxes

Deferred income and social contribution tax assets are computed considering expected generation of taxable profit, which were based on a technical feasibility study, approved by the Board of Directors.

Deferred taxes were determined considering future realization, as follows:

(a) Income and social contribution tax losses: the amount recorded which, in accordance with Brazilian tax legislation, may be offset to the limit of 30% of the tax bases computed for the following years, with no expiry date.

(b) Merged tax credit: represented by tax benefits arising from corporate restructuring of goodwill for expected future profitability, whose tax use follows the limit set forth in tax legislation.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

(c) Income and social contribution taxes on temporary differences: amounts will be realized upon payment of provisions, effective impairment loss of trade accounts receivable, or realization of inventories, as well as upon reversal of other provisions.

Significant components of deferred income and social contribution taxes are as follows:

				Company				
	Balances at 12.31.13	Income statement	Comprehensive income	Balances at 09.30.14	Income statement	Comprehensive income	Balances at 12.31.14	sta
Deferred tax asset								
Income and social contribution tax losses (a)	122,321	(101,069)	-	21,252	48,912	-	70,164	(
IRPJ and CSLL on temporary differences (c)								
Provisions for labor, tax, civil and regulatory contingencies	1,322,244	112,595	-	1,434,839	19,510	-	1,454,349	1
Trade accounts payable and other provisions	338,458	174,763	-	513,221	(76,422)	-	436,799	
Customer portfolio and trademarks	-	311,141	-	311,141	-	-	311,141	
Estimated impairment	241,203	49,277	-	290,480	13,452	-	303,932	

losses on accounts receivable								
Estimated losses on modem and other property and equipment items	164,518	22,375	-	186,893	(19,200)	-	167,693	
Post-employment benefits	143,537	8,774	-	152,311	3,915	-	156,226	
Profit sharing	71,287	(12,830)	-	58,457	86,602	-	145,059	(8
Provision for loyalty program	31,199	81	-	31,280	228	-	31,508	
Accelerated accounting depreciation	154,181	3,815	-	157,996	(142,621)	-	15,375	
Estimated impairment losses on inventory	10,884	818	-	11,702	(1,688)	-	10,014	
IRPJ and CSLL on transactions with derivatives and other temporary differences	157,988	(59,536)	1,760	100,212	35,956	19,656	155,824	
Total deferred tax assets	**2,757,820**	**510,204**	**1,760**	**3,269,784**	**(31,356)**	**19,656**	**3,258,084**	**2**
Deferred tax liabilities								
Merged tax credit (b)	(337,535)	-	-	(337,535)	-	-	(337,535)	
IRPJ and CSLL on temporary differences (c)								
License	(719,780)	(214,034)	-	(933,814)	(54,082)	-	(987,896)	(1(
Effects of goodwill generated upon	(568,338)	(110,400)	-	(678,738)	(36,800)	-	(715,538)	(7

merger of Vivo Part.								
Vivo Part. goodwill	(480,366)	(157,729)	-	(638,095)	(50,982)	-	(689,077)	(15
Technological innovation law	(308,490)	46,060	-	(262,430)	5,976	-	(256,454)	
Customer portfolio	(461,870)	461,870	-	-	-	-	-	
Trademarks and patents	(479,548)	479,548	-	-	-	-	-	
IRPJ and CSLL on temporary differences	(124,527)	17,005	(16,124)	(123,646)	(9,400)	(97,834)	(230,880)	(
Total deferred tax liabilities	**(3,480,454)**	**522,320**	**(16,124)**	**(2,974,258)**	**(145,288)**	**(97,834)**	**(3,217,380)**	**(30**
Total noncurrent assets (liabilities), net	**(722,634)**	**1,032,524**	**(14,364)**	**295,526**	**(176,644)**	**(78,178)**	**40,704**	**(14**
<u>Deferred tax assets (liabilities), net</u>								
Represented in the balance sheet as follows:								
Noncurrent deferred tax assets, net	**-**			**295,526**			**40,704**	
Noncurrent deferred tax liabilities, net	**(722,634)**			**-**			**-**	

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

						Consolidated		
	Balances at 12.31.13	Income statement	Comprehensive income	Balances at 09.30.14	Income statement	Comprehensive income	Balances at 12.31.14	Income statement
Deferred tax asset								
Income and social contribution tax losses (a)	262,915	(186,065)	-	76,850	16,696	-	93,546	(93,546)
IRPJ and CSLL on temporary differences (c)								
Provisions for labor, tax, civil and regulatory contingencies	1,327,288	112,926	-	1,440,214	19,624	-	1,459,838	161,337
Trade accounts payable and other provisions	398,956	186,903	-	585,859	(83,902)	-	501,957	108,093