

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 - 28° 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

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

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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 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 Intermediária) 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).

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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

Accountant CRC-1SP269018/O-7

Héctor Ezequiel Rodríguez Padilla

Accountant CRC-1SP299427/O-9

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

ASSETS	Note	Company		Consolidated		LIABILITIES
		09.30.15	12.31.14	09.30.15	12.31.14	
Current assets		16,072,988	14,754,381	19,033,030	15,517,368	Current liabilities
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 rev
Judicial deposits and garnishments	8	211,098	202,169	211,098	202,169	Loans, financ
Derivative transactions	33	83,351	613,939	507,734	613,939	contingent co
Other assets	10	539,618	535,020	414,792	298,496	Debentures
Noncurrent assets		80,339,746	58,382,747	83,174,797	57,547,920	Derivative tra
Short-term investments pledged as collateral		94,162	125,343	113,031	125,353	Other liabiliti
Trade accounts receivable, net	5	237,528	190,288	352,191	299,405	Noncurrent
Taxes recoverable	7.1	348,930	340,205	409,643	340,205	Personnel, c
Deferred taxes	7.2	24,393	40,704	459,431	144,817	Taxes, rates
Prepaid expenses	9	27,539	24,346	29,315	26,223	Provisions ar
Judicial deposits and garnishments	8	4,786,990	4,514,783	5,397,777	4,543,056	Deferred rev
Derivative transactions	33	277,777	152,843	277,777	152,843	Loans, financ
Other assets	10	67,217	94,703	73,262	94,925	contingent co
Investments	11	22,888,389	1,445,014	105,537	79,805	Debentures
Property and equipment, net	12	21,349,788	20,381,731	30,624,916	20,453,864	Derivative tra
Intangible assets, net	13	30,237,033	31,072,787	45,331,917	31,287,424	Post-employ
						Other liabiliti
						Equity
						Capital
						Premium on
						interests
						Capital reser
						Income reser
						Retained ear
						Proposed ad
						Other compr
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)**

	Note	Company				Three
		Three-month period ended		Nine-month period ended		
		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	15,812,000	-	-	-	-	-	-	-	
increase -									
Special									
Shareholders'									
Meeting held on									

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)	-
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**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
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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	09.30.14
Net cash from operating activities	4,537,291	5,000,000
Expenses (revenue) not representing changes in cash	9,175,286	8,800,000
Income before taxes	2,841,674	3,000,000
Depreciation and amortization	4,219,008	3,500,000
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)	(2,000,000)
Trade accounts receivable	(1,280,934)	(1,000,000)
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)	(4,000,000)
Acquisitions of property and equipment and intangible assets (net of donations)	(4,486,329)	(4,000,000)
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) 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 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 Telefônica 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 Telefônica 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 Telefônica and Vivendi, subject to the execution of three concentration control agreements.

On June 24, 2015, a stock swap operation was closed between Telefônica and *Société d'Investissements et de Gestion 108 SAS* ("FrHolding108"), whereby FrHolding108 would transfer shares to Telefônica, 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 Telefônica (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 Telefônica 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, IFRIC 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.

IAS 1 Disclosure Initiative, review: 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.

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 for annual periods beginning 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 not mandatory.

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:

Investees	Type of investment	Ownership interest (%)		Country (head office)
		At 09.30.15	At 12.31.14	
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 6th 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 with 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
	14,176,496	Total considered, net of cash flow hedge	17,348,112
Fair value of assets acquired			

(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 more effectively. 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 lowa 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 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

<u>Analysis of cash flow upon acquisition</u>	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 income to 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 "Solucioná 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 "Solucioná 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:

	Balances at 12.31.13	Income statement	Comprehensive income	Balances at 09.30.14	Income statement	Company Comprehensive income	Balances at 12.31.14	sta
<u>Deferred tax asset</u>								
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
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Post-employment
benefits

143,537	8,774	-	152,311	3,915	-	156,226
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Profit sharing

71,287	(12,830)	-	58,457	86,602	-	145,059
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Provision for
loyalty program

31,199	81	-	31,280	228	-	31,508
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Accelerated
accounting
depreciation

154,181	3,815	-	157,996	(142,621)	-	15,375
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Estimated
impairment
losses on
inventory

10,884	818	-	11,702	(1,688)	-	10,014
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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
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**Total deferred
tax assets**

2,757,820	510,204	1,760	3,269,784	(31,356)	19,656	3,258,084
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**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)
---------	-----------	-----------	---	-----------	----------	---	-----------

Effects of
goodwill
generated upon

(568,338)	(110,400)	-	(678,738)	(36,800)	-	(715,538)
-----------	-----------	---	-----------	----------	---	-----------

merger of Vivo
Part.

Vivo Part.
goodwill

(480,366)	(157,729)	-	(638,095)	(50,982)	-	(689,077)	(14,380,000)
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Technological
innovation law

(308,490)	46,060	-	(262,430)	5,976	-	(256,454)	(14,380,000)
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Customer
portfolio

(461,870)	461,870	-	-	-	-	-	(14,380,000)
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Trademarks and
patents

(479,548)	479,548	-	-	-	-	-	(14,380,000)
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IRPJ and CSLL
on temporary
differences

(124,527)	17,005	(16,124)	(123,646)	(9,400)	(97,834)	(230,880)	(14,380,000)
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**Total deferred
tax liabilities**

(3,480,454)	522,320	(16,124)	(2,974,258)	(145,288)	(97,834)	(3,217,380)	(14,380,000)
--------------------	----------------	-----------------	--------------------	------------------	-----------------	--------------------	---------------------

**Total
noncurrent
assets
(liabilities), net**

(722,634)	1,032,524	(14,364)	295,526	(176,644)	(78,178)	40,704	(14,380,000)
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**Deferred tax
assets
(liabilities), net**

**Represented in the
balance sheet as follows:**

**Noncurrent
deferred tax
assets, net**

-			295,526			40,704	
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**Noncurrent
deferred tax
liabilities, net**

(722,634)			-			-	
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Telefônica Brasil S. A.**NOTES TO QUARTERLY INFORMATION****Nine-month period ended September 30, 2015****(In thousands of reais, unless otherwise stated)**

	Balances at 12.31.13	Income statement	Comprehensive income	Balances at 09.30.14	Income statement	Comprehensive income	Balances at 12.31.14	sta
<u>Deferred tax asset</u>								
Income and social contribution tax losses (a)	262,915	(186,065)	-	76,850	16,696	-	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	1
Trade accounts payable and other provisions	398,956	186,903	-	585,859	(83,902)	-	501,957	1
Estimated impairment losses on accounts receivable	245,556	53,855	-	299,411	15,661	-	315,072	
Customer portfolio and trademarks	-	311,141	-	311,141	-	-	311,141	
Estimated losses on modem and other property and equipment items	166,174	22,572	-	188,746	(19,040)	-	169,706	(

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Post-employment benefits	143,537	8,774	-	152,311	3,914	-	156,225
Profit sharing	71,948	(12,930)	-	59,018	86,811	-	145,829
Accelerated accounting depreciation	154,181	3,815	-	157,996	(142,621)	-	15,375
Estimated impairment losses on inventory	12,885	(317)	-	12,568	(1,675)	-	10,893
Provision for loyalty program	31,199	81	-	31,280	227	-	31,507
IRPJ and CSLL on transactions with derivatives and other temporary differences	157,313	(59,420)	1,760	99,653	36,206	19,656	155,515
Total deferred tax assets	2,971,952	441,335	1,760	3,415,047	(68,099)	19,656	3,366,604
<u>Deferred tax liabilities</u>							
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)
Effects of goodwill generated upon merger of Vivo Part.	(568,338)	(110,400)	-	(678,738)	(36,800)	-	(715,538)
Vivo Part. goodwill	(480,366)	(157,729)	-	(638,095)	(50,982)	-	(689,077)
Technological innovation law	(308,490)	46,060	-	(262,430)	5,976	-	(256,454)
	(461,870)	461,870	-	-	-	-	-

Customer
portfolio

Trademarks and
patents

(479,548)	479,548	-	-	-	-	-
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Negative
goodwill on
incorporation of
shares

-	-	-	-	-	-	-
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IRPJ and CSLL
on temporary
differences

(128,365)	16,785	(16,124)	(127,704)	(9,749)	(97,834)	(235,287)
-----------	--------	----------	-----------	---------	----------	-----------

**Total deferred
tax liabilities**

(3,484,292)	522,100	(16,124)	(2,978,316)	(145,637)	(97,834)	(3,221,787)
--------------------	----------------	-----------------	--------------------	------------------	-----------------	--------------------

**Total
noncurrent
assets
(liabilities), net**

(512,340)	963,435	(14,364)	436,731	(213,736)	(78,178)	144,817
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**Deferred tax
assets
(liabilities), net**

**Restated in the balance sheet as
follows:**

**Noncurrent
deferred tax
assets, net**

210,294	436,731	144,817
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**Noncurrent
deferred tax
liabilities, net**

(722,634)	-	-
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At September 30, 2015, the amount of R\$500,839 in deferred tax credits was not recognized for direct and indirect subsidiaries GVT, POP and Innoweb, as it is not probable that future taxable profits will be available for these subsidiaries to benefit from such tax credits.

The table below presents deferred income and social contribution taxes for items charged or credited directly in equity, at September 30, 2015 and 2014.

	Company/Consolidated	
	09.30.15	09.30.14
Unrealized losses on investments available for sale	557	1,760
Gains (losses) on derivative transactions	122,377	(16,124)

Total

122,934

(14,364)

8) JUDICIAL DEPOSITS AND GARNISHMENTS

In some situations, in connection with a legal requirement or presentation of guarantees, judicial deposits are made to secure the continuance of the claims under discussion. These judicial deposits may be required for claims whose likelihood of loss was analyzed by the Company, grounded on the opinion of its legal advisors as a probable, possible or remote loss.

Telefônica Brasil S. A.**NOTES TO QUARTERLY INFORMATION****Nine-month period ended September 30, 2015****(In thousands of reais, unless otherwise stated)**

	Company		Consolidated	
	09.30.15	12.31.14	09.30.15	12.31.14
Judicial deposits				
Tax	2,841,123	2,647,635	3,262,397	2,665,757
Labor	1,034,169	1,008,745	1,092,785	1,016,019
Civil and regulatory	1,010,346	935,842	1,130,452	936,782
Total	4,885,638	4,592,222	5,485,634	4,618,558
Garnishments	112,450	124,730	123,241	126,667
Total	4,998,088	4,716,952	5,608,875	4,745,225
Current	211,098	202,169	211,098	202,169
Noncurrent	4,786,990	4,514,783	5,397,777	4,543,056

At September 30, 2015, the Company and its subsidiaries had a number of tax-related judicial deposits, reaching the consolidated amount of R\$3,262,397 (R\$2,665,757 at December 31, 2014). In Note 18, we provide further details on issues arising from the main judicial deposits.

Below is a brief description of the main tax-related judicial deposits:

- Federal contribution taxes on gross revenue for Social Integration Program (PIS) and for Social Security Financing (COFINS)

The Company and TData are involved in disputes related to: (i) claim filed for credits arising from overpayment of tax, not recognized by tax authorities; (ii) tax debt arising from underpayment due to differences in ancillary statements (Federal Tax Debt and Credit Return – DCTF); and (iii) disputes referring to changes in rates and increase in tax bases introduced by Law No. 9718/98.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$34,670 (R\$33,040 at December 31, 2014).

- Social Contribution Tax for Intervention in the Economic Order (CIDE)

The Company is involved in legal disputes for the exemption of CIDE levied on offshore remittances of funds arising from agreements for the transfer of technology, brand and software licensing, etc.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$161,572 (R\$153,759 at December 31, 2014).

- Telecommunications Inspection Fund (FISTEL)

ANATEL collects Installation Inspection Fee (TFI) on extension of licenses granted and on radio base stations, mobile stations and radio links. Such collection results from the understanding of ANATEL that said extension would be a triggering event of TFI and that mobile stations, even if owned by third parties, are also subject to TFI. The Company and TData are challenging the aforesaid fee in court.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$987,802 (R\$929,880 at December 31, 2014).

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

- Withholding Income Tax (IRRF)

The Company is involved in disputes related to: (i) exemption of IRRF payment on offshore remittances for out-coming traffic; (ii) exemption of IRRF payment on interest on equity; and (iii) IRRF levied on earnings from rent and royalties, wage labor and fixed-income investments.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$66,734 (R\$63,295 at December 31, 2014).

- Corporate Income Tax (IRPJ) and Social Contribution Tax on Net Profit (CSLL)

The Company is involved in disputes related to: (i) debts stemming from offsetting of IRPJ overpayments not recognized by the Brazilian IRS; (ii) requirement of IRPJ estimates and lack of payment of debts in the integrated system of economic and tax information (SIEF); and (iii) underpaid IRPJ amounts.

GVTPart. is involved in a dispute relating to the right to monthly amortize goodwill arising from the acquisition of GVTPart. by Vivendi on deducted IRPJ and CSLL amounts. The updated amount at September 30, 2015 is R\$363,747.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$395,808 (R\$30,325 at December 31, 2014).

- Contribution to Empresa Brasil de Comunicação (EBC)

On behalf of its members, Sinditelebrasil (Union of Telephony and Mobile and Personal Services) is challenging in court payment of the Contribution to Foster Public Radio Broadcasting to EBC, introduced by Law No. 11652/2008. The Company and TData, as union members, made judicial deposits referring to that contribution.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$836,216 (R\$672,593 at December 31, 2014).

- Social Security, Work Accident Insurance (SAT) and Funds to Third Parties (INSS)

The Company is involved in disputes related to: (i) SAT and funds to third parties (National Institute of Colonization and Agrarian Reform - INCRA and Brazilian Micro and Small Business Support Service - SEBRAE); (ii) joint responsibility for contract labor; (iii) difference in SAT rate (from 1% to 3%); and (iv) gifts.

GVTPart is involved in disputes relating to the payment of social security contributions (employers' contributions), SAT and funds to third parties on the following events: maternity leave, legally ensured 1/3 vacation pay bonus, and first 15 days' leave due to illness or accident.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$116,503 (R\$102,820 at December 31, 2014).

- Unemployment Compensation Fund (FGTS)

The Company is discussing this matter in court in order to represent its right not to pay surtax of 0.5% and 10% for FGTS introduced by Supplementary Law No. 110/01 levied on deposits made by employers (the proceedings did not result in any reduction of FGTS deposits made by the Company on behalf of its employees).

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

An unfavorable ruling was rendered on the case, establishing conversion of the full deposit amount into federal government income. At December 31, 2014, the consolidated balance of judicial deposits amounted to R\$76,459.

- Tax on Net Income (ILL)

The Company is discussing this matter in court in order to represent its right to offset amounts unduly paid for ILL purposes against future IRPJ payments.

On December 19, 2013, the Company settled the debt under discussion by including it in the Federal Tax Recovery Program (REFIS), using the judicial deposit then restricted. The Company is now awaiting conversion into income by the Federal Government.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$57,457 (R\$54,723 at December 31, 2014).

- Universal Telecommunication Services Fund (FUST)

The Company and TData filed an injunction in order to represent their right not to include expenses with interconnection and industrial use of dedicated line in FUST tax base, according to Abridgment No. 7, of December 15, 2005, as it does not comply with the provisions contained in the sole paragraph of article 6 of Law No. 9998/00.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$417,091 (R\$394,489 at December 31, 2014).

- State Value-Added Tax (ICMS)

The Company is involved in disputes related to: (i) ICMS stated but not paid; (ii) ICMS not levied on communication in default; (iii) fine for late voluntary payment of ICMS; (iv) ICMS supposedly levied on access, adhesion, enabling, availability and use of services, as well as supplementary services and additional facilities; (v) right to credit from the acquisition of goods for fixed assets and electric energy; (vi) activation cards for pre-paid services; (vii) and disallowance of ICMS credit referring to Agreement 39.

GVTPart is involved in disputes to acquire the right to consign the payment of ICMS amounts on part of pay-TV services, as well as on prepaid telephone services.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$120,426 (R\$97,278 at December 31, 2014).

- Other taxes, charges and contributions

The Company is involved in disputes related to: (i) Service Tax (ISS) on noncore services; (ii) Municipal Real Estate Tax (IPTU) not subject to exemption; (iii) municipal inspection, operation and publicity charges; (iv) land use fee; (v) social security contributions related to supposed failure to withhold 11% on several invoices, bills and receipts of service providers engaged for workforce assignment; and (vi) Public Price for Numbering Resource Management (PPNUM) by ANATEL.

At September 30, 2015, the consolidated balance of judicial deposits amounted to R\$68,118 (R\$57,096 at December 31, 2014).

Telefônica Brasil S. A.**NOTES TO QUARTERLY INFORMATION****Nine-month period ended September 30, 2015****(In thousands of reais, unless otherwise stated)****9) PREPAID EXPENSES**

	Company		Consolidated	
	09.30.15	12.31.14	09.30.15	12.31.14
Fistel rate (a)	274,159	-	274,501	-
Advertising and publicity	82,242	198,758	82,444	198,758
Insurance	30,621	33,594	35,439	35,574
Rent	45,858	45,318	45,858	45,318
Financial charges	10,048	8,426	10,048	8,426
Software maintenance, taxes and other	83,623	38,817	123,934	41,698
Total	526,551	324,913	572,224	329,774
Current	499,012	300,567	542,909	303,551
Noncurrent	27,539	24,346	29,315	26,223

(a) This refers to Inspection and Operation Fees for 2014 which were paid in March 2015 and will be amortized until the end of the year.

10) OTHER ASSETS

	Company		Consolidated	
	09.30.15	12.31.14	09.30.15	12.31.14
Advances to employees and suppliers	164,408	49,827	175,615	50,981
Receivables from related parties (Note 29)	239,053	318,041	130,206	73,042
Credit with suppliers	81,819	114,422	81,819	121,615
Subsidy on handset sales	42,410	45,850	42,410	45,850
	15,725	14,515	15,875	14,653

Post-employment benefit surplus (Note 32)				
Other realizable assets	63,420	87,068	42,129	87,280
Total	606,835	629,723	488,054	393,421
Current	539,618	535,020	414,792	298,496
Noncurrent	67,217	94,703	73,262	94,925

11) INVESTMENTS

a) Information on investees

The Company holds interest in subsidiaries and jointly-controlled subsidiaries, as follows:

TData: Wholly-owned subsidiary of the Company and headquartered in Brazil, this entity is engaged in the rendering and operation of value added services (SVAs) in telecommunications and related activities; managing the provision of technical assistance and maintenance services related to telecommunications equipment and network, consulting services regarding telecommunications solutions and related activities, and designing, implementing and installing telecommunication-related projects; selling and leasing telecommunications equipment, products and services, among others.

GVTPart: Controlling shareholder of GVT and headquartered in Brazil, the business purpose of GVTPart is to hold interest in other domestic or foreign companies as a partner, shareholder or member. GVT provides land-line telephone, data, multimedia communication and pay-TV services in the entire Brazilian territory (Note 3).

Aliança: Jointly-controlled subsidiary (50% interest held by the Company), headquartered in Amsterdam, Netherlands, this entity is engaged in the acquisition and management of subsidiaries, and holding interest in companies of the telecommunications industry.

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

AIX: Jointly-controlled subsidiary headquartered in Brazil, with 50% interest held by the Company, this entity is engaged in holding interest in Refibra Consortium, and in performing activities related to the direct and indirect operation of activities related to the construction, completion and operation of underground networks for optical fiber ducts.

ACT: Jointly-controlled subsidiary headquartered in Brazil, with 50% interest held by the Company, this entity is engaged in holding interest in Refibra Consortium, and in performing activities related to the rendering of technical support services for the preparation of projects and completion of networks, by means of studies required to make them economically feasible, and monitor the progress of Consortium-related activities.

Below is a summary of significant financial data on the Company's investees:

	At 09.30.15					At 12.31.14				
	Wholly-owned subsidiaries		Jointly-controlled subsidiaries			Wholly-owned subsidiary		Jointly-controlled subsidiaries		
	TData	GVTPart.	Cia ACT	Cia AIX	Aliança	TData	Cia ACT	Cia AIX	Aliança	
Equity interest	100.00%	100.00%	50.00%	50.00%	50.00%	100.00%	50.00%	50.00%	50.00%	
Balance sheet summary:										
Current assets	1,547,093	1,919,478	10	17,428	188,155	1,749,933	11	12,728	136,000	
Noncurrent assets	359,653	9,791,904	-	11,776	-	335,735	-	12,134	-	
Total assets	1,906,746	11,711,382	10	29,204	188,155	2,085,668	11	24,862	136,000	
Current liabilities	602,258	3,735,588	4	4,139	95	883,906	1	3,232	-	
Noncurrent liabilities	52,098	1,456,451	-	5,041	-	48,611	-	4,546	-	
Equity	1,252,390	6,519,343	6	20,024	188,060	1,153,151	10	17,084	136,000	
Total liabilities and equity	1,906,746	11,711,382	10	29,204	188,155	2,085,668	11	24,862	136,000	
Book value of investment	1,252,390	6,519,343	3	10,012	94,030	1,153,151	5	8,542	68,000	

	At 09.30.15					At 09.30.14			
	Wholly-owned subsidiaries		Jointly-controlled subsidiaries			Wholly-owned subsidiary		Jointly-controlled subsidiaries	
Summary of statement of comprehensive income:	TData	GVTPart.	ACT	Cia AIX	Aliança	TData	ACT	Cia AIX	Aliança
Net operating revenue	1,835,121	2,477,333	46	29,546	-	1,574,353	46	41,300	-
Cost of sales and services	(847,528)	(1,348,575)	-	(23,313)	-	(791,246)	-	(23,313)	-
Selling expenses	(119,652)	(505,304)	-	-	-	(82,016)	-	-	-
General and administrative expenses	(11,105)	(165,363)	(50)	(4,150)	(82)	(20,763)	(46)	(4,500)	(82)
Other operating income (expenses), net	2,646	(31,456)	-	(316)	-	30,323	-	1,600	-
Financial income (expenses), net	83,103	(399,426)	-	1,835	84	75,792	-	7,000	-
Income (loss) before taxes	942,585	27,209	(4)	3,602	2	786,443	-	15,800	-
Income and social contribution taxes	(319,169)	(12,625)	-	(662)	-	(267,192)	-	(3,000)	-
Net income (loss) for the period	623,416	14,584	(4)	2,940	2	519,251	-	12,800	-
Book value of net income (loss) for the period, recognized as equity pickup	623,416	14,584	(2)	1,470	1	519,251	-	6,400	-

Telefônica Brasil S. A.

NOTES TO QUARTERLY INFORMATION

Nine-month period ended September 30, 2015

(In thousands of reais, unless otherwise stated)

b) Changes in investments

	Balances at 12.31.14	Additions	Capital increase	Equity pickup	Dividends and Interest on Equity (IOE)	Other comprehensive income	Balances at 09.30.15
<u>Interest held</u>	1,229,827	2,417,817	4,087,040	639,469	(524,177)	25,802	7,875,778
<u>Wholly-owned subsidiary</u>	1,153,151	2,417,817	4,087,040	638,000	(524,177)	(98)	7,771,733
TData	1,153,151	-	-	623,416	(524,177)	-	1,252,390
GVTPart.	-	2,417,817	4,087,040	14,584	-	(98)	6,519,343
<u>Jointly-controlled subsidiaries</u>	76,676	-	-	1,469	-	25,900	104,045
Aliança	68,129	-	-	1	-	25,900	94,030
AIX	8,542	-	-	1,470	-	-	10,012
ACT	5	-	-	(2)	-	-	3
Goodwill (a)	212,058	12,229,359	-	-	-	-	12,441,417
Appreciation of net assets acquired attributed to Company	-	2,700,936	-	(131,234)	-	-	2,569,702
<u>Other interest held</u>	3,129	-	-	-	-	(1,637)	1,492
Other investments (b)	3,129	-	-	-	-	(1,637)	1,492
Total investment in subsidiary	1,445,014	17,348,112	4,087,040	508,235	(524,177)	24,165	22,888,389
Aliança	68,129	-	-	1	-	25,900	94,030
AIX	8,542	-	-	1,470	-	-	10,012
ACT	5	-	-	(2)	-	-	3
Other investments (b)	3,129	-	-	-	-	(1,637)	1,492

Total investments in the consolidated								
	79,805	-	-	1,469	-	24,263	105,537	
	Balances at 12.31.13	Equity pickup	Dividends and Interest on Equity (IOE)	Other comprehensive income	Balances at 09.30.14	Equity pickup	Dividends and Interest on Equity (IOE)	Other comprehensive income
Interest held	853,866	525,753	(186,100)	(3,525)	1,189,994	216,875	(180,016)	2,974
Wholly-owned subsidiary	778,289	519,251	(186,100)	-	1,111,440	216,437	(174,726)	-
TData	778,289	519,251	(186,100)	-	1,111,440	216,437	(174,726)	-
Jointly-controlled subsidiaries	75,577	6,502	-	(3,525)	78,554	438	(5,290)	2,974
Aliança	68,607	67	-	(3,525)	65,149	6	-	2,974
AIX	6,965	6,435	-	-	13,400	432	(5,290)	-
ACT	5	-	-	-	5	-	-	-
Goodwill (a)	212,058	-	-	-	212,058	-	-	-
Other interest held	10,772	-	-	(5,178)	5,594	-	-	(2,465)
Other investments (b)	10,772	-	-	(5,178)	5,594	-	-	(2,465)
Total investment in subsidiary	1,076,696	525,753	(186,100)	(8,703)	1,407,646	216,875	(180,016)	509
Aliança	68,607	67	-	(3,525)	65,149	6	-	2,974
AIX	6,965	6,435	-	-	13,400	432	(5,290)	-
ACT	5	-	-	-	5	-	-	-
Other investments (b)	10,772	-	-	(5,178)	5,594	-	-	(2,465)
Total investments in the consolidated	86,349	6,502	-	(8,703)	84,148	438	(5,290)	509

(a) Goodwill: i) R\$212,058 from partial spin-off of "Spanish e Figueira", which was reversed to the Company upon merger of Telefonica Data Brasil Holding S.A. (TDBH) in 2006; and ii) R\$12,229,359 from acquisition of GVTPart. (Note 3).

(b) Other investments (tax incentives and interests held in companies) are measured at fair value.

Telefônica Brasil S. A.**NOTES TO QUARTERLY INFORMATION****Nine-month period ended September 30, 2015****(In thousands of reais, unless otherwise stated)****12) PROPERTY AND EQUIPMENT, NET**

a) Breakdown

At September 30, 2015

	Company			Consolidated		
	Cost of property and equipment	Accumulated depreciation	Net balance	Cost of property and equipment	Accumulated depreciation	Net balance
Switching equipment	17,611,400	(14,803,861)	2,807,539	20,050,047	(15,804,871)	4,245,176
Transmission equipment and media	39,083,729	(27,852,044)	11,231,685	46,695,239	(30,195,806)	16,499,433
Terminal equipment/modem	11,444,268	(9,893,479)	1,550,789	14,806,766	(11,358,195)	3,448,571
Infrastructure	13,766,954	(10,375,469)	3,391,485	14,172,162	(10,492,522)	3,679,640
Land	312,890	-	312,890	315,491	-	315,491
Other property and equipment items	3,527,107	(2,819,185)	707,922	4,401,510	(3,332,855)	1,068,655
Estimated losses	(151,626)	-	(151,626)	(219,264)	-	(219,264)
Assets and construction in progress	1,499,104	-	1,499,104	1,587,214	-	1,587,214
Total	87,093,826	(65,744,038)	21,349,788	101,809,165	(71,184,249)	30,624,916

At December 31, 2014

Company

Consolidated

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	Cost of property and equipment	Accumulated depreciation	Net balance	Cost of property and equipment	Accumulated depreciation	Net balance
Switching equipment	17,140,731	(14,599,055)	2,541,676	17,147,961	(14,606,044)	2,541,917
Transmission equipment and media	37,199,508	(26,990,931)	10,208,577	37,200,161	(26,991,399)	10,208,762
Terminal equipment/modem	10,838,174	(9,227,487)	1,610,687	10,882,788	(9,254,451)	1,628,337
Infrastructure	13,486,180	(10,000,989)	3,485,191	13,497,058	(10,010,123)	3,486,935
Land	314,350	-	314,350	314,350	-	314,350
Other property and equipment items						