



TELEFÔNICA BRASIL S.A.

Publicly-Held Corporation

CNPJ/MF 02.558.157/0001-62 - NIRE 35.3.001.5881-4

MATERIAL FACT

Telefônica Brasil S.A. ("Company" or "Telefônica Brasil"), in the manner and for the purposes of Article 157, paragraph 4, of Law 6,404/76, as amended, and pursuant to Comissão de Valores Mobiliários ("CVM") Instruction No. 358/12, as amended, hereby informs the public that was approved on this date by the Board of Directors, pursuant to article 17, item XV of the Bylaws and the CVM Instruction No. 567/15, a Share Buyback Program ("Program") for the acquisition of shares issued by the Company for subsequent cancellation, sale or holding in treasury, as follows:

(i) **Program Objective:** acquisition of common and preferred shares issued by the Company for subsequent cancellation, sale or holding in treasury, with no capital reduction, for the purpose of increasing shareholder value through the efficient application of available cash, optimizing the allocation of capital.

(ii) **Resources:** the buybacks will be made through the use of the capital reserve balance constant in the latest balance sheet published on March 31, 2017 (R\$ 1.8 billion), except the reserves referred to in Article 7, § 1, of ICVM 567.

(iii) **Deadline:** beginning from the date of the Board of Directors' resolution, shall remain in force up to December 8, 2018, and the acquisitions shall be made in Bolsa de Valores (B3 – Brasil, Bolsa e Balcão) at market prices, observing the legal limits.

(iv) **Number of Shares to be acquired:** up to a maximum of 870,781 common shares and 41,510,761 preferred shares.

(v) **Number of Outstanding Shares:** 31,609,446 common shares and 415,111,003 preferred shares; considering the 2,290,164 common shares and 339 preferred shares in treasury; and excluding shares held by controlling shareholders, by persons related to them, and by administrators, under Article 8, section I, § 3 of ICVM 567.

(vi) **Intermediary Financial Institutions:** the operation will be performed through Bradesco Corretora S.A. CTVM, headquartered at Avenida Paulista, 1450 / 7th floor - São Paulo/SP.

The logo for Telefonica, featuring the word "Telefonica" in a blue, cursive-style font.The logo for vivo, featuring the word "vivo" in a blue, lowercase, sans-serif font.

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Information about the Program for the Buyback of Shares Issues by the Company, including those required under the CVM Instructions No. 567/15 and No. 480/09, as amended, and additional documents are available to shareholders at the Company's headquarters, on the Company's website (<http://www.telefonica.com.br/ir>), as well as on Comissão de Valores Mobiliários ("CVM") and BM&FBOVESPA S.A. websites.

São Paulo, June 9, 2017.

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CFO and Investor Relations Officer

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Information available at www.telefonica.com.br/ir