



TELEFÔNICA BRASIL S.A.  
Publicly-Held Company  
CNPJ MF 02.558.157/0001-62 - NIRE 35.3.001.5881-4

**NOTICE TO THE MARKET**  
**DELIBERATION OF INTEREST ON CAPITAL**

Continuing the Notice to Shareholders of June 19, 2017, published in the editions of June 20, 2017 of the newspapers Diário Oficial do Estado de São Paulo and Valor Econômico, Telefônica Brasil S.A. ("Company") announces to its shareholders that no shares were purchased within the Program for the Buyback of Shares to be held in treasury for subsequent sale and/or cancellation, according to the Material Fact disclosed to the market on June 9, 2017. Thus, the unit values per share for the Interest on Capital deliberated by the Board of Directors on June 19, 2017 remain unchanged as described in the table below:

Amount per share (R\$)	Immune or Exempt Legal Entities (gross value)	Withholding tax (15%)	Taxed Legal Entities and Individuals (Net value)
Common shares	0.05275935723	0.00791390358	0.04484545365
Preferred shares (*)	0.05803529296	0.00870529395	0.04932999901

(\*) 10% higher than the amount granted to each common share, in accordance with article 7 of the Company's Bylaws.

The credit of Interest on Own Capital will be made on individual basis for each shareholder, in accordance to the shareholder registry book position by the end of the day, on June 30, 2017. After this date the shares will be considered as "ex-Interest on Own Capital". The payment of these proceeds will be carried out before the end of the fiscal year of 2018, in a date to be defined by the Company's Board.

São Paulo, June 30, 2017.

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