



TELEFÔNICA BRASIL S.A.

Publicly-held Company

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

**NOTICE TO SHAREHOLDERS
DELIBERATION OF INTEREST ON OWN CAPITAL**

Telefônica Brasil S.A. – (“Company”) announces to its shareholders that the Board of Directors, at its meeting held on June 18, 2018, deliberated the credit of Interest on Own Capital (“IOC”), related to the fiscal year of 2018, in accordance with article 28 of the Company’s Bylaws, article 9 of the Law 9,249/95 and CVM’s Instruction No. 683/2012, in the gross amount of R\$400,000,000.00 (four hundred million reais), subject to withholding tax of 15%, resulting in a net amount of R\$340,000,000.00 (three hundred and forty million reais), based on the net profit shown in the balance sheet of May 31, 2018. The estimated value per share is 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	0.22214474945	0.03332171242	0.18882303703
Preferred shares (*)	0.24435922439	0.03665388366	0.20770534073

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

In accordance to the article 28 of the Company’s Bylaws, such Interest on Own Capital will be charged to the mandatory minimum dividend for the fiscal year of 2018, *ad referendum* of the General Shareholders’ Meeting to be held in 2019.

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 June 29, 2018. 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 2019, in a date to be defined by the Company’s Board.



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The Immune or Exempt Legal Entities, according to the current legislation, must provide proof of such condition until July 4, 2018 to the “Departamento de Ações e Custódia” of Banco Bradesco S.A., the depository bank, located at Cidade de Deus, s/n, Amarelo Velho Building, sub-solo – Vila Yara – Zip Code: 06029-900 – Osasco – SP.

Note: Values of Interest on Capital per common and preferred share may suffer future adjustments until June 29, 2018, due to possible acquisitions of shares within the Program for the Buyback of Shares to be held in treasury for subsequent sale and/or cancellation, according to Material Fact of June 9, 2017.

São Paulo, June 18, 2018.

David Melcon Sanchez-Friera

CFO and Investor Relations Officer

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