



TELEFÔNICA BRASIL S.A.

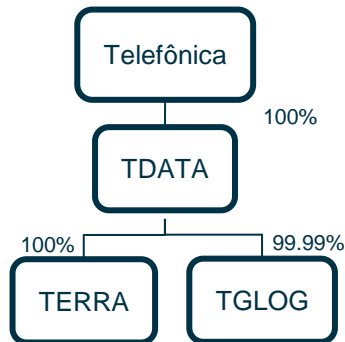
Publicly-held Company
CNPJ 02.558.157/0001-62 – NIRE 35.3.0015881-4

NOTICE TO THE MARKET

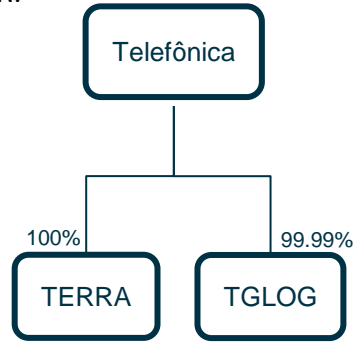
Telefônica Brasil S.A. (“Telefônica” or “Company”) announces that will begin studies on a possible merger of its wholly-owned subsidiary, Telefônica Data S.A. (“TDATA”). In case of implementation, we hereby inform that the merger operation of the aforementioned subsidiary by the Company (“Merger”), under study, should not affect the Company’s shareholding structure nor should it result in a capital increase or issuance of new shares, given that the subsidiary’s equity is already reflected in the Company’s equity.

TDATA is the controlling shareholder of Terra Networks Brasil S.A. (“TERRA”) and Telefônica Transporte Logística Ltda. (“TGLOG”). The structure of the companies involved is:

ACTUAL:



AFTER:



The studies regarding the possible Merger will consider the necessary simplification of the corporate structure and the concentration of service provision in the Company, as part of an ongoing process of simplification and promotion of a convergent environment in the Company’s relationship with its customers.

As soon as the studies are completed, they will be presented to the Board of Directors and, in the event of a decision regarding the execution of the transaction, a Material Fact will be disclosed containing the details regarding the terms and conditions of the operation (pursuant to CVM Instruction 565/15), as well as convening the Company’s extraordinary shareholders’ meeting to resolve on the Merger.

São Paulo, September 10, 2018.

David Melcon Sanchez-Friera

CFO and Investor Relations Officer

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