TELEFONICA BRASIL S.A.
Form 424B2
April 28, 2015

Filed Pursuant to Rule 424(b)(2)
Registration Statement No. 333-203016

CALCULATION OF REGISTRATION FEE

Title of Each Class of Securities to be Registered	Amount to be Registered(1)	Proposed Maximum Offering Price per Share	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee(2)
Preferred shares, without par value(3)	85,962,234	U.S.$16.08	U.S.$1,382,272,722.72	U.S.$160,621(3)

(1) Includes preferred shares, including in the form of American Depositary Shares, or ADSs, each of which represents one preferred share, evidenced by American Depositary Receipts, or ADRs, to be offered and sold in the United States (including preferred shares that may be sold pursuant to the international underwriters' option to purchase additional preferred shares in the form of ADSs) and preferred shares that are being offered in Brazil and elsewhere other than the United States but which may be resold in the United States in transactions requiring registration under the Securities Act of 1933, as amended, or the Securities Act. Additionally, certain other offers and sales of preferred shares outside the United States are being made pursuant to Regulation S under the Securities Act and are not covered by this registration statement.

(2) The registration fee of U.S.$160,621 is calculated in accordance with Rule 457(r) of the Securities Act.

(3) The preferred shares may be represented by ADSs, each of which represents one preferred share, evidenced by ADRs, issuable on deposit of preferred shares, which have been registered pursuant to the effective Registration Statement on Form F-6 (File Nos. 333-201244), which was filed on December 23, 2014.

[1] To include all shares being sold in the global offering (including the option shares) except the shares subscribed by Telefonica Spain or its affiliates in the priority subscription or otherwise in the global offering.

Table of Contents

Prospectus Supplement
(To Prospectus dated March 26, 2015)

79,679,574 Preferred Shares

Including Preferred Shares in the Form of American Depositary Shares

We are offering 236,803,588 preferred shares in a global offering, which consists of an international offering in the United States and other countries outside Brazil and a concurrent offering of common shares and preferred shares in Brazil. Preferred shares offered in the global offering may be offered directly or in the form of American Depositary Shares, or ADSs, each of which represents one preferred share. The offering of the ADSs is being underwritten by the international underwriters named in this prospectus supplement. The preferred shares purchased by investors outside Brazil will be settled in Brazil and paid for in *reais*, and underwritten by the Brazilian underwriters named elsewhere is this prospectus supplement. The closings of the international and Brazilian offerings are conditioned upon each other.

Holders of our preferred shares as of April 1, 2015 were given the opportunity to subscribe for preferred shares in the Brazilian offering on a priority basis at the public offering price. The priority subscription procedure was not made available to holders of our ADSs. An ADS holder that wished to be eligible for priority subscription was required to make the necessary arrangements to cancel such holder's ADSs and take delivery of the underlying preferred shares in a Brazilian account. See "The Offering Priority subscription." Telefónica, S.A., our controlling shareholder, fully exercised their priority rights in the Brazilian offering.

Our ADSs are listed on the New York Stock Exchange, or NYSE, under the symbol "VIV." The closing price of the ADSs on the NYSE on April 27, 2015 was US$16.52 per ADS. Our preferred shares are listed on the São Paulo Stock Exchange (*BM&FBOVESPA Bolsa de Valores Mercadorias e Futuros*), or the BM&FBOVESPA, under the symbol "VIVT4." The closing price of the preferred shares on the BM&FBOVESPA on April 27, 2015 was R$48.15 per share.

	Per ADS	Per preferred share	Total(1)(2)(3)
Public offering price	US$16.0800	R$47.0000	US$1,281,050,735.00
Underwriting discounts and commissions	US$0.2813	R$0.8238	US$22,437,701.00
Proceeds to us before expenses	US$15.7987	R$46.1762	US$1,258,613,034.00

(1)
Amounts in *reais* have been translated into U.S. dollars at the selling exchange rate reported by the Central Bank of Brazil (*Banco Central do Brasil*) as of April 27, 2015, or R$2.9236 to US$1.00.

(2)
Total amounts reflect the preferred shares (including in the form of ADSs) offered pursuant to this prospectus supplement, and do not reflect other subscriptions occurring concurrently in the global offering.

(3)

Total amounts reflect the sum of (i) the per ADS price multiplied by the number of preferred shares being sold in the form of ADSs plus (ii) the per preferred share price multiplied by the number of preferred shares being sold directly converted to U.S. dollars based on the R$2.9236 per US$1.00 exchange rate.

We are granting Merrill Lynch, Pierce, Fenner & Smith Incorporated an option on behalf of the international underwriters, exercisable at any time for 10 days following the date of this final prospectus supplement, for the international underwriters to purchase up to 6,282,660 preferred shares in the form of ADSs, minus the number of preferred shares sold by us pursuant to the Brazilian underwriters' option to purchase additional shares, at the initial public offering price less the underwriting discounts and commissions. If any additional ADSs are purchased with this option to purchase additional shares, the international underwriters will offer the additional ADSs on the same terms as those ADSs that are being offered pursuant to the international offering.

Investing in our preferred shares and ADSs involves risks. See "Risk Factors" beginning on page S-23 of this prospectus supplement.

Delivery of the ADSs will be made through the book-entry facilities of The Depository Trust Company, or DTC, on or about May 4, 2015. Delivery of our preferred shares will be made in Brazil through the book-entry facilities of the BM&FBOVESPA on or about May 4, 2015.

Neither the U.S. Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or determined if this prospectus supplement is truthful or complete. Any representation to the contrary is a criminal offense.

Global Coordinators

Itaú BBA **Morgan Stanley** **BofA Merrill Lynch** **Santander**

Joint Bookrunners

Bradesco BBI **BTG Pactual** **Credit Suisse** **Goldman, Sachs & Co.** **HSBC** **J.P. Morgan**

Co-Managers

Barclays **BBVA** **Scotiabank** **UBS Investment Bank**

The date of this prospectus supplement is April 27, 2015

Table of Contents

We have not authorized anyone to provide any information other than that contained or incorporated by reference in this prospectus supplement and in the accompanying prospectus. We take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement is an offer to sell or to buy only the securities referred to herein, but only under circumstances and in jurisdictions where it is lawful to do so. You should not assume that the information in this prospectus supplement or in the accompanying prospectus is accurate as of any date other than the date on the front of those documents.

TABLE OF CONTENTS

Prospectus Supplement

Prospectus

Table of Contents

ABOUT THIS PROSPECTUS SUPPLEMENT

In this prospectus supplement, unless the context otherwise requires, references to "Telefônica Brasil," "we," "us," "our," "our company," and "the company" refer to Telefônica Brasil S.A. and its consolidated subsidiaries. References to "Operating GVT" are to Global Village Telecom S.A. References to "GVTPar" are to GVT Participações S.A., the controlling shareholder of Operating GVT. References to "GVT" are to Operating GVT and GVTPar, collectively.

Neither the international underwriters, Brazilian underwriters nor we have authorized anyone to provide you with any information other than that contained or incorporated by reference in this prospectus supplement and in the accompanying prospectus. We, the international underwriters and the Brazilian underwriters take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give you. This prospectus supplement and the accompanying prospectus may only be used where it is legal to sell our preferred shares or the ADSs. The information in this prospectus supplement may only be accurate on the date of this prospectus supplement.

This prospectus supplement and the accompanying prospectus are being used in connection with the offering of preferred shares, including preferred shares in the form of ADSs, in the United States and other countries outside Brazil. We are also offering preferred shares in Brazil by means of a prospectus in the Portuguese language. The Brazilian prospectus, which has been filed with the Brazilian Securities Commission (*Comissão de Valores Mobiliários*), or the CVM, is in a format different from that of this prospectus supplement and the accompanying prospectus, and contains information not generally included in documents such as this prospectus supplement and the accompanying prospectus. This offering of preferred shares, including preferred shares in the form of ADSs, is made in the United States and elsewhere outside Brazil solely on the basis of the information contained in this prospectus supplement and the accompanying prospectus.

Any investors outside Brazil purchasing preferred shares directly (not in the form of ADSs) must be authorized to invest in Brazilian securities under the requirements established by Brazilian law, especially by the Brazilian National Monetary Council (*Conselho Monetário Nacional*), or the CMN, the CVM and the Central Bank of Brazil, or the Central Bank, complying with the requirements set forth in Instruction No. 325, dated January 27, 2000, of the CVM, as amended, and Resolution No. 2,689, dated January 22, 2000, as amended, of the CMN (which will be replaced by Resolution No. 4,373, dated September 29, 2014, as of March 30, 2015) and Law No. 4,131 of September 3, 1962, as amended. No offer or sale of ADSs may be made to the public in Brazil except in circumstances that do not constitute a public offer or distribution under Brazilian laws and regulations. Any offer or sale of ADSs in Brazil to non-Brazilian residents may be made only under circumstances that do not constitute a public offer or distribution under Brazilian laws and regulations.

The representations, warranties and covenants made by us in any agreement that is filed as an exhibit to any document that is incorporated by reference in this prospectus supplement were made solely for the benefit of the parties to such agreement, including, in some cases, for the purpose of allocating risk among the parties to such agreements, and should not be deemed to be a representation, warranty or covenant to you. Moreover, such representations, warranties or covenants were accurate only as of the date when made.

To the extent there is a conflict between the information contained in this prospectus supplement and the prospectus, you should rely on the information in this prospectus supplement, provided that if any statement in one of these documents is inconsistent with a statement in another document having a later date for example, a document incorporated by reference in this prospectus supplement the statement in the document having the later date modifies or supersedes the earlier statement.

Table of Contents

All references herein to the "*real*," "*reais*" or "R$" are to the Brazilian *real*, the official currency of Brazil, and all references to "U.S. dollar," "U.S. dollars" or "US$" are to U.S. dollars, the official currency of the United States. References to "IFRS" are to the International Financial Reporting Standards IFRS, as issued by the International Accounting Standards Board IASB. All references to "American Depositary Shares" or "ADSs" are to Telefônica Brasil's American Depositary Shares, each representing one preferred share. In addition, the term "Brazil" refers to the Federative Republic of Brazil, and the phrase "Brazilian government" refers to the federal government of Brazil.

References to the following regions of Brazil are defined as follows: (1) "South" includes the states of Paraná, Santa Catarina and Rio Grande do Sul, (2) "Southeast" includes the states of Minas Gerais, Espirito Santo, Rio de Janeiro and São Paulo, (3) "Center West" includes the states of Mato Grosso, Goias, the Federal District of Brasilia, and Mato Grosso do Sul, (4) "North" includes the states of Rondônia, Acre, Amazonas, Roraima, Pará, Amapá, and Tocantins, and (5) "Northeast" includes the states of Maranhão, Piauí, Ceará, Rio Grande do Norte, Paraíba, Pernambuco, Alagoas, Sergipe and Bahia.

The information in this prospectus supplement is accurate as of the date on the front cover. You should not assume that the information contained in this prospectus supplement is accurate as of any other date.

INCORPORATION OF CERTAIN DOCUMENTS BY REFERENCE

The SEC allows us to "incorporate by reference" information into this prospectus supplement. This means that we can disclose important information to you by referring you to another document filed separately with the SEC. The information incorporated by reference is considered to be a part of this prospectus supplement, except for any information superseded by information that is included directly in this document or incorporated by reference subsequent to the date of this document.

We incorporate by reference into this prospectus supplement the following documents listed below, which we have already filed with or furnished to the SEC:

(1) our annual report on Form 20-F for the year ended December 31, 2014 filed on February 27, 2015 and any amendments thereto;

(2) our report on Form 6-K furnished on March 26, 2015 containing GVT's consolidated financial statements as of and for the years ended December 31, 2014 and 2013;

(3) our registration statement on Form F-6 filed on December 23, 2014; and

(4) the description of our preferred shares set forth under "Additional Information" in Part I, Item 10 of our annual report on Form 20-F for the year ended December 31, 2014, which supersedes in full the description of our preferred shares set forth under "Description of Securities To Be Registered" in Part II, Item 14 of our registration statement on Form 20-F filed on September 18, 1998, as amended on November 2, 1998.

All subsequent reports that we file on Form 20-F under the Exchange Act after the date of this prospectus supplement and prior to the termination of the offering shall also be deemed to be incorporated by reference into this prospectus supplement and to be a part hereof from the date of filing such documents. We may also incorporate by reference any other Form 6-K that we submit to the SEC after the date of this prospectus supplement and prior to the termination of this offering by identifying in such Form 6-K that it is being incorporated by reference into this prospectus supplement.

We will provide without charge to each person to whom this prospectus supplement has been delivered, upon the written or oral request of any such person to us, a copy of any or all of the

Table of Contents

documents referred to above that have been or may be incorporated into this prospectus supplement by reference, including exhibits to such documents. Requests for such copies should be directed to:

Telefônica Brasil S.A.
Avenida Engenheiro Luis Carlos Berrini, 1376, 28th floor
04571-936 São Paulo, SP, Brazil
phone: + 55 (11) 3430-3687
email: ir.br@telefonica.com

Table of Contents

PRESENTATION OF FINANCIAL AND OTHER INFORMATION

Financial Information

We maintain our books and records in *reais*. The exchange rate for *reais* into U.S. dollars based on the selling rate as reported by the Central Bank was R$2.6562 to U.S.$1.00 at December 31, 2014, R$2.3426 to U.S.$1.00 at December 31, 2013 and R$2.0435 to U.S.$1.00 at December 31, 2012. On April 27, 2015, the selling rate was R$2.9236 to U.S.$1.00. The *real*/dollar exchange rate fluctuates widely, and the selling rate at any given date may not be indicative of future exchange rates. See "Exchange Rates" in the accompanying prospectus for information regarding exchange rates for the Brazilian currency since the year ended December 31, 2010.

Solely for the convenience of the reader, we have translated some amounts included in "Capitalization" and elsewhere in this prospectus supplement from *reais* into U.S. dollars using the selling rate as reported by the Central Bank at December 31, 2014 of R$2.6562 to U.S.$1.00. These translations should not be considered representations that any such amounts have been, could have been or could be translated into U.S. dollars at that or at any other exchange rate. In addition, translations should not be construed as representations that the *real* amounts represent or have been or could be translated into U.S. dollars as of that or any other date.

We prepared our consolidated financial statements included in this prospectus supplement in accordance with IFRS as issued by the IASB. The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying our accounting policies. Those areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 3(x) to our consolidated financial statements.

The financial information included in this prospectus supplement should be read in conjunction with, and is qualified in its entirety by, our consolidated financial statements and related notes and "Item 5. Operating and Financial Review and Prospects" in our annual report on Form 20-F for the fiscal year ended December 31, 2014 incorporated by reference herein.

Pro Forma Financial Information and GVT Financial Information

On September 18, 2014, we entered into a stock purchase agreement with Vivendi S.A., or Vivendi, and its subsidiaries, pursuant to which we agreed to purchase all of the shares of GVT Participações, or GVTPar, the controlling shareholder of Global Village Telecom S.A., or Operating GVT. We refer to GVTPar and Operating GVT collectively as GVT. Consideration will be provided to the sellers partly in cash and partly in our common and preferred shares. The GVT acquisition is subject to customary closing conditions, and applicable corporate authorizations and is expected to close by mid-2015. For additional information, see "The GVT Acquisition."

This prospectus supplement includes certain unaudited pro forma financial information of the company as of and for the year ended December 31, 2014. See "Pro Forma Financial Information."

This prospectus supplement also incorporates by reference historical financial information of GVTPar as of and for the year ended December 31, 2014.

Non-GAAP Financial Information

We calculate Adjusted EBITDA as net income for the year plus net financial expense, equity pickup (meaning our interest in the result of our joint ventures and other associated companies), income and social contribution taxes and depreciation and amortization. Adjusted EBITDA is not a measure of financial performance in accordance with IFRS, and should not be considered in isolation or as an alternative to net income, an alternative to operating cash flows, a measure of liquidity, or the

Table of Contents

basis for dividend distribution. Other companies may calculate Adjusted EBITDA differently than us. Adjusted EBITDA serves as an indicator of overall financial performance which is not affected by changes in rates of income and social contribution taxes or levels of depreciation and amortization. Consequently, we believe that Adjusted EBITDA serves as an important tool to periodically compare our operating performance, as well as to support certain administrative decisions. Because Adjusted EBITDA does not include certain costs related to our business, such as interest expense, income taxes, depreciation, capital expenditures and other corresponding charges, which might significantly affect our net income, Adjusted EBITDA has limitations which affect its use as an indicator of our profitability. For a reconciliation of net income to Adjusted EBITDA, see "Summary Financial and Operating Data" elsewhere in this prospectus supplement.

We define operating free cash flow as net cash generated by operating activities less net cash used in investing activities. Operating free cash flow is not a measure of financial performance in accordance with IFRS, and should not be considered in isolation or as an alternative to net income, an alternative to operating cash flows, a measure of liquidity, or the basis for dividend distribution. Other companies may calculate operating free cash flow differently than us. We consider operating free cash flow a useful measure of the cash flow available to pay interest on our financing and dividends to our shareholders. For a reconciliation of operating free cash flow, see "Summary Financial and Operating Data" elsewhere in this prospectus supplement.

We define net debt as total debt (which consists of current and noncurrent loans, financing, leases and debentures) minus cash and cash equivalents, minus short term investments held as collateral, and minus the net derivatives position. Net debt is not a measure of indebtedness in accordance with IFRS. We believe that net debt is meaningful for investors because it provides an analysis of our solvency using the same measures used by our management. We use net debt to calculate internally certain solvency and leverage ratios used by management. Net debt as calculated by us should not be considered an alternative to gross financial debt (the sum of current and non-current interest-bearing debt) as a measure of our liquidity. Other companies may calculate net debt differently than us. For a reconciliation of net debt, see "Summary Financial and Operating Data" elsewhere in this prospectus supplement.

We define adjusted net income as an amount equal to our net income for the year adjusted to reflect allocations to or from (1) legal reserves, (2) statutory reserves and (3) a contingency reserve for anticipated losses, if any, according to Brazilian corporate law. Adjusted net income is not a measure of financial performance in accordance with IFRS and should not be considered in isolation or as an alternative to net income for the year as a measure of the earnings of the Company. Other companies may calculate Adjusted net income differently than us. We believe Adjusted net income is a useful measure of earnings as it represents the earnings from which dividends may be declared and distributed to shareholders. For a reconciliation of adjusted net income, see "Summary Financial and Operating Data" elsewhere in this prospectus supplement.

Market Information

Certain industry, demographic, market and competitive data, including market forecasts, used in this prospectus supplement were obtained from internal surveys, market research, publicly available information and industry publications. We have made these statements on the basis of information from third-party sources that we believe are reliable, such as ANATEL, the Brazilian Institute of Geography and Statistics (*Instituto Brasileiro de Geografia e Estatística*), or the IBGE, the Getúlio Vargas Foundation (*Fundação Getúlio Vargas*), or FGV, and the Central Bank, among others. Industry and government publications, including those referenced here, generally state that the information presented therein has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. Although we have no reason to believe that any of this information or these reports are inaccurate in any material respect, such information has not been

Table of Contents

independently verified by us. Accordingly, we do not make any representation as to the accuracy of such information.

Rounding and Other Information

Some percentages and certain figures included in this prospectus supplement have been subject to rounding adjustments. Accordingly, figures shown as totals in certain tables in this prospectus supplement may not be an arithmetic aggregation of the figures that precede them.

Table of Contents

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

The statements contained in this prospectus supplement in relation to our plans, forecasts, expectations regarding future events, strategies, and projections, are forward-looking statements which involve risks and uncertainties and which are therefore not guarantees of future results. Our estimates and forward-looking statements are mainly based on our current expectations and estimates on projections of future events and trends, which affect or may affect our businesses and results of operations. Although we believe that these estimates and forward-looking statements are based upon reasonable assumptions, they are subject to several uncertainties and are made in light of information currently available to us. Our estimates and forward-looking statements may be influenced by the following factors, among others:

- the size and growth rate of the Brazilian telecommunications market;
- the accuracy of our estimated demand forecasts;
- our ability to successfully execute our strategic initiatives and capital expenditure plans;
- our ability to secure and maintain telecommunications spectrum and infrastructure licenses, rights-of-way and other regulatory approvals;
- our ability to comply with the terms of our concession agreements;
- decisions by applicable regulatory authorities to terminate, modify or renew our concession agreements or the terms thereof;
- new telecommunications regulations or changes to existing regulations;
- technological advancements in our industry and our ability to successfully implement them in a timely manner;
- our ability to consummate the GVT acquisition (as described herein) or, if consummated, to successfully integrate GVT's operations or to realize expected benefits;
- network completion and product development schedules;
- the level of success of competing networks, products and services;
- the possible requirement to record impairment charges relating to goodwill and long-lived assets;
- increased competition in the Brazilian telecommunications sector;
- the cost and availability of financing;
- uncertainties relating to political and economic conditions in Brazil as well as those of other emerging markets;

inflation, interest rate and exchange rate risks;

the Brazilian government's policies regarding the telecommunications industry;

the Brazilian government's tax policy;

the Brazilian government's political instability;

adverse decisions in ongoing litigation;

regulatory and legal developments affecting the telecommunications industry in Brazil; and

other risk factors discussed under "Risk Factors" in Part I, Item 3.D. of our most recent annual report on Form 20-F incorporated by reference herein.

Table of Contents

The words "believe," "may," "will," "estimate," "continue," "anticipate," "intend," "expect" and similar words are intended to identify estimates and forward-looking statements. Estimates and forward-looking statements speak only as of the date they were made, and we undertake no obligation to update or to review any estimate and/or forward-looking statement because of new information, future events or other factors. Estimates and forward-looking statements involve risks and uncertainties and are not guarantees of future performance. Our future results may differ materially from those expressed in these estimates and forward-looking statements. In light of the risks and uncertainties described above, the estimates and forward-looking statements discussed in this prospectus supplement might not occur and our future results and our performance may differ materially from those expressed in these forward-looking statements due to, inclusive of, but not limited to, the factors mentioned above. As a result of these risks and uncertainties, investors should not base their decisions to invest in this offering on these estimates or forward-looking statements.

Table of Contents

SUMMARY

This summary highlights selected information about us and the preferred shares and ADSs that we are offering. It may not contain all of the information that may be important to you. Before investing in the preferred shares or ADSs, you should read this entire prospectus supplement, the accompanying prospectus and the documents incorporated by reference carefully for a more complete understanding of our business and this offering, including our consolidated financial statements and the related notes incorporated by reference into this prospectus supplement, the consolidated financial statements of GVTPar and the related notes incorporated by reference into this prospectus supplement, and the sections entitled "Risk Factors" and "Summary Financial and Operating Data" included elsewhere in, or incorporated by reference into, this prospectus supplement.

Overview

We are the leading mobile telecommunications company in Brazil (28.5% market share as of December 31, 2014, based on accesses), with a particularly strong position in postpaid mobile services (41.8% market share as of December 31, 2014, based on accesses). We are also the leading fixed telecommunications company (in terms of market share) in the state of São Paulo, where we began our business as a fixed telephone service provider pursuant to our concession agreement. During the year ended December 31, 2014, we reached almost 60% market share in ultra-fast broadband accesses with speeds higher than 34 Mbps in the state of São Paulo.

According to ANATEL's customer service performance index, we are the highest-quality mobile operator in Brazil, among the largest mobile operators. Our Vivo brand, under which we market our mobile services, is among the most recognized brands in Brazil. The quality of our services and strength of our brand recognition enable us to, on average, achieve higher prices relative to our competition and, as a result, generally earn higher margins. As of December 31, 2014, our average revenue per mobile user, or ARPU, of R$23.7 represented a significant premium relative to the average of our main competitors, which is R$16.8. In 2014, we captured 56.3% of the net additions of 8.3 million in the postpaid mobile segment. We offer our clients a complete portfolio of products, including mobile and fixed voice, mobile data, fixed broadband, ultra-fast broadband, or UBB (based on our Fiber to the Home infrastructure, or FTTH), Pay TV, information technology and digital services (such as e-health, cloud and financial services). We also have the most extensive distribution network among our competitors, with more than 300 of our own stores and additional physical distribution points of sale where our clients can obtain certain services, such as purchasing credit for prepaid phones.

We seek to continue to increase our operating margins by focusing on developing and growing our portfolio of products so that they comprise an integrated portfolio of services. As part of this strategy, we are in the process of acquiring GVT, a high-growth telecommunications company in Brazil that offers high-speed broadband, fixed telephone and Pay TV services primarily to high income customers across its target market, primarily located outside the state of São Paulo. GVT is a fast growing telecommunications provider in Brazil in terms of revenue. From 2012 to 2014, GVT's revenue grew at a compound annual growth rate of 12.9%. In this short period, GVT has become a leader in high-speed broadband in Brazil, considering broadband speed from 12 Mbps to 34 Mbps, with a 63% market share in the Brazilian market. GVT has a dense and high-quality transmission backhaul in key regions of Brazil such as the South, Southeast, Center West and a large part of the Northeast with over 33,000 kilometers of fiber deployed as of December 31, 2014. We believe GVT boasts an advanced broadband network in Brazil with an average speed of 13 Mpbs, which is more than twice as fast as the average speeds of its peers throughout Brazil. GVT also provides Pay TV services in these markets, using its broadband network and DTH system. Given that GVT is a relatively new entrant to the market and operates under an authorization granted by ANATEL, it has been able to selectively enter niche markets that GVT believes offer higher profit margins and return potential rather than restrict its operations to specific markets bound by concession agreements. GVT's flexibility to selectively invest in targeted markets allows it to operate in higher GDP markets.

We believe the GVT acquisition will reinforce our platform as a national provider and further enhance our position as the leading telecommunications company in Brazil. On a pro forma basis, after giving effect to the GVT acquisition, in 2014 we would have been the largest integrated telecommunications company in Brazil in terms of accesses and revenues, with 103.6 million combined total accesses and pro forma revenues of R$40,300.2 million. We believe that GVT's recognition as a high quality provider and its market leadership will create significant additional brand equity and improve our ability to engage in profitable cross-selling across our large mobile client base with a similar income and demographic profile. We expect our combined infrastructure, product portfolio and commercial capabilities to increase our average revenue per account, or ARPA, and reduce churn by maximizing penetration of fixed and mobile products in our combined customer base. Furthermore, we believe the combined portfolio of products and expanded geographic presence will increase our relevance to our corporate and small and medium enterprise, or SME, clients, potentially allowing us to increase our market share in these profitable segments.

As is typically the case with large strategic combinations in the telecommunications sector, we believe the GVT acquisition will allow us to realize meaningful synergies by reducing operating costs and streamlining our combined investment plans, particularly as a result of the potential decrease in backbone and backhaul investments. In addition, we expect that the combination of the two platforms may result in improved performance across each of our key product lines, including mobile, Pay TV, and UBB. For Pay TV, given the structure of the content contracts at both companies, we believe that a larger combined customer base may result in lower average costs to us. These savings are in addition to the potential to realize further economies of scale related to installation costs and duplicative satellite infrastructure.

For our broadband operations, we expect to leverage GVT's brand and extensive fiber network nationally to increase sales of UBB services. In mobile, we will also be able to leverage GVT's existing fiber network to support the deployment of LTE technology and sustain our network quality differential while maintaining low capital expenditures. At the same time, the use of the brand GVT and cross-selling to customers having similar profiles will allow us to increase market share and ARPU and reduce churn, which we believe will result in additional upside across each of our products, including broadband and Pay TV. The use of GVT's infrastructure will also reduce our backbone lease expenses and reduce capital expenditure requirements to serve our corporate and SME clients throughout Brazil.

We intend to use the net proceeds from the global offering to (1) fund the cash portion of the GVT acquisition, which is expected to close by mid-2015, (2) repay GVT's loans with a related party, and (3) adjust our capital structure in order to maintain liquidity. See "Use of Proceeds." For additional information about the planned acquisition, GVT's business and the expected synergies from the transaction see "The GVT Acquisition."

Our net operating revenue for 2014 was R$35,000 million (US$13,177 million), representing an increase of 0.8% compared to 2013. Our mobile service revenue was R$22,524.6 million (US$8,480.0 million), representing an increase of 3.8% compared to 2013, and our fixed telephone revenue was R$11,260.1 million (US$4,239.2 million), representing a decrease of 3.9% compared to 2013. Our mobile handset sales revenue was R$1,215.3 million (US$457.5 million), representing a decrease of 7.3% compared to 2013.

Telefónica, S.A., or Telefónica, our controlling shareholder, is one of the largest telecommunications companies in the world in terms of market capitalization and number of customers. With its strong mobile, fixed and broadband networks, and its innovative portfolio of digital solutions, Telefónica is transforming itself into a "Digital Telco," a company that will be even better placed to meet the needs of its customers and capture new revenue growth. The Telefónica group has a

Table of Contents

significant presence in 21 countries, with approximately 120,000 employees as of December 31, 2014, 341 million accesses and revenue of €50,377 million (US$61,163 million) for 2014. In recognition of the importance of our company to our controlling shareholder's global platform, Telefónica subscribed in this offering proportionally to its current level of equity participation in our company, which it expects to fund using cash on hand or drawdowns under its undrawn credit lines and syndicated revolving credit facilities.

Operating and Financial Data

The following tables present our key operational and financial indicators for the periods indicated:

	Year ended December 31,			
	2014 (combined)(1)	2014	2013	2012
Mobile Access Lines				
Mobile accesses (thousands):				
Postpaid (thousands)	28,355	28,355	23,693	18,802
Prepaid (thousands)	51,582	51,582	53,552	57,335
Total (thousands)	79,938	79,938	77,245	76,137
Market share(2) (%):				
Postpaid (%)	41.8	41.8	39.8	36.9
Mobile broadband (%)	50.8	50.8	50.8	47.3
Total (%)	28.5	28.5	28.5	29.1
Net additions (thousands):				
Postpaid (thousands)	4,662	4,662	4,891	2,687
Total (thousands)	2,693	2,693	1,108	4,584
Market share of net additions (%):				
Postpaid (%)	56.3	56.3	57.0	39.1
Total (%)	28.0	28.0	11.9	23.4
Monthly churn(3) (%):				
Postpaid (%)	1.6	1.6	1.5	1.8
Total (%)	3.7	3.7	3.8	3.5