



TIM PARTICIPAÇÕES S.A.

Publicly-held Company

Corporate Taxpayer's ID (CNPJ/MF): 02.558.115/0001-21

Corporate Registry (NIRE): 33 300 276 963

NOTICE REGARDING RELATED PARTY TRANSACTION

TIM Participações S.A. ("Company" or "TIM Part") (B3: TIMP3; NYSE: TSU), in compliance with CVM Instruction 480/09, as later amended by 552/14, hereby informs its shareholders, the market in general and other interested parties about the execution of a Trademark License Agreement ("Agreement") with its indirect parent company Telecom Italia S.p.A ("TIM Italy") on May 17th of 2018.

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- Parties Involved:** TIM Italy, TIM Part and its wholly-owned subsidiaries TIM S.A. and TIM Celular S.A., and Instituto TIM.
 - Relationship with the issuer:** TIM Italy is the indirect controlling shareholder of TIM Part.
 - Reason for the operation:** TIM Italy owns the intellectual property rights for "TIM" trademark in Brazil. To this date, TIM Part and its subsidiaries freely used said trademark, without paying any consideration to TIM Italy. Because of the free use of the trademark, TIM Italy was questioned by Italian tax authorities based on Italian transfer pricing laws (as reported in its financial statements of 2017). This led to a recent settlement agreed upon by and between TIM Italy and the Italian tax authorities, related to previous fiscal years, under which TIM Italy payed to the Italian government a significant amount of tax, interest and fine in December 2017. Based on the foregoing, this Agreement aims at regularizing TIM Italy's obligation to license "TIM" trademark for TIM Part and its subsidiaries, thereby addressing Italian tax authorities' requirements based on transfer pricing laws.
 - Object of the transaction:** Execute a Trademark License Agreement formally granting TIM Part and its subsidiaries the right to use "TIM" trademark in consideration for royalty payments.
 - Main terms and conditions of the transaction:**
 - Transaction Date:** 05/17/2018.
 - Duration:** From 05/17/2018 until 12/31/2020.
 - Value Involved (Reais):** Royalties amount to be calculated as a percentage of the total net revenues generated by each licensee. The rate shall be 0.5% flat. Although the decision of the Board of Directors of TIM Part that approved the Agreement has foreseen a possible increase of the percentage in 2019 and 2020 to 0.7%, this possibility has been excluded from the Agreement in common agreement between the parties thereto.
 - Warranty and insurance:** There are no guarantees or collaterals attached, only penalties if payments are not timely made by the licensees to the licensor on their respective due dates according to the Agreement.
 - Termination or rescission:** TIM Italy may terminate the Agreement at any time if contractual obligations are not duly fulfilled by licensees.



6. Eventual participation of the shareholders or management of the related counterparty in the decision making process or the negotiation of the Transaction as representatives of the Company:

TIM Italy shareholders or management did not participate in the negotiation of the Agreement as agents of the issuer.

The decision making process of the Company was carried out on an independent manner, and was examined and recommended for approval by the Company's Statutory Audit Committee, and, subsequently, examined and approved by the Company's Board of Directors.

The corporate approval process of the Agreement strictly followed the applicable Brazilian laws and the relevant provisions of the Company's Bylaws.

7. Detailed explanation of the reasons for which the issuers' management considers the transaction was carried out on an arm's length basis or provided the payment of adequate compensation:

The Company's management carried out a detailed analysis and reviewed other benchmarks pertaining to the terms of the Agreement, which took into consideration independent studies (fairness opinion and memoranda) prepared by Taul & Chequer Law Firm (associated with Mayer Brown Law Firm), KPMG Consultancy, and Veirano Law Firm. These procedures demonstrated that the nature of the Agreement and its financial terms are both fair and in compliance with the Brazilian laws and regulations.

Accordingly, the Company's Statutory Audit Committee (formed by independent members only) and the Board of Directors approved the transaction as it is in line with the Company's best interests and taking into consideration that its terms and conditions follow the commercial standards normally found in similar agreements of this nature, locally and internationally. The benchmarking analysis conducted by TIM Part with the support of its external consultants demonstrated that the rates negotiated appear at the lower portion of the market scale.

No proposals or price bids were requested by the Company from third parties, considering that these intellectual property rights could only be licensed by TIM Italy.

8. Additional Information:

The Agreement does not have any provisions for retroactive payments of royalties concerning the period prior to the execution of the Agreement, during which the "TIM" trademark was freely used by the Company and its subsidiaries, without any payment to TIM Italy. Retroactive payments in connection with license trademark agreements are not allowed according to the Brazilian laws, pursuant to Brazilian Trademark Office (*Instituto Nacional da Propriedade Industrial - INPI*) regulations.

Further, it is important to clarify that the Agreement has a nature of licensing arrangement only, and not of service rendering. Therefore, the Agreement will not result in the collection of amounts for services rendered by TIM Italy, but only for the use of the "TIM" trademark by TIM Part and its subsidiaries.

Rio de Janeiro, May 17th, 2018.

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Adrian Calaza

Chief Financial Officer and Investor Relations Officer