

## TIM PARTICIPAÇÕES S.A.

### NOTICE TO THE MARKET

In the 14<sup>th</sup> and 15<sup>th</sup> of December, Anatel conducted an auction for 3G frequencies (H band) and 2G (SMP leftovers). It was auctioned 60 lots, resulting in R\$2.7 billion and an average premium of 31% (or R\$640 million).

TIM acquired 8 lots, with an offer of R\$81.8 million (but a disbursement of R\$65.5 million when considering the residual lifetime of the current license) and an average premium of 32% over the minimum price. **We consider that our objectives were met, as we intended to adopt a strategy of selective and balanced performance in light of better resource allocation.** This year we are investing approximately R\$3.0 billion in total (under IFRS).

**2G** – A selective approach. Even before the auction, **TIM already had a spectrum position close to the legal cap of 80 MHz** in the priority areas, consequentially we did not see the need to push an aggressive approach in the auction. We focused our efforts in the regions where there was opportunity to strengthen our presence.

**3G** – We did not acquire additional spectrum. Our current spectrum positioning is in line with our planning of data growth, **focusing on coverage and transmission.** In São Paulo for example, we have the largest spectrum for the 3G technology.

In the table below, we present a summary of our spectrum scouts before and after the auction.

Regional	Area	Before (MHz)			After (MHz)		
		2G	3G	Total	2G	3G	Total
TIM São Paulo	Metro	45	30	75	45	30	75
	Countryside	45	20	65	45	20	65
	Franca and PGO's 33 Sector	45	20	65	45	20	65
TIM South	PR and SC	50	20	70	60	20	80
	RS	35	20	55	35	20	55
	Londrina and Tamarana	35	20	55	45	20	65
	Pelotas and PGO's 30 Sector	50	20	70	50	20	70
TIM Northeast	AL, CE, PA, PE, PI and RN	50	20	70	50	20	70
TIM East	MG	50	20	70	60	20	80
	BA and SE	50	20	70	50	20	70
	CTBC's expansion area	50	0	50	60	0	60
	CTBC's region in MG	50	0	50	50	0	50
TIM North	AM, AP, MA, PA and RR	35	30	65	45	30	75
TIM Rio de Janeiro	ES and RJ	45	20	65	45	20	65
TIM Mid-West	AC, DF, GO, MS, MT, RO and TO	35	20	55	35	20	55
	PGO's 22 and 25 Sectors	35	20	55	35	20	55

Rio de Janeiro, December 15<sup>th</sup>, 2010.

Claudio Zezza  
CFO and Investor Relations