

**MANAGEMENT PROPOSAL OF
2012 CAPITAL BUDGET
FOR THE SUBSIDIARIES OF
TIM PARTICIPAÇÕES S/A (“COMPANY”)**

Dear Shareholders,

According to the provisions in paragraph two, Art. 196 of Act 6.404/76, this is to submit TIM Participações S.A. (TIM) and its subsidiaries' capital budget for the year of 2012, in the amount of three billion reais (R\$ 3.000.000.000,00) to your approval, according to the financing sources shown below and to be approved on this date.

TIM Participações S.A. Capital budget proposal: R\$ 3.000.000.000,00

Financing sources:

Own/third party's resources R\$ 3.000.000.000,00

The resources mentioned above will be invested in two main fronts: Network/IT development and business development, at the following approximated rates, 91% and 9%. Such investments will contribute to the improvement in the third generation (3G) services provision, growth in the voice traffic (2G), growth in the customers' base, among others.

The network development includes investments stratified in 2nd and 3rd generations' access network, last mile, radio and optical fiber backhauling and backbone, in addition to the launch of residential broadband in the metropolitan areas of Rio de Janeiro and São Paulo. Those projects aim at extending TIM's infrastructure capacity and coverage, ensuring high quality levels and supporting the market strategies.

The business development front comprises the information technology projects aiming at updating and developing TIM's systems and technological platforms. The projects mentioned aim at operating and management improvements, and, mainly, the development of new and innovative products, which is the Company's brand.

Thus we propose the determination of the proposed capital budget above.

Rio de Janeiro, February 15th, 2012.

TIM Participações S.A.