

(A free translation of the original in Portuguese)

FEDERAL GOVERNMENT SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
QUARTERLY INFORMATION - ITR  
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

Corporate Legislation  
June 30, 2010

REGISTRATION WITH THE CVM DOES NOT IMPLY ANY ANALYSIS OF THE COMPANY. COMPANY MANAGEMENT IS RESPONSIBLE FOR THE ACCURACY OF THE INFORMATION PROVIDED.

01.01 – IDENTIFICATION

|   |   |   |
|---|---|---|
| 1 - CVM CODE<br><b>01763-9</b>                                | 2 – COMPANY NAME<br><b>TIM PARTICIPAÇÕES S.A.</b> | 3 - National Corporate Taxpayers' Registration Number – CNPJ<br><b>02.558.115/0001-21</b> |
| 4 – State Registration Number – NIRE<br><b>33.3.0027696-3</b> |   |   |

01.02 - HEAD OFFICE

|  |                                   |  |                    |                                    |
|--|-----------------------------------|--|--------------------|------------------------------------|
| 1 - ADDRESS<br><b>Avenida das Américas, 3434, Bloco 1 7º andar - parte</b> |                                   | 2 – SUBURB OR DISTRICT<br><b>Barra da Tijuca</b> |                    |                                    |
| 3 – POSTAL CODE<br><b>22640-102</b>  |                                   | 4 – MUNICIPALITY<br><b>Rio de Janeiro</b>        |                    | 5 – STATE<br><b>Rio de Janeiro</b> |
| 6 - AREA CODE<br><b>21</b>   | 7 – TELEPHONE<br><b>4009-3742</b> | 8 – TELEPHONE<br><b>4009-4017</b>                | 9 – TELEPHONE<br>- | 10 – TELEX<br>-                    |
| 11 - AREA CODE<br><b>21</b>  | 12 – FAX<br><b>4009-3314</b>      | 13 – FAX<br><b>4009-3990</b>                     | 14 – FAX<br>-      | -                                  |
| 15 - E-MAIL<br><b>rtostes@timbrasil.com.br</b>                             |                                   |  |                    |                                    |

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

|  |                                   |   |  |                                    |
|--|-----------------------------------|---|--|------------------------------------|
| 1 – NAME<br><b>Claudio Zezza</b>   |                                   |   |  |                                    |
| 2 – ADDRESS<br><b>Avenida das Américas, 3434, Bloco 1 7º andar - parte</b> |                                   |   | 3 – SUBURB OR DISTRICT<br><b>Barra da Tijuca</b> |                                    |
| 3 – POSTAL CODE<br><b>22640-102</b>  |                                   | 4 – MUNICIPALITY<br><b>Rio de Janeiro</b> |  | 5 – STATE<br><b>Rio de Janeiro</b> |
| 6 - AREA CODE<br><b>21</b>   | 7 – TELEPHONE<br><b>4009-3742</b> | 8 – TELEPHONE<br><b>4009-4017</b>         | 9 – TELEPHONE<br>-                               | 10 – TELEX<br>-                    |
| 11 - AREA CODE<br><b>21</b>  | 12 – FAX<br><b>4009-3314</b>      | 13 – FAX<br><b>4009-3990</b>              | 14 – FAX<br>-                                    | -                                  |
| 15 - E-MAIL<br><b>rtostes@timbrasil.com.br</b>                             |                                   |   |  |                                    |

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

| CURRENT YEAR  |                   | CURRENT QUARTER |                   |                   | PRIOR QUARTER  |                   |                   |
|---|-------------------|-----------------|-------------------|-------------------|--|-------------------|-------------------|
| 1 - BEGINNING   | 2 – END           | 3 - QUARTER     | 4 – BEGINNING     | 5 – END           | 6 – QUARTER  | 7 – BEGINNING     | 8 – END           |
| <b>01.01.2010</b>   | <b>12.31.2010</b> | <b>2</b>        | <b>04.01.2010</b> | <b>06.30.2010</b> | <b>1</b>   | <b>01.01.2010</b> | <b>03.31.2010</b> |
| 9 - INDEPENDENT ACCOUNTANT<br><b>PricewaterhouseCoopers Auditores Independentes</b> |                   |                 |                   |                   | 10 - CVM CODE<br><b>00287-9</b>  |                   |                   |
| 11 – PARTNER RESPONSIBLE<br><b>Sérgio Eduardo Zamora</b>                            |                   |                 |                   |                   | 12 – INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE<br><b>107.092.038-02</b> |                   |                   |

(A free translation of the original in Portuguese)

Corporate Legislation  
June 30, 2010

FEDERAL GOVERNMENT SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
QUARTERLY INFORMATION - ITR  
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

01.01 – IDENTIFICATION

|                                |   |  |
|--------------------------------|---|--|
| 1 - CVM CODE<br><b>01763-9</b> | 2 - COMPANY NAME<br><b>TIM PARTICIPAÇÕES S.A.</b> | 3 – Federal Corporate Taxpayers' Registration Number – CNPJ<br><b>02.558.115/0001-21</b> |
|--------------------------------|---|--|

01.05 - CAPITAL COMPOSITION

| Number of shares<br>(Thousand) | Current quarter<br><b>06.30.2010</b> | Prior quarter<br><b>03.31.2010</b> | Same quarter in prior year<br><b>06.30.2009</b> |
|--------------------------------|--------------------------------------|------------------------------------|---|
| <b>Paid-up capital</b>         |                                      |                                    |   |
| 1 – Common                     | 843,281                              | 843,281                            | 799,925   |
| 2 – Preferred                  | 1,632,454                            | 1,632,454                          | 1,548,522                                       |
| 3 – Total                      | 2,475,735                            | 2,475,735                          | 2,348,447                                       |
| <b>Treasury stock</b>          |                                      |                                    |   |
| 4 – Common                     | 0                                    | 0                                  | 0   |
| 5 – Preferred                  | 0                                    | 0                                  | 0   |
| 6 – Total                      | 0                                    | 0                                  | 0   |

01.06 – CHARACTERISTICS OF THE COMPANY

|  |
|--|
| 1 - TYPE OF COMPANY<br><b>Commercial, industrial and other</b>     |
| 2 – SITUATION<br><b>Operational</b>                                |
| 3 – NATURE OF OWNERSHIP<br><b>Local Private</b>                    |
| 4 – ACTIVITY CODE<br><b>1130 – Telecommunication</b>               |
| 5 - MAIN ACTIVITY<br><b>Cellular Telecommunication Services</b>    |
| 6 – TYPE OF CONSOLIDATION<br><b>Full</b>                           |
| 7 - TYPE OF REPORT OF INDEPENDENT ACCOUNTANT<br><b>Unqualified</b> |

01.07 - COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

|          |          |          |
|----------|----------|----------|
| 1 – ITEM | 2 - CNPJ | 3 – NAME |
|----------|----------|----------|

01.08 - DIVIDENDS AND OR INTEREST ON CAPITAL APPROVED AND/OR PAID DURING AND AFTER THE QUARTER

| 1 – ITEM | 2 – EVENT | 3 - DATE APPROVED | 4 – AMOUNT | 5 - DATE OF PAYMENT | 6 - TYPE OF SHARE | 7 - AMOUNT PER SHARE |
|----------|-----------|-------------------|------------|---------------------|-------------------|----------------------|
| 01       | AGO/E     | 04/27/2010        | Dividends  | 06/24/2010          | PN                | 0.1251000000         |

(A free translation of the original in Portuguese)

Corporate Legislation  
June 30, 2010

FEDERAL GOVERNMENT SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
QUARTERLY INFORMATION - ITR  
COMMERCIAL, INDUSTRIAL AND OTHER COMPANIES

---

01.01 – IDENTIFICATION

|                                |   |  |
|--------------------------------|---|--|
| 1 - CVM CODE<br><b>01763-9</b> | 2 - COMPANY NAME<br><b>TIM PARTICIPAÇÕES S.A.</b> | 3 – Federal Corporate Taxpayers' Registration Number – CNPJ<br><b>02.558.115/0001-21</b> |
|--------------------------------|---|--|

01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

| 1 – ITEM | 2 – DATE OF CHANGE | 3 – CAPITAL<br>(IN THOUSANDS OF REAIS) | 4 - TOTAL CHANGE<br>(IN THOUSANDS OF REAIS) | 5 – NATURE OF CHANGE | 7 - NUMBER OF SHARES<br>ISSUED<br>(IN THOUSAND) | 8 – SHARE PRICE ON ISSUE<br>DATE<br>(IN REAIS) |
|----------|--------------------|--|---|----------------------|---|--|
|          |                    |  |   |                      |   |  |

01.10 - INVESTOR RELATIONS OFFICER

|          |               |
|----------|---------------|
| 1 – DATE | 2 – SIGNATURE |
|----------|---------------|

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**02.01 Parent Company Balance Sheet - Assets (in thousands of Reais)**

| Account Code  | Account Description                               | 06/30/2010 | 03/31/2010 |
|---------------|---|------------|------------|
| 1             | Total Assets                                      | 8,522,006  | 8,621,718  |
| 1.01          | Current Assets                                    | 11,448     | 214,063    |
| 1.01.01       | Cash and Cash Equivalents                         | 10,932     | 23,750     |
| 1.01.01.01    | Cash and Cash Equivalents                         | 10,930     | 23,705     |
| 1.01.01.02    | Marketable Securities                             | 2          | 45         |
| 1.01.02       | Receivables                                       | -          | -          |
| 1.01.02.01    | Trade Accounts Receivable                         | -          | -          |
| 1.01.02.02    | Sundry Receivables                                | -          | -          |
| 1.01.03       | Inventories                                       | -          | -          |
| 1.01.04       | Other   | 516        | 190,313    |
| 1.01.04.01    | Taxes and Contributions Recoverable               | 286        | 168        |
| 1.01.04.02    | Dividends and interests on own capital receivable | -          | 190,000    |
| 1.01.04.03    | Other   | 230        | 145        |
| 1.02          | Non-Current Assets                                | 8,510,558  | 8,407,655  |
| 1.02.01       | Long-Term Assets                                  | 27,976     | 27,729     |
| 1.02.01.01    | Sundry Receivables                                | 8,236      | 8,245      |
| 1.02.01.01.01 | Taxes and Contributions Recoverable               | 8,236      | 8,245      |
| 1.02.01.02    | Intercompany Receivables                          | -          | -          |
| 1.02.01.02.01 | Affiliates and Equivalent                         | -          | -          |
| 1.02.01.02.02 | Subsidiaries                                      | -          | -          |
| 1.02.01.02.03 | Other Related Parties                             | -          | -          |
| 1.02.01.03    | Other   | 19,740     | 19,484     |
| 1.02.01.03.01 | Escrow Deposits                                   | 19,303     | 19,092     |
| 1.02.01.03.02 | Marketable Securities                             | 437        | 392        |
| 1.02.02       | Permanent Assets                                  | 8,482,582  | 8,379,926  |
| 1.02.02.01    | Investments                                       | 8,479,035  | 8,376,379  |
| 1.02.02.01.01 | Affiliates /Equivalent                            | -          | -          |
| 1.02.02.01.02 | Affiliates /Equivalent - Goodwill                 | -          | -          |
| 1.02.02.01.03 | Subsidiaries                                      | 8,479,035  | 8,376,379  |
| 1.02.02.01.04 | Subsidiaries - Goodwill                           | -          | -          |
| 1.02.02.01.05 | Other Investments                                 | -          | -          |
| 1.02.02.02    | Property, Plant and Equipment                     | -          | -          |
| 1.02.02.03    | Intangible Assets                                 | 3,547      | 3,547      |
| 1.02.02.04    | Deferred Charges                                  | -          | -          |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**02.02 Parent Company Balance Sheet - Liabilities and shareholders' equity (in thousands of Reais)**

| Account Code  | Account Description                    | 06/30/2010 | 03/31/2010 |
|---------------|--|------------|------------|
| 2             | Total Liabilities                      | 8,522,006  | 8,621,718  |
| 2.01          | Current Liabilities                    | 26,822     | 227,951    |
| 2.01.01       | Loans and Financing                    | -          | -          |
| 2.01.02       | Debentures                             | -          | -          |
| 2.01.03       | Suppliers - Trade Payable              | 851        | 1,107      |
| 2.01.04       | Taxes, rates and contributions         | 165        | 165        |
| 2.01.05       | Dividends payable                      | 23,711     | 224,601    |
| 2.01.06       | Provisions                             | -          | -          |
| 2.01.07       | Intercompany Payables                  | -          | -          |
| 2.01.08       | Other                                  | 2,095      | 2,078      |
| 2.01.08.01    | Labor Obligations                      | 25         | 15         |
| 2.01.08.02    | Other Liabilities                      | 2,070      | 2,063      |
| 2.02          | Non-Current Liabilities                | 35,472     | 35,530     |
| 2.02.01       | Long-Term Liabilities                  | 35,472     | 35,530     |
| 2.02.01.01    | Loans and Financing                    | -          | -          |
| 2.02.01.02    | Debentures                             | -          | -          |
| 2.02.01.03    | Provisions                             | 8,625      | 8,683      |
| 2.02.01.03.01 | Provision for Contingencies            | 3,969      | 3,964      |
| 2.02.01.03.02 | Actuarial Liabilities                  | 4,656      | 4,719      |
| 2.02.01.04    | Intercompany Payables                  | -          | -          |
| 2.02.01.05    | Advances for Future Capital Increase   | -          | -          |
| 2.02.01.06    | Other                                  | 26,847     | 26,847     |
| 2.03          | Deferred Income                        | -          | -          |
| 2.05          | Shareholders' Equity                   | 8,459,712  | 8,358,237  |
| 2.05.01       | Paid up Capital                        | 8,149,096  | 8,149,096  |
| 2.05.02       | Capital Reserves                       | 15,569     | 15,569     |
| 2.05.03       | Revaluation Reserve                    | -          | -          |
| 2.05.03.01    | Own Assets                             | -          | -          |
| 2.05.03.02    | Subsidiaries/Affiliates and Equivalent | -          | -          |
| 2.05.04       | Revenue Reserves                       | 158,050    | 158,050    |
| 2.05.04.01    | Legal                                  | 122,298    | 122,298    |
| 2.05.04.02    | Statutory                              | -          | -          |
| 2.05.04.03    | For Contingencies                      | -          | -          |
| 2.05.04.04    | For Unearned Income                    | -          | -          |
| 2.05.04.05    | Profit Retention                       | 35,752     | 35,752     |
| 2.05.04.06    | Special for Undistributed Dividends    | -          | -          |
| 2.05.04.07    | Other Revenue Reserves                 | -          | -          |
| 2.05.05       | Equity Valuation Adjustments           | -          | -          |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

**02.02 Parent Company Balance Sheet - Liabilities and shareholders' equity (in thousands of Reais)**

| <b>Account Code</b> | <b>Account Description</b>           | <b>06/30/2010</b> | <b>03/31/2010</b> |
|---------------------|--------------------------------------|-------------------|-------------------|
| 2.05.05.01          | Marketable Securities Adjustments    | -                 | -                 |
| 2.05.05.02          | Accumulated Translation Adjustments  | -                 | -                 |
| 2.05.05.03          | Business Combination Adjustments     | -                 | -                 |
| 2.05.06             | Accumulated Income (Loss)            | 136,997           | 35,522            |
| 2.05.07             | Advances for Future Capital Increase | -                 | -                 |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES COMMISSION (CVM)  
 ITR - Quarterly Information  
 COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
 As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 - NOTES TO THE QUARTERLY INFORMATION**

**03.01 Parent Company - Statements of operations (in thousands of Reais)**

| Account Code | Account Description   | Amount for Current Quarter<br>04/01/2010 to<br>06/30/2010 | Year-to-Date -<br>current year<br>01/01/2010 to<br>06/30/2010 | Amount for Prior<br>Year Quarter<br>04/01/2009 to<br>06/30/2009 | Year-to-date -<br>prior year<br>01/01/2009 to<br>06/30/2009 |
|--------------|---|---|---|---|---|
| 3.01         | Gross Revenues from Goods Sold and/or Services Rendered         | -   | -   | -   | -   |
| 3.02         | Deductions from Gross Revenue                                   | -   | -   | -   | -   |
| 3.03         | Net Operating Revenues from Goods Sold and/or Services Rendered | -   | -   | -   | -   |
| 3.04         | Cost of Goods Sold and/or Services Rendered                     | -   | -   | -   | -   |
| 3.05         | Gross Income  | -   | -   | -   | -   |
| 3.06         | Operating Revenues (Expenses)                                   | 101,472   | 136,997   | (12,020)  | (156,034)   |
| 3.06.01      | Sales   | -   | -   | -   | -   |
| 3.06.02      | General and Administrative                                      | (1,753)   | (2,402)   | (2,135)   | (5,464)   |
| 3.06.03      | Financial   | 565   | 1,315   | 1,044   | 2,438   |
| 3.06.03.01   | Financial Income  | 614   | 1,454   | 1,137   | 2,561   |
| 3.06.03.02   | Financial Expenses  | (49)  | (139)   | (93)  | (123)   |
| 3.06.04      | Other Operating Revenues  | 22  | 22  | 5   | 1,314   |
| 3.06.05      | Other Operating Expenses  | (18)  | (4)   | 3,193   | (758)   |
| 3.06.06      | Equity Pick Up  | 102,656   | 138,066   | (14,127)  | (153,564)   |
| 3.07         | Operating Income (Loss)   | 101,472   | 136,997   | (12,020)  | (156,034)   |
| 3.08         | Non-operating Result  | -   | -   | -   | -   |
| 3.08.01      | Revenues  | -   | -   | -   | -   |
| 3.08.02      | Expenses  | -   | -   | -   | -   |
| 3.09         | Income (Loss) Before Taxes /Profit Sharing                      | 101,472   | 136,997   | (12,020)  | (156,034)   |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 - NOTES TO THE QUARTERLY INFORMATION**

**03.01 Parent Company - Statements of operations (in thousands of Reais)**

| Account Code | Account Description                     | Amount for<br>Current Quarter<br>04/01/2010 to<br>06/30/2010 | Year-to-Date -<br>current year<br>01/01/2010 to<br>06/30/2010 | Amount for Prior<br>Year Quarter<br>04/01/2009 to<br>06/30/2009 | Year-to-date -<br>prior year<br>01/01/2009 to<br>06/30/2009 |
|--------------|---|--|---|---|---|
| 3.10         | Income Tax and Social Contribution      | 3  | -   | (3,227)   | (3,227)   |
| 3.11         | Deferred Income Tax                     | -  | -   | -   | -   |
| 3.12         | Profit Sharing /Statutory Contributions | -  | -   | -   | -   |
| 3.12.01      | Profit Sharing                          | -  | -   | -   | -   |
| 3.12.02      | Contributions                           | -  | -   | -   | -   |
| 3.13         | Reversal of Interest on own capital     | -  | -   | -   | -   |
| 3.15         | Profit (Loss) for the Period            | 101,475  | 136,997   | (15,247)  | (159,261)   |



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES COMMISSION (CVM)  
 ITR - Quarterly Information  
 COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
 As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**04.01 PARENT COMPANY CASH FLOW STATEMENTS - INDIRECT METHOD (in thousands of Reais)**

| Account Code | Account Description  | Amount for Current Quarter 04/01/2010 to 06/30/2010 | Year-to-Date - current year 01/01/2010 to 06/30/2010 | Amount for Prior Year Quarter 04/01/2009 to 06/30/2009 | Year-to-date - prior year 01/01/2009 to 06/30/2009 |
|--------------|--|---|--|--|--|
| 4.01         | Net cash and cash equivalents generated (used) by operating activities | 187,647   | 174,870  | 172,452  | 170,111  |
| 4.01.01      | Cash and cash equivalents generated by operating activities            | (1,726)   | (2,299)  | (2,254)  | (8,157)  |
| 4.01.01.01   | Profit (Loss) for the period   | 101,475   | 136,997  | (15,247)   | (159,261)  |
| 4.01.01.02   | Equity pick up   | (102,656)   | (138,066)  | 14,127   | 153,564  |
| 4.01.01.03   | Actuarial liabilities  | (63)  | (126)  | (62)   | (134)  |
| 4.01.01.04   | Monet. rest., oblig. discount asset, DJ, cont.                         | (11)  | (3)  | (86)   | (134)  |
| 4.01.01.05   | Interest on marketable securities                                      | (471)   | (1,101)  | (986)  | (2,192)  |
| 4.01.02      | Variations in assets and liabilities                                   | 189,373   | 177,169  | 174,706  | 178,268  |
| 4.01.02.01   | Taxes and contributions recoverable                                    | (108)   | (186)  | (122)  | (606)  |
| 4.01.02.02   | Dividends  | 190,000   | 190,000  | 174,722  | 174,722  |
| 4.01.02.03   | Escrow Deposits  | (203)   | (7,661)  | 417  | 382  |
| 4.01.02.04   | Other current and non-current assets                                   | (84)  | (95)   | 47   | 22   |
| 4.01.02.05   | Labor obligations  | 10  | (24)   | (28)   | (3)  |
| 4.01.02.06   | Suppliers - trade payable  | (257)   | (4,967)  | (494)  | 899  |
| 4.01.02.07   | Taxes, rates and contributions   | -   | 152  | 8  | (3)  |
| 4.01.02.08   | Provision for contingencies  | 9   | (37)   | 154  | 2,836  |
| 4.01.02.09   | Other current and non-current assets liabilities                       | 6   | (13)   | 2  | 19   |
| 4.01.03      | Others   | -   | -  | -  | -  |
| 4.02         | Net cash and cash equivalents generated by investment activities       | 469   | 1,044  | 400  | 5,615  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES COMMISSION (CVM)  
 ITR - Quarterly Information  
 COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
 As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 - NOTES TO THE QUARTERLY INFORMATION**

**04.01 PARENT COMPANY CASH FLOW STATEMENTS - INDIRECT METHOD (in thousands of Reais)**

| <b>Account Code</b> | <b>Account Description</b>   | <b>Amount for Current Quarter 04/01/2010 to 06/30/2010</b> | <b>Year-to-Date - current year 01/01/2010 to 06/30/2010</b> | <b>Amount for Prior Year Quarter 04/01/2009 to 06/30/2009</b> | <b>Year-to-date - prior year 01/01/2009 to 06/30/2009</b> |
|---------------------|--|--|---|---|---|
| 4.02.01             | Marketable securities  | 469  | 1,044   | 400   | 5,615   |
| 4.03                | Net cash and cash equivalents generated (used) by financing activities | (200,891)  | (200,942)   | (167,927)   | (167,997)   |
| 4.03.01             | Dividends paid   | (200,891)  | (200,942)   | (167,927)   | (167,997)   |
| 4.04                | Exchange variation on cash and cash equivalents                        | -  | -   | -   | -   |
| 4.05                | Increase (decrease) on cash and cash equivalents                       | (12,775)   | (25,028)  | 4,925   | 7,729   |
| 4.05.01             | Beginning cash and cash equivalents balance                            | 23,705   | 35,958  | 38,772  | 35,968  |
| 4.05.02             | Ending cash and cash equivalents balance                               | 10,930   | 10,930  | 43,697  | 43,697  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES COMMISSION (CVM)  
 ITR - Quarterly Information  
 COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
 As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**05.01 PARENT COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FROM 04/01/2010 a 06/30/2010 (in thousands of Reais)**

| Account Code | Account Description                          | Capital   | Capital Reserves | Revaluation Reserves | Revenues Reserves | Retained Losses | Equity Valuation Adjustments | TOTAL SHAREHOLDERS' EQUITY |
|--------------|--|-----------|------------------|----------------------|-------------------|-----------------|------------------------------|----------------------------|
| 5.01         | Beginning balance                            | 8,149,096 | -                | 15,569               | 158,050           | 35,522          | -                            | 8,358,237                  |
| 5.02         | Prior year adjustments                       | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.03         | Adjusted balance                             | 8,149,096 | -                | 15,569               | 158,050           | 35,522          | -                            | 8,358,237                  |
| 5.04         | Income (loss) for the period                 | -         | -                | -                    | -                 | 101,475         | -                            | 101,475                    |
| 5.05         | Allocations                                  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.01      | Dividends                                    | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.02      | Interest on Own Capital                      | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.03      | Other Allocations                            | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.06         | Realization of Income Reserves               | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07         | Equity Valuation Adjustments                 | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.01      | Marketable Securities Adjustments            | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.02      | Accumulated Translation Adjustments          | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.03      | Business Combination Adjustments             | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.08         | Capital increase (decrease)                  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.09         | Constitution/Realization of Capital Reserves | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.10         | Treasury Stock                               | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.11         | Other Capital Transactions                   | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.12         | Other  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.13         | Ending balance                               | 8,149,096 | -                | 15,569               | 158,050           | 136,997         | -                            | 8,459,712                  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES COMMISSION (CVM)  
 ITR - Quarterly Information  
 COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
 As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**05.01 PARENT COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 a 06/30/2010 (in thousands of Reais)**

| Account Code | Account Description                          | Capital   | Capital Reserves | Revaluation Reserves | Revenues Reserves | Retained Losses | Equity Valuation Adjustments | TOTAL SHAREHOLDERS' EQUITY |
|--------------|--|-----------|------------------|----------------------|-------------------|-----------------|------------------------------|----------------------------|
| 5.01         | Beginning balance                            | 8,149,096 | 15,569           | -                    | 158,050           | -               | -                            | 8,322,715                  |
| 5.02         | Prior year adjustments                       | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.03         | Adjusted balance                             | 8,149,096 | 15,569           | -                    | 158,050           | -               | -                            | 8,322,715                  |
| 5.04         | Income (loss) for the period                 | -         | -                | -                    | -                 | 136,997         | -                            | 136,997                    |
| 5.05         | Allocations                                  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.01      | Dividends                                    | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.02      | Interest on Own Capital                      | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.03      | Other Allocations                            | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.06         | Realization of Income Reserves               | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07         | Equity Valuation Adjustments                 | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.01      | Marketable Securities Adjustments            | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.02      | Accumulated Translation Adjustments          | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.03      | Business Combination Adjustments             | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.08         | Capital increase (decrease)                  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.09         | Constitution/Realization of Capital Reserves | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.10         | Treasury Stock                               | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.11         | Other Capital Transactions                   | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.12         | Other  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.13         | Ending balance                               | 8,149,096 | 15,569           | -                    | 158,050           | 136,997         | -                            | 8,459,712                  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**08.01 CONSOLIDATED BALANCE SHEET ASSETS (in thousands of Reais)**

| Account Code  | Account Description                         | 06/30/2010 | 03/31/2010 |
|---------------|---|------------|------------|
| 1             | Total Assets                                | 16,589,558 | 16,513,559 |
| 1.01          | Current Assets                              | 6,113,448  | 5,844,023  |
| 1.01.01       | Cash and Cash Equivalents                   | 1,703,437  | 1,521,419  |
| 1.01.01.01    | Cash and Cash Equivalents                   | 1,686,980  | 1,505,403  |
| 1.01.01.02    | Marketable Securities                       | 16,457     | 16,016     |
| 1.01.02       | Receivables                                 | 2,649,504  | 2,334,461  |
| 1.01.02.01    | Trade Accounts Receivable                   | -          | -          |
| 1.01.02.02    | Sundry Receivables                          | 2,649,504  | 2,334,461  |
| 1.01.02.02.01 | Accounts Receivable                         | 2,649,504  | 2,334,461  |
| 1.01.03       | Inventories                                 | 227,941    | 276,933    |
| 1.01.04       | Other                                       | 1,532,566  | 1,711,210  |
| 1.01.04.01    | Taxes and Contributions Recoverable         | 898,433    | 870,942    |
| 1.01.04.02    | Deferred Income Tax and Social Contribution | 16,211     | 19,820     |
| 1.01.04.03    | Prepaid Expenses                            | 476,752    | 639,105    |
| 1.01.04.04    | Operations with derivatives                 | 57,452     | 54,231     |
| 1.01.04.05    | Other assets                                | 83,718     | 127,112    |
| 1.02          | Non-Current Assets                          | 10,476,110 | 10,669,536 |
| 1.02.01       | Long-Term Assets                            | 891,552    | 841,652    |
| 1.02.01.01    | Sundry Receivables                          | 480,787    | 461,836    |
| 1.02.01.01.01 | Trade Accounts Receivable                   | 30,065     | 35,353     |
| 1.02.01.01.02 | Taxes and Contributions Recoverable         | 269,419    | 229,597    |
| 1.02.01.01.03 | Deferred Income Tax and Social Contribution | 181,303    | 196,886    |
| 1.02.01.02    | Intercompany Receivables                    | -          | -          |
| 1.02.01.02.01 | Affiliates and Equivalent                   | -          | -          |
| 1.02.01.02.02 | Subsidiaries                                | -          | -          |
| 1.02.01.02.03 | Other Related Parties                       | -          | -          |
| 1.02.01.03    | Other                                       | 410,765    | 379,816    |
| 1.02.01.03.01 | Escrow Deposits                             | 334,499    | 306,786    |
| 1.02.01.03.02 | Marketable Securities                       | 16,641     | 15,084     |
| 1.02.01.03.03 | Prepaid Expenses                            | 15,869     | 14,181     |
| 1.02.01.03.04 | Operations with derivatives                 | 31,822     | 31,831     |
| 1.02.01.03.05 | Other assets                                | 11,934     | 11,934     |
| 1.02.02       | Permanent Assets                            | 9,584,558  | 9,827,884  |
| 1.02.02.01    | Investments                                 | -          | -          |
| 1.02.02.01.01 | Affiliates/Equivalent                       | -          | -          |
| 1.02.02.01.02 | Subsidiaries                                | -          | -          |
| 1.02.02.01.03 | Other investments                           | -          | -          |
| 1.02.02.02    | Property, Plant and Equipment               | 5,136,565  | 5,296,068  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

**08.01 CONSOLIDATED BALANCE SHEET ASSETS (in thousands of Reais)**

| <b>Account Code</b> | <b>Account Description</b> | <b>06/30/2010</b> | <b>03/31/2010</b> |
|---------------------|----------------------------|-------------------|-------------------|
| 1.02.02.03          | Intangible Assets          | 4,356,039         | 4,430,349         |
| 1.02.02.04          | Deferred Charges           | 91,954            | 101,467           |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**08.01 CONSOLIDATED BALANCE SHEET LIABILITIES (in thousands of Reais)**

| Account Code  | Account Description                     | 06/30/2010 | 03/31/2010 |
|---------------|---|------------|------------|
| 2             | Total Liabilities                       | 16,589,558 | 16,513,559 |
| 2.01          | Current Liabilities                     | 4,752,642  | 4,864,890  |
| 2.01.01       | Loans and Financing                     | 1,596,944  | 1,369,945  |
| 2.01.02       | Debentures                              | -          | -          |
| 2.01.03       | Suppliers - Trade Payable               | 2,241,615  | 2,272,529  |
| 2.01.04       | Taxes, rates and contributions          | 601,989    | 711,909    |
| 2.01.05       | Dividends payable                       | 23,711     | 224,601    |
| 2.01.06       | Provisions                              | -          | -          |
| 2.01.07       | Intercompany Payables                   | -          | -          |
| 2.01.08       | Other                                   | 288,383    | 285,906    |
| 2.01.08.01    | Operations with derivatives             | 51,514     | 53,037     |
| 2.01.08.02    | Labor obligations                       | 117,311    | 117,293    |
| 2.01.08.03    | Other liabilities                       | 119,558    | 115,576    |
| 2.02          | Non-Current Liabilities                 | 3,382,856  | 3,296,003  |
| 2.02.01       | Long-Term Liabilities                   | 3,382,856  | 3,296,003  |
| 2.02.01.01    | Loans and Financing                     | 2,556,475  | 2,648,527  |
| 2.02.01.02    | Debentures                              | -          | -          |
| 2.02.01.03    | Provisions                              | 217,097    | 214,840    |
| 2.02.01.03.01 | Provision for Contingencies             | 209,696    | 207,376    |
| 2.02.01.03.02 | Actuarial liabilities                   | 7,401      | 7,464      |
| 2.02.01.04    | Intercompany Payables                   | -          | -          |
| 2.02.01.05    | Advances for Future Capital Increase    | -          | -          |
| 2.02.01.06    | Other                                   | 609,284    | 432,636    |
| 2.02.01.06.01 | Operations with derivatives             | 108,118    | 93,467     |
| 2.02.01.06.02 | Assets retirement obligation            | 252,865    | 243,156    |
| 2.02.01.06.03 | Taxes, rates and contributions          | 198,696    | 37,295     |
| 2.02.01.06.04 | Other liabilities                       | 49,605     | 58,718     |
| 2.03          | Deferred Income                         | -          | -          |
| 2.04          | Minority Interest                       | -          | -          |
| 2.05          | Shareholders' Equity                    | 8,454,060  | 8,352,666  |
| 2.05.01       | Paid up Capital                         | 8,149,096  | 8,149,096  |
| 2.05.02       | Capital Reserves                        | 15,569     | 15,569     |
| 2.05.03       | Revaluation Reserve                     | -          | -          |
| 2.05.03.01    | Own Assets                              | -          | -          |
| 2.05.03.02    | Subsidiaries /Affiliates and Equivalent | -          | -          |
| 2.05.04       | Revenue Reserves                        | 158,050    | 158,050    |
| 2.05.04.01    | Legal                                   | 122,298    | 122,298    |
| 2.05.04.02    | Statutory                               | -          | -          |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

**08.01 CONSOLIDATED BALANCE SHEET LIABILITIES (in thousands of Reais)**

| <b>Account Code</b> | <b>Account Description</b>           | <b>06/30/2010</b> | <b>03/31/2010</b> |
|---------------------|--------------------------------------|-------------------|-------------------|
| 2.05.04.03          | For Contingencies                    | -                 | -                 |
| 2.05.04.04          | Unearned Income                      | -                 | -                 |
| 2.05.04.05          | Profit Retention                     | 35,752            | 35,752            |
| 2.05.04.06          | Special for Undistributed Dividends  | -                 | -                 |
| 2.05.04.07          | Other Revenue Reserves               | -                 | -                 |
| 2.05.05             | Equity Valuation Adjustments         | -                 | -                 |
| 2.05.05.01          | Marketable Securities Adjustments    | -                 | -                 |
| 2.05.05.02          | Accumulated Translation Adjustments  | -                 | -                 |
| 2.05.05.03          | Business Combination Adjustments     | -                 | -                 |
| 2.05.06             | Accumulated Income (Loss)            | 131,345           | 29,951            |
| 2.05.07             | Advances for Future Capital Increase | -                 | -                 |



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**09.01 CONSOLIDATED STATEMENTS OF INCOME (in thousands of Reais)**

| Account Code | Account Description   | Amount for Current Quarter 04/01/2010 to 06/30/2010 | Year-to-Date -current year 01/01/2010 to 06/30/2010 | Amount for Prior Year Quarter 04/01/2009 to 06/30/2009 | Year-to-date - prior year 01/01/2009 to 06/30/2009 |
|--------------|---|---|---|--|--|
| 3.01         | Gross Revenues from Goods Sold and/or Services Rendered         | 4,943,645   | 9,583,269   | 4,537,171  | 8,773,128  |
| 3.02         | Deductions from Gross Revenue                                   | (1,412,904)   | (2,783,085)   | (1,201,676)  | (2,403,008)  |
| 3.03         | Net Operating Revenues from Goods Sold and/or Services Rendered | 3,530,741   | 6,800,184   | 3,335,495  | 6,370,120  |
| 3.04         | Cost of Goods Sold and/or Services Rendered                     | (1,811,645)   | (3,514,400)   | (1,761,534)  | (3,444,024)  |
| 3.05         | Gross Income  | 1,719,096   | 3,285,784   | 1,573,961  | 2,926,096  |
| 3.06         | Operating Revenues (Expenses)                                   | (1,567,020)   | (3,064,834)   | (1,551,252)  | (3,004,472)  |
| 3.06.01      | Sales   | (1,126,335)   | (2,189,977)   | (1,107,817)  | (2,120,362)  |
| 3.06.02      | General and Administrative                                      | (268,017)   | (526,455)   | (271,042)  | (549,901)  |
| 3.06.03      | Financial   | (62,100)  | (135,809)   | (65,856)   | (135,170)  |
| 3.06.03.01   | Financial Income  | 235,650   | 452,090   | 290,507  | 506,473  |
| 3.06.03.02   | Financial Expenses  | (297,750)   | (587,899)   | (356,363)  | (641,643)  |
| 3.06.04      | Other Operating Revenues  | 9,891   | 24,779  | 14,556   | 30,846   |
| 3.06.05      | Other Operating Expenses  | (120,459)   | (237,372)   | (121,093)  | (229,885)  |
| 3.06.06      | Equity Pick Up  | -   | -   | -  | -  |
| 3.07         | Operating Income (Loss)   | 152,076   | 220,950   | 22,709   | (78,376)   |
| 3.08         | Non-operating Result  | -   | -   | -  | -  |
| 3.08.01      | Revenues  | -   | -   | -  | -  |
| 3.08.02      | Expenses  | -   | -   | -  | -  |
| 3.09         | Income (Loss) before taxes /profit sharing                      | 152,076   | 220,950   | 22,709   | (78,376)   |
| 3.10         | Income Tax and Social Contribution                              | (31,490)  | (57,524)  | (27,234)   | (58,936)   |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**09.01 CONSOLIDATED STATEMENTS OF INCOME (in thousands of Reais)**

| <b>Account Code</b> | <b>Account Description</b>              | <b>Amount for Current<br/>Quarter 04/01/2010 to<br/>06/30/2010</b> | <b>Year-to-Date -current<br/>year 01/01/2010 to<br/>06/30/2010</b> | <b>Amount for Prior Year<br/>Quarter 04/01/2009 to<br/>06/30/2009</b> | <b>Year-to-date - prior<br/>year 01/01/2009 to<br/>06/30/2009</b> |
|---------------------|---|--|--|---|---|
| 3.11                | Deferred Income Tax                     | (19,192)   | (32,081)   | (10,722)  | (21,949)  |
| 3.12                | Profit Sharing /Statutory Contributions | -  | -  | -   | -   |
| 3.12.01             | Profit Sharing                          | -  | -  | -   | -   |
| 3.12.02             | Contributions                           | -  | -  | -   | -   |
| 3.13                | Reversal of Interests on own capital    | -  | -  | -   | -   |
| 3.14                | Minority Interest                       | -  | -  | -   | -   |
| 3.15                | Profit (Loss) for the Period            | 101,394  | 131,345  | (15,247)  | (159,261)   |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**10.01 CONSOLIDATED CASH FLOW STATEMENTS - INDIRECT METHOD (in thousands of Reais)**

| Account Code | Account Description  | Amount for Current Quarter<br>04/01/2010 to 06/30/2010 | Year-to-Date -current year<br>01/01/2010 to 06/30/2010 | Amount for Prior Year<br>Quarter 04/01/2009 to<br>06/30/2009 | Year-to-date - prior year<br>01/01/2009 to 06/30/2009 |
|--------------|--|--|--|--|---|
| 4.01         | Net cash and cash equivalents generated (used) by operating activities | 482,337  | 520,314  | 685,938  | 301,994   |
| 4.01.01      | Cash and cash equivalents generated by operating activities            | 952,774  | 1,836,541  | 828,479  | 1,546,116   |
| 4.01.01.01   | Profit (Loss) for the period   | 101,394  | 131,345  | (15,247)   | (159,261)   |
| 4.01.01.02   | Depreciation and amortization  | 672,470  | 1,339,685  | 647,451  | 1,288,673   |
| 4.01.01.03   | Deferred income tax and social contribution                            | 19,192   | 32,081   | 10,723   | 21,950  |
| 4.01.01.04   | Actuarial obligation   | (63)   | (126)  | (62)   | (134)   |
| 4.01.01.05   | Loss and disposal of fixed assets                                      | 2,945  | 5,180  | 9,495  | 5,182   |
| 4.01.01.06   | Monet. rest., oblig. discount asset, DJ, cont.                         | 4,241  | 9,009  | 6,712  | 11,317  |
| 4.01.01.07   | Interest and monetary and exchange variation on loans                  | 96,736   | 203,221  | 74,041   | 164,632   |
| 4.01.01.08   | Interest on marketable securities                                      | (34,599)   | (66,939)   | (10,583)   | (26,645)  |
| 4.01.01.09   | Allowance for doubtful accounts  | 90,458   | 183,085  | 105,949  | 240,402   |
| 4.01.02      | Variations in assets and liabilities                                   | (470,437)  | (1,316,227)  | (142,541)  | (1,244,122)   |
| 4.01.02.01   | Accounts receivable - trade receivable                                 | (400,213)  | (341,242)  | (316,192)  | (75,186)  |
| 4.01.02.02   | Taxes and contributions recoverable                                    | (67,313)   | (39,961)   | (100,675)  | (59,130)  |
| 4.01.02.03   | Inventories  | 48,991   | 178,492  | (7,990)  | 109,365   |
| 4.01.02.04   | Prepaid expenses   | 160,665  | (244,504)  | 93,982   | (259,073)   |
| 4.01.02.05   | Escrow Deposits  | (24,830)   | (102,395)  | (8,842)  | (13,110)  |
| 4.01.02.06   | Other current and non-current assets                                   | 47,243   | 20,888   | 6,712  | 3,928   |
| 4.01.02.07   | Labor obligations  | 18   | 10,500   | (2,708)  | 7,964   |
| 4.01.02.08   | Suppliers - trade payable  | (280,608)  | (842,109)  | 173,821  | (925,468)   |
| 4.01.02.09   | Taxes, rates and contributions   | 51,482   | 47,440   | 18,505   | (21,789)  |
| 4.01.02.10   | Provision for contingencies  | (743)  | (4,242)  | (1,544)  | (2,622)   |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES COMMISSION (CVM)  
 ITR - Quarterly Information  
 COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
 As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**10.01 CONSOLIDATED CASH FLOW STATEMENTS - INDIRECT METHOD (in thousands of Reais)**

| Account Code | Account Description   | Amount for Current Quarter<br>04/01/2010 to 06/30/2010 | Year-to-Date -current year<br>01/01/2010 to 06/30/2010 | Amount for Prior Year<br>Quarter 04/01/2009 to<br>06/30/2009 | Year-to-date - prior year<br>01/01/2009 to 06/30/2009 |
|--------------|---|--|--|--|---|
| 4.01.02.11   | Other current and non-current assets liabilities                        | (5,129)  | 906  | 2,390  | (9,001)   |
| 4.01.03      | Other   | -  | -  | -  | -   |
| 4.02         | Net cash and cash equivalents generated (used) by investment activities | (147,996)  | (822,964)  | (331,479)  | (1,186,027)   |
| 4.02.01      | Marketable securities   | 32,602   | 196,553  | 4,835  | 39,576  |
| 4.02.02      | Additions to property, plant and equipment and intangibles              | (181,008)  | (1,020,507)  | (336,563)  | (1,226,469)   |
| 4.02.03      | Property, plant and equipment sold                                      | 410  | 990  | 249  | 866   |
| 4.03         | Net cash and cash equivalents generated (used) by financing activities  | (152,764)  | (423,402)  | (42,383)   | 115,519   |
| 4.03.01      | New loans   | 233,347  | 233,347  | 277,359  | 608,997   |
| 4.03.02      | Loans amortization  | (185,220)  | (455,807)  | (151,815)  | (325,481)   |
| 4.03.03      | Dividends paid  | (200,891)  | (200,942)  | (167,927)  | (167,997)   |
| 4.04         | Exchange variation on cash and cash equivalents                         | -  | -  | -  | -   |
| 4.05         | Increase (decrease) on cash and cash equivalents                        | 181,577  | (726,052)  | 312,076  | (768,514)   |
| 4.05.01      | Beginning cash and cash equivalents balance                             | 1,505,403  | 2,413,032  | 450,953  | 1,531,543   |
| 4.05.02      | Ending cash and cash equivalents balance                                | 1,686,980  | 1,686,980  | 763,029  | 763,029   |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES COMMISSION (CVM)  
 ITR - Quarterly Information  
 COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
 As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**05.01 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FROM 04/01/2010 a 06/30/2010 (in thousands of Reais)**

| Account Code | Account Description                          | Capital   | Capital Reserves | Revaluation Reserves | Revenues Reserves | Retained Losses | Equity Valuation Adjustments | TOTAL SHAREHOLDERS' EQUITY |
|--------------|--|-----------|------------------|----------------------|-------------------|-----------------|------------------------------|----------------------------|
| 5.01         | Beginning balance                            | 8,149,096 | 15,569           | -                    | 158,050           | 29,951          | -                            | 8,352,666                  |
| 5.02         | Prior year adjustments                       | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.03         | Adjusted balance                             | 8,149,096 | 15,569           | -                    | 158,050           | 29,951          | -                            | 8,352,666                  |
| 5.04         | Income (loss) for the period                 | -         | -                | -                    | -                 | 101,394         | -                            | 101,394                    |
| 5.05         | Allocations                                  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.01      | Dividends                                    | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.02      | interests on Own Capital                     | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.03      | Other Allocations                            | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.06         | Realization of Income Reserves               | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07         | Equity Valuation Adjustments                 | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.01      | Marketable Securities Adjustments            | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.02      | Accumulated Translation Adjustments          | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.03      | Business Combination Adjustments             | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.08         | Capital increase (decrease)                  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.09         | Constitution/Realization of Capital Reserves | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.10         | Treasury Stock                               | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.11         | Other Capital Transactions                   | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.12         | Other  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.13         | Ending balance                               | 8,149,096 | 15,569           | -                    | 158,050           | 131,345         | -                            | 8,454,060                  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES COMMISSION (CVM)  
 ITR - Quarterly Information  
 COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
 As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**05.01 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2010 a 06/30/2010 (in thousands of Reais)**

| Account Code | Account Description                          | Capital   | Capital Reserves | Revaluation Reserves | Revenues Reserves | Retained Losses | Equity Valuation Adjustments | TOTAL SHAREHOLDERS' EQUITY |
|--------------|--|-----------|------------------|----------------------|-------------------|-----------------|------------------------------|----------------------------|
| 5.01         | Beginning balance                            | 8,149,096 | 15,569           | -                    | 158,050           | -               | -                            | 8,322,715                  |
| 5.02         | Prior year adjustments                       | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.03         | Adjusted balance                             | 8,149,096 | 15,569           | -                    | 158,050           | -               | -                            | 8,322,715                  |
| 5.04         | Income (loss) for the period                 | -         | -                | -                    | -                 | 131,345         | -                            | 131,345                    |
| 5.05         | Allocations                                  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.01      | Dividends                                    | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.02      | Interests on Own Capital                     | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.05.03      | Other Allocations                            | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.06         | Realization of Income Reserves               | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07         | Equity Valuation Adjustments                 | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.01      | Marketable Securities Adjustments            | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.02      | Accumulated Translation Adjustments          | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.07.03      | Business Combination Adjustments             | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.08         | Capital increase (decrease)                  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.09         | Constitution/Realization of Capital Reserves | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.10         | Treasury Stock                               | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.11         | Other Capital Transactions                   | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.12         | Other  | -         | -                | -                    | -                 | -               | -                            | -                          |
| 5.13         | Ending balance                               | 8,149,096 | 15,569           | -                    | 158,050           | 131,345         | -                            | 8,454,060                  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

**TIM PARTICIPAÇÕES S.A.**

**NOTES TO THE QUARTERLY INFORMATION**

June 30, 2010

(In thousands of Reais, unless otherwise stated)

**1. Operations**

TIM Participações S.A. (“TIM Participações” or the “Company”), is a publicly held company controlled by TIM Brasil Serviços e Participações S.A. (“TIM Brasil”) – a Telecom Italia Group company, which holds 77.14% of its voting capital and 66.27% of its total capital.

The Company's main operations comprise the control of companies operating telecommunication services, especially personal mobile and land line telephone services in its concession areas.

The Company fully owns the capital of TIM Celular S.A. (“TIM Celular”) and Intelig Telecomunicações Ltda. (“Intelig”). TIM Celular and Intelig operate as providers of Switched Fixed Telephone Service (locally STFC) of the following types: Local, Domestic Long Distance and International Long Distance in every Brazilian state. Additionally Tim Celular operates as a provider of Multimedia Communication Service (locally, SCM) and also as provider of Personal Mobile Service (locally SMP) in every Brazilian state.

The services provided by the subsidiaries are regulated by ANATEL - Brazilian Telecommunications Agency - in charge of regulating all Brazilian telecommunications. The authorization for operation of SMP STFC is valid for an indefinite period.

The authorizations for use of radio frequency granted to Tim Celular expire as follows:

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
 BRAZILIAN SECURITIES COMMISSION (CVM)  
 ITR - Quarterly Information  
 COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
 As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

| Terms of authorization  | Expiration Date                                     |   |
|---|---|---|
|   | Radio-frequencies<br>800MHz, 900 MHz<br>e 1,800 MHz | Radio-<br>frequencies<br>1900 /2100 MHz<br>(3G) |
| 1. Amapá, Roraima, Pará, Amazonas, Maranhão, Rio de Janeiro and Espírito Santo  | March, 2016   | April, 2023                                     |
| 2. Acre, Rondônia, Mato Grosso, Mato Grosso do Sul, Tocantins, Distrito Federal, Goiás, Rio Grande do Sul (except the municipality of Pelotas and region) and municipalities of Londrina and Tamarana in Paraná | March, 2016   | April, 2023                                     |
| 3. São Paulo  | March, 2016   | April, 2023                                     |
| 4. Paraná (except the municipalities of Londrina and Tamarana)  | September, 2022                                     | April, 2023                                     |
| 5. Santa Catarina   | September, 2023                                     | April, 2023                                     |
| 6. Municipality and region of Pelotas in the state of Rio Grande do Sul   | April, 2024   | April, 2023                                     |
| 7. Pernambuco   | May, 2024   | April, 2023                                     |
| 8. Ceará  | November, 2023                                      | April, 2023                                     |
| 9. Paraíba  | December, 2023                                      | April, 2023                                     |
| 10. Rio Grande do Norte   | December, 2023                                      | April, 2023                                     |
| 11. Alagoas   | December, 2023                                      | April, 2023                                     |
| 12. Piauí   | March, 2024   | April, 2023                                     |
| 13. Minas Gerais (except the municipalities of Triângulo Mineiro for 3G radio frequencies)  | April, 2013   | April, 2023                                     |
| 14. Bahia and Sergipe   | August, 2012  | April, 2023                                     |



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

## **2. Corporate restructuring**

### Acquisition of HOLDCO/Intelig

On April 16, 2009, at a meeting of the Board of Directors, the Company entered into a Merger Agreement with its controlling shareholder, TIM Brasil and JVCO Participações Ltda. (“JVCO”), with Docas Investimentos S.A. as intervening party, in order to acquire the indirect control of Intelig. This acquisition would occur through the merger into the Company of HOLDCO Participações Ltda. (“HOLDCO”), a company controlled by JVCO, and which in turn, would control, following the conclusion of the merger, 100% of the share capital of Intelig.

ANATEL, by means of Act 4.634, of August 11, 2009, which was published in the federal official gazette, (DOU), on August 14, 2009, approved the aforementioned merger, granting, furthermore, a period of eighteen (18) months for the elimination of the geographic overlap of STFC held authorizations by TIM Celular and Intelig, due to the relationship of affiliation of the two companies resulting from the aforementioned merger.

At December 30, 2009, during the Special Shareholders Meeting, the shareholders of TIM Participações approved the merger of Holdco Participações Ltda., an entity that held 100% of the share capital of Intelig, into TIM Participações. As a result of this transaction, the Company issued 127,288,023 shares (43,356,672 common shares and 83,931,352 preferred shares) with a book value of R\$516,725, in the name of JVCO.

This transaction was recorded at the book value of the shareholders' equity of HOLDCO at November 30, 2009 in the amount of R\$516,725, on which date the Company also began to consolidate the results of HOLDCO and its subsidiary, Intelig.

Thus, TIM Participações became the controlling shareholder of Intelig, a company which held specific authorizations to render private fixed communication services with operations in the whole country, operating predominantly in the market for local, long distance and international calls and data transmission. The balance of the shareholders equity of Intelig at November 30, 2009, when the Company became the sole controlling shareholder of Intelig, was R\$517,128.

The merger of HOLDCO has strategic and operational relevance for the Company, and its primary purpose is to enhance and enlarge the supply of services, as well as optimize available resources through synergy gains across its operations, since the two entities hold complementary networks. Intelig has a strong network of fiber optics in the metropolitan areas of the largest cities of Brazil as well as its own extensive backbone.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

This combination of own infrastructure will make it possible to improve the competitive positioning of the Company, mainly in the corporate segment, and the provision of data transmission, which will also help the Company generate savings with the costs of rental of means and the acceleration of the 3G network development.

### **3 Basis for preparation of quarterly information**

#### **a. Preparation and disclosure criteria**

The quarterly information was prepared in accordance with the accounting practices adopted in Brazil ("BR GAAP"), based on the Brazilian Corporate Law and CVM standards and procedures, including the new provisions introduced, amended and revoked by Law 11,638, of December 28, 2007, and Law 11,941, of May 27, 2009, the standards applicable to public telecommunication service concessionaires/authorized companies, and the accounting pronouncements issued by the Committee on Accounting Pronouncements (CPC) issued up to December 31, 2008, and consistent with the accounting practices used during the last financial year ended December 31, 2009.

The Company still has Level II American Depositary Receipts traded on the New York Stock Exchange. Consequently, the Company is subject to the rules of the Securities and Exchange Commission ("SEC"). In order to meet the markets needs, it is the Company's practice to disclose information prepared in accordance with BR GAAP in Reais in the two markets, in Portuguese and in English.

#### **b. Recent accounting pronouncements**

Continuing the process of convergence towards international accounting standards, the Committee on Accounting Pronouncements issued, and the CVM approved during 2009, several accounting pronouncements aligned with the International Financial Reporting Standards (IFRS) issued by the IASB – the International Accounting Standards Board. These pronouncements will be adopted in 2010, however, they will be applied retroactively for purposes of comparison. . The Company is finalizing the preparation of the opening balance sheet of January 1, 2009 and is reprocessing the corresponding quarters of 2009.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

The Company presents below the principal pronouncements that may affect its financial statements. These impacts are presently under review, including by the Company's external auditors.

- CPC 15 – Business Combination, approved by CVM Resolution No. 580. Company management will observe in 2010 all the impacts resulting from the business combination undertaken by means of a share swap by minority shareholders and the acquisition/merger of HOLDCO/Intelig;

- CPC 20 –Borrowing Costs, approved by CVM Resolution No. 577. Company management understands that the adoption of the aforementioned pronouncement will not alter the balances of the financial statements, considering that the Company already adopts this practice as described in Note 19.

- CPC 23 – Accounting Policies, Changes in Estimates and Rectification of Errors approved by CVM Resolution No. 592, dated September 16, 2009, which is intended to define the criteria for selecting and altering accounting practices, in addition to establishing parameters for accounting treatment and disclosure of alterations to policies, accounting estimates and corrections of errors;

- CPC 26 - Presentation of the Financial Statements, approved by CVM Resolution No. 595. Company management understands that the adoption of the aforementioned pronouncement will not alter the balances of the financial statements, but only some items related to their presentation. The most significant change should be the preparation of the statement of comprehensive income;

- CPC 27 –Property Plant and Equipment, approved by CVM Resolution No. 583 and Technical Interpretation ICPC 10, approved by CVM Resolution 619 on December 22, 2009. Company management will conclude the review of the estimated useful lives of its assets in 2010, but does not expect significant changes to the financial statements;

- CPC 30 - Revenues, approved by CVM Resolution No. 597. Company management understands that the only significant effect on the financial statements be the presentation of revenues;

- CPC 32 – Taxes on Income, approved by CVM Resolution No. 599, on September 16, 2009, which establishes the accounting treatment for all forms of taxes on income;

- CPC 37 – First time adoption of the International Financial Reporting Standards, approved by CVM Resolution No. 609 on December 22, 2009;

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR – Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of – 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

- CPC 43 – First time adoption of pronouncements CPC 15 to 40, approved by CVM Resolution No. 610 on December 22, 2009;

- ICPC 08, approved by CVM Resolution No. 601 on October 7, 2009, which is intended to define the accounting for proposed dividends. The effect of the adoption of this ICPC will be the recognition of the minimum dividends, as disclosed in Note 25.

- ICPC 09, approved by CVM Resolution No. 618 on December 22, 2009, which is intended to clarify issues related to the adoption of the pronouncements CPC 15, 18, 19, 35 and 36 on the preparation of individual, stand-alone and consolidated financial statements and on the application of the equity method, especially in connection with the preparation of the consolidated financial statements.

ICPC 12, approved by CVM Resolution 621 on December 22, 2009, for the purpose of clarifying matters related to changes in liabilities for decommissioning, restoration and other similar liabilities.

The anticipated adoption of the pronouncements above was permitted to the companies by CVM Resolution No. 626, issued by the Brazilian Securities Commission on March 31, 2010. The Company decided not to anticipate the adoption of these pronouncements at June 30, 2010. These pronouncements will be adopted by the Company at September 30, 2010 in comparison with 2009. Because these analyses are still in progress, the Company was unable to estimate the possible impacts of these pronouncements and their possible effects on the Company's stockholders equity and results of operations.

c. Consolidated quarterly information

The consolidated quarterly information includes the consolidated assets, liabilities and the results of the Company and its subsidiaries, TIM Celular and Intelig, respectively, as follows:

|             | % Interest |         |
|-------------|------------|---------|
|             | 06/2010    | 03/2010 |
|             | Direct     | Direct  |
| TIM Celular | 100.00     | 100.00  |
| Intelig     | 100.00     | 100.00  |

The quarterly information for consolidated subsidiaries coincides with that of the parent company and the accounting policies were consistently applied in the consolidated companies in relation to the previous period.

The principal consolidation procedures are as follows:

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

- I. Elimination of the balances of the asset and liability accounts between the consolidated companies;
- II. Elimination of investment in the capital, reserves and retained earnings of the subsidiaries.
- III. Elimination of the balance of revenues and expenses resulting from business transactions between the consolidated companies

The reconciliation of the differences between the results of the parent company and the consolidated group for the semester is shown as follows:

|   |                |
|---|----------------|
|   | <u>06/2010</u> |
| Parent Company  | 136,997        |
| Elimination of services rendered between subsidiaries | (5,652)        |
| Consolidated  | <u>131,345</u> |

d. Comparability of the Quarterly Information

The Company and its subsidiaries seek to continually improve the presentation of the quarterly information, while complying with accounting principles adopted in Brazil. The adoption of new accounting practices and the application of the best accounting classifications, in accordance with the accounting practices adopted in Brazil, resulted in the reclassification of revenues from "Fines for termination of contracts" in the amount of R\$56,254, previously classified under " other operating revenues," to "gross operating revenues", as follows:

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

| STATEMENT OF INCOME                      | Consolidated 06/2009 |          |              |
|--|----------------------|----------|--------------|
|  | Original             |          | Reclassified |
| Gross operating revenues                 |                      |          |              |
| Telecommunication services (Note 26)     | 7,776,012            | 56,254   | 7,822,266    |
| Sale of goods (Note 26)                  | 950,862              | -        | 950,862      |
|  | 8,716,874            | 56,254   | 8,773,128    |
| Deductions from gross revenues (Note 26) | (2,400,954)          | (2,054)  | (2,403,008)  |
| Net operating revenues                   | 6,315,920            | 54,200   | 6,370,120    |
| Gross profit                             | 2,871,896            | 54,200   | 2,926,096    |
| Operating Revenues (Expenses)            |                      |          |              |
| Other operating revenues (Note 30)       | 87,100               | (56,254) | 30,846       |
| Other operating expenses (Note 30)       | (231,939)            | 2,054    | (229,885)    |
|  | (144,839)            | (54,200) | (199,039)    |
| Net loss for the semester                | (159,261)            | -        | (159,261)    |

**4. Summary of the main accounting practices**

a. Cash and cash equivalents

All highly-liquid short term investments maturing in up to 90 days from the balance sheet date are considered as cash and cash equivalents.

b. Financial investments

Financial investments maturing within more than three months from balance sheet date are recorded at fair value, as current and noncurrent assets, on the balance sheet date.

c. Financial Instruments

The financial instruments are only recognized as from the date the Company and its subsidiaries become part of the financial instrument contracts. Upon being recognized, they are initially recorded at fair value plus the transaction costs directly attributable to acquisition. An exception occurs in the case of financial assets and liabilities stated at fair value through income, where such costs are directly charged to income for the year.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

Subsequently they are measured at each balance sheet date, in accordance with the rules applicable to each classification of financial assets and liabilities.

c.1) Financial assets: the principal financial assets recognized by the Company and its subsidiaries are: cash and cash equivalents, short-term investments, unrealized gains from derivative transactions and trade receivables. The following assets are classified under the categories below, according to the purpose for which they were acquired or issued.

- (i) Financial assets measured at fair value through income: this category includes financial assets held for trading, and those initially designated as fair value through income. If their original purpose is short-term sale or repurchase, they are classified as items held for trading. Derivatives are also classified as held for trading. At each balance sheet date, they are measured at their fair value; the interest, monetary restatement, exchange variation and variations arising from measurement at fair value are recognized in income as incurred, under financial revenues or expenses.
- (ii) Loans and receivables: these are non-derivative instruments with fixed or determinable payments, though not quoted in an active market. Upon initial recognition, they are measured at the amortized cost, according to the effective interest rate method. The interest rate, monetary restatement and exchange variation less, where applicable, impairment, are recognized in income as incurred, under financial revenues or expenses.
- (iii) Investments held to maturity: these are non-derivative financial assets with fixed or determinable payments and defined maturity, which the Company and its subsidiaries have the positive intention and the capacity to hold until the maturity date. Upon initial recognition, they are measured at the amortized cost, according to the effective interest rate method. The interest rate, monetary restatement and exchange variation less, where applicable, impairment, are recognized in income as incurred, under financial revenues or expenses.

c.2) Financial liabilities: the main financial liabilities recognized by the Company and its subsidiaries are: trade payables, unrealized losses from derivative transactions and loans and financing. They are classified under the following categories, according to the nature of the contracted financial instruments:

- (i) Financial liabilities measured at fair value through income: these are financial liabilities usually traded before maturity, liabilities designated as fair value through income upon initial recognition and derivatives. At each balance sheet date they are measured at their fair value. The interest rate, monetary restatement, exchange variation and variations arising valuation at fair value, where applicable, are recognized in income as incurred as financial revenues or expenses.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

(ii) Financial liabilities not measured at fair value: these are non-derivative financial liabilities not usually traded before maturity. Upon initial recognition they are measured at the amortized cost, according to the effective interest rate method. The interest rate, monetary restatement, exchange variation and variations arising from valuation at fair value, where applicable, are recognized to income as incurred as financial revenues or expenses.

d. Accounts receivable

Accounts receivable from telecommunications service customers are calculated at the rate in effect on the date of service rendering, and also include credits for services rendered but not billed until the balance sheet date, receivables from network use and receivables from sales of cell phone sets and accessories.

e. Allowance for doubtful accounts

The allowance for doubtful accounts is shown as a reduction from accounts receivable and is recorded based on the customer portfolio profile, the aging of past due accounts, the economic scenario and the risks involved in each case. The allowance amount is considered sufficient to cover eventual losses on receivables.

f. Inventories

Inventories are stated at the average acquisition cost. A provision is recognized to adjust the cost of phone sets and accessories to net realizable value.

g. Prepaid expenses

Prepaid expenses are shown at the amount actually disbursed and not yet incurred.

The Company offers subsidies in the sale of phone sets and mini modems for postpaid subscribers, and such subsidies are deferred and amortized for a minimum 12-month period. The exit penalties for clients who cancel their subscriptions or migrate to a pre-paid system prior to the end of the contract are invariably greater than the subsidy granted on the sales of phone sets and mini modems.

h. Investments

The investments in subsidiaries are valued at the equity method.



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

i. Property, plant and equipment

Property, plant and equipment are shown at acquisition and/or construction cost, net of accumulated depreciation, which is calculated on the straight-line method over the useful life of assets involved. Any repair and maintenance costs incurred, representing improvements, higher capacity or longer useful life, are capitalized, whereas the others are charged to income.

Interest and other financial charges on financing taken for funding construction work in progress (assets and facilities in progress) are capitalized up to the startup date and depreciated over the useful life of the corresponding assets.

The estimated costs to be incurred on disassembly of towers and equipment at rented sites are capitalized and depreciated over the useful lives of these assets.

Company management examines annually possible impairment of property, plant and equipment whenever events or changes in circumstances indicate that the book value of an asset or group of assets may not be recovered, based on undiscounted future cash flows. The examinations are conducted at the lowest level of asset grouping for which management is capable of attributing future identifiable cash flows. The Company analyzes the net book value of the assets and adjusts it when the sum of the expected future cash flows is less than the net book value. These examinations did not identify the need to recognize any impairment loss.

j. Intangible assets

Intangible assets reflect: (i) the purchase of authorizations and radio frequency band licensing, shown at the acquisition cost; (ii) goodwill and (iii) software in use and/or under development.

The amortization expenses are calculated on the straight-line method over the useful life of assets, as follows: five years for radio frequency bands and software; fifteen years for authorizations. The goodwill was amortized up to December 2008 according to the useful life of 10 years, with no amortization from 2009 onwards.

The estimated useful lives of intangible assets are regularly reviewed in order to reflect technological changes.

The goodwill on TIM Cellular was recorded based on the expected future profitability and is subject to periodical reviews concerning its recoverability.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

k. Deferred charges

The deferred charges comprise pre-operating expenses and financial costs for maintenance of required working capital for subsidiaries in the pre-operating stage, which are amortized on a straight-line basis over ten years from the date the subsidiaries become operational.

The Company, according to Law 11,638/07, from December 31, 2008 on, does not record pre-operating expenses and financial costs in the pre-operating stage, and the remaining amount recorded up to this date is being amortized according to the remaining useful life of such asset.

l. Liabilities

These are recognized in the balance sheet when the Company has a legal or constructive obligation arising from past events, the settlement of which will probably require disbursement of economic resources. Some liabilities involve uncertainties concerning term and value, and are estimated as incurred and recorded by means of a provision. The provisions are recorded based on the best estimates of the related risks.

m. Income and social contribution taxes

The provision for income and social contribution taxes is calculated in accordance with the legislation in force at the balance sheet date. Income tax is calculated at 15% on taxable income, plus a 10% surtax on portions exceeding R\$240 in a 12-month period. Social contribution tax is calculated at 9% on taxable income.

Prepaid or offset table amounts are shown as current or noncurrent assets, depending on the expected date of realization.

The deferred income and social contribution taxes on accumulated tax losses and temporary differences are evaluated based on the expected taxable income generation in the future, and adjusted to the recoverable value through a provision set up in accordance with CVM Instruction 371/02.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

Pursuant to Constitutive Reports 0144/2003 and 0232/2003 issued by ADENE (Agency for Development of the Northeast) on March 31, 2003, TIM Celular became a beneficiary of a fiscal incentive consisting of: (i) 75% reduction of income tax and non-reimbursable additional taxes, for a 10-year period from 2002 through 2011, calculated based on the income from operation of its installed capacity for digital mobile cell telephone services; and (ii) 37.5%, 25% and 12.5% reduction of income tax and non-reimbursable additional taxes for the fiscal years 2003, 2004-2008 and 2009-2013, respectively, calculated based on the income from operation of its installed capacity for analogical mobile cell telephone services.

n. Provision for contingencies

This provision is set up based on the opinion of the Companies' internal and external lawyers and management, in an amount deemed sufficient to cover probable losses and risks. Possible losses and risks are disclosed, while remote losses are not.

o. Asset retirement obligations

The Company records provisions for asset retirement obligations and estimated costs brought to present value, which will be incurred on disassembly of towers and equipment on rented sites. The counterpart of this provision is recognized as property, plant and equipment, and depreciation is calculated based on the useful lives of the corresponding assets.

p. Revenue recognition

Revenue from mobile telephone services basically includes monthly subscriptions, the use of minutes, roaming charges and long distance calls. Revenue from cell telephone services is recognized based on the minutes of use, net of credits and adjustments related to discounts granted on services. Billings are recognized monthly, and the unbilled revenues between the date of the billing and the end of the month are identified, processed and recognized in the month in which the services were rendered. Revenues from services in the pre-paid system are recognized when the services are rendered to clients. Revenues and expenses related to the sale of cell phone sets and accessories are recognized as these products are delivered to, and accepted by, consumers or distributors.

q. Pension plans and other post-employment benefits

The Company and its subsidiaries record the adjustments connected with the employees' pension plan obligations according to the rules established by IBRACON's NPC 26, approved by CVM Resolution No. 371.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

r. Transactions in foreign currency

Transactions in foreign currency are recognized at the exchange rate in force on the date of the transaction. Assets and liabilities in foreign currency are converted into Reais at the exchange rate in force on the date of the balance sheet, as disclosed by the Central Bank of Brasil. Exchange gains or losses are recognized in the statement of income when they occur.

s. Employees`profit-sharing

The Company and its subsidiaries monthly record a provision for employees` profit-sharing, based on the relevant targets disclosed to its employees and approved by the Board of Directors. These amounts are recorded as personnel expenses and allocated to profit and loss accounts considering each employee`s cost center.

t. Earnings per share

These amounts are calculated based on the number of outstanding shares at the balance sheet date.

u. Use of estimates

Estimates are used for measuring and recognizing certain assets and liabilities in the Company`s Quarterly Information. In determining these estimates, the Company considered past experiences and current events, premises related to future events and other objective and subjective factors. Significant items subject to estimates include: the choice of useful lives of property plant and equipment, intangible assets, the provision for doubtful accounts, the provision for losses on inventory, the analysis of the realizable value of property plant and equipment and intangible assets, deferred income and social contribution taxes, the rates and time frame for determining the adjustment to present value of certain assets and liabilities, the provision for contingencies and actuarial liabilities, the measurement of the fair value of financial instruments, the considerations regarding recognition and measurement of development costs capitalized as intangible assets and the estimates for the disclosure of the sensitivity analysis data for derivative financial instruments, in accordance with CVM Instruction No. 475/08. The settlement of transactions involving these estimates may result in amounts that significantly differ from those recorded in the quarterly information due to the inaccuracy inherent in their determination.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

### v. Adjustment to present value

In compliance with Law No. 11.638/07, the subsidiaries recognize that the assets and liabilities arising from long-term transactions and significant short-term transactions, if considered material to working capital and the quarterly information as a whole, are adjusted to present value. The present value discount is based on the basic interest rate prevailing in the Brazilian market (generally the Inter-bank Certificate of Deposit – (CDI).

## 5 Cash and Cash equivalents

|                       | Parent Company |               | Consolidated     |                  |
|-----------------------|----------------|---------------|------------------|------------------|
|                       | 06/2010        | 03/2010       | 06/2010          | 03/2010          |
| Cash and banks        | 5,188          | 325           | 84,086           | 81,247           |
| Marketable securities |                |               |                  |                  |
| CDB                   | 5,742          | 23,380        | 1,602,894        | 1,424,156        |
|                       | <u>10,930</u>  | <u>23,705</u> | <u>1,686,980</u> | <u>1,505,403</u> |

## 6 Marketable securities

|                           | Parent Company |            | Consolidated  |               |
|---------------------------|----------------|------------|---------------|---------------|
|                           | 06/2010        | 03/2010    | 06/2010       | 03/2010       |
| CDB                       | 106            | 93         | 31,687        | 30,721        |
| Federal Public Securities | 333            | 344        | 333           | 345           |
| Investment fund units     | -              | -          | 1,078         | 34            |
|                           | <u>439</u>     | <u>437</u> | <u>33,098</u> | <u>31,100</u> |
| Current portion           | (2)            | (45)       | (16,457)      | (16,016)      |
| Long-term portion         | <u>437</u>     | <u>392</u> | <u>16,641</u> | <u>15,084</u> |

The average return on TIM Participações' consolidated investments was 100.67% of the CDI variation.

These investments are redeemable at any time, with no significant loss of recorded earnings, except in the case of long-term investments earmarked in connection with legal suits.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**7 Trade accounts receivable**

|                                 | <b>Consolidated</b> |                    |
|---------------------------------|---------------------|--------------------|
|                                 | <b>06/2010</b>      | <b>03/2010</b>     |
| Billed services                 | 941,238             | 849,599            |
| Unbilled services               | 709,120             | 531,308            |
| Network use                     | 903,849             | 950,399            |
| Sale of goods                   | 730,801             | 649,920            |
| Other accounts receivable       | 48,376              | 42,304             |
|                                 | <u>3,333,384</u>    | <u>3,023,530</u>   |
| Allowance for doubtful accounts | <u>(653,815)</u>    | <u>(653,716)</u>   |
|                                 | 2,679,569           | 2,369,814          |
| Current portion                 | <u>(2,649,504)</u>  | <u>(2,334,461)</u> |
| Long-term portion               | <u>30,065</u>       | <u>35,353</u>      |

The changes in the allowance for doubtful accounts can be summarized as follows

|                       | <b>Consolidated</b> |                |
|-----------------------|---------------------|----------------|
|                       | <b>06/2010</b>      | <b>03/2010</b> |
|                       | (6 months)          | (3 months)     |
| Opening Balance       | 680,461             | 680,461        |
| Provision set up      | 183,085             | 92,627         |
| Provision written off | (209,731)           | (119,372)      |
| Closing Balance       | <u>653,815</u>      | <u>653,716</u> |

**8 Inventories**

|  | <b>Consolidated</b> |                 |
|--|---------------------|-----------------|
|  | <b>06/2010</b>      | <b>03/2010</b>  |
| Cell phone sets                              | 195,104             | 247,564         |
| Accessories and pre-paid cards               | 12,928              | 19,843          |
| TIM "chips"                                  | 26,519              | 20,806          |
|  | <u>234,551</u>      | <u>288,213</u>  |
| Provision for adjustment to realizable value | <u>(6,610)</u>      | <u>(11,280)</u> |
|  | <u>227,941</u>      | <u>276,933</u>  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**9 Taxes and contributions recoverable**

|                         | Parent Company |              | Consolidated     |                  |
|-------------------------|----------------|--------------|------------------|------------------|
|                         | 06/2010        | 03/2010      | 06/2010          | 03/2010          |
| Income Tax              | 8,238          | 8,245        | 152,066          | 129,790          |
| Social Contribution Tax | 1              | -            | 51,100           | 41,423           |
| ICMS                    | -              | -            | 644,500          | 619,570          |
| PIS / COFINS            | -              | -            | 302,031          | 297,560          |
| IRRF-Recoverable        | 281            | 167          | 10,204           | 4,739            |
| Other                   | 2              | 1            | 7,951            | 7,457            |
|                         | <u>8,522</u>   | <u>8,413</u> | <u>1,167,852</u> | <u>1,100,539</u> |
| Current portion         | (286)          | (168)        | (898,433)        | (870,942)        |
| Long-term portion       | <u>8,236</u>   | <u>8,245</u> | <u>269,419</u>   | <u>229,597</u>   |

The parent company's long-term portion basically refers to income and social contribution taxes recoverable, whereas the consolidated figure also includes ICMS on the subsidiaries' acquisition of property, plant and equipment items.

The Company and TIM Celular have filed suits against the alleged unconstitutionality of Law No. 9.718/98 regarding the expansion of the basis for calculation of taxes addressed therein, and preventing collection of PIS and COFINS on revenues other than those arising from the Company's sales. However, as they have not had a final favorable sentence, no PIS and COFINS credits have been recorded. According to management, the chance of a favorable sentence to the companies is probable. The amounts involved are respectively R\$18,610 and R\$43,204, monetarily adjusted.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**10 Deferred income and social contribution taxes**

Below is the breakdown for deferred income and social contribution taxes:

|   | Parent Company  |                 | Consolidated       |                    |
|---|-----------------|-----------------|--------------------|--------------------|
|   | 06/2010         | 03/2010         | 06/2010            | 03/2010            |
| Income tax losses                                 | 8,105           | 7,797           | 1,711,795          | 1,723,507          |
| Social contribution losses                        | 2,982           | 2,871           | 616,438            | 620,654            |
| <b>Temporary differences</b>                      |                 |                 |                    |                    |
| Allowance for doubtful accounts                   | -               | -               | 222,725            | 222,749            |
| Derivative transactions - exchange rate variation | -               | -               | 23,922             | 20,550             |
| Provision for contingencies                       | 1,349           | 1,348           | 71,297             | 70,508             |
| Accelerated depreciation of TDMA equipment        | -               | -               | 14,250             | 15,864             |
| Adjustment to present value -3G licensing         | -               | -               | 25,631             | 26,116             |
| Monetary adjustment -ARO                          | -               | -               | 21,086             | 19,706             |
| Provision for employee profit sharing             | -               | -               | 9,181              | 12,419             |
| Other   | 6,129           | 6,151           | 26,223             | 33,668             |
|   | <u>18,565</u>   | <u>18,167</u>   | <u>2,742,548</u>   | <u>2,765,741</u>   |
| Provision for loss                                |                 |                 |                    |                    |
|   | <u>(18,565)</u> | <u>(18,167)</u> | <u>(2,545,034)</u> | <u>(2,549,035)</u> |
|   | -               | -               | 197,514            | 216,706            |
| Current portion                                   | -               | -               | <u>(16,211)</u>    | <u>(19,820)</u>    |
| Long-term portion                                 | -               | -               | <u>181,303</u>     | <u>196,886</u>     |

According to CVM Instruction No. 371/02, Art 2, II, based on the expectation of future taxable income generation, as foreseen by a technical study approved by management and reviewed by the fiscal council, TIM Celular recognized deferred tax assets on tax losses and temporary differences to which no statute of limitation applies.

Based on this technical study of future taxable income generation, TIM Celular expects to recover these deferred tax assets as follows:

|      |                |
|------|----------------|
| 2010 | 16,211         |
| 2011 | 51,379         |
| 2012 | 129,924        |
|      | <u>197,514</u> |



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

The estimates for deferred tax recovery were based on projections of taxable income, which in turn relied on financial and business forecasts made at the end of 2009. Consequently these estimates may not be realized in the future, given the inherent uncertainties surrounding them.

### 11 Prepaid expenses

|   | <b>Consolidated</b> |                |
|---|---------------------|----------------|
|   | <b>06/2010</b>      | <b>03/2010</b> |
| FISTEL (*)                                    | 280,717             | 421,075        |
| Subsidized sale of phone sets and mini-modems | 153,325             | 191,787        |
| Rentals                                       | 11,121              | 9,445          |
| Advertising not released                      | 11,749              | 10,646         |
| Financial charges on loans                    | 1,750               | 2,106          |
| Other   | 33,959              | 18,227         |
|   | <u>492,621</u>      | <u>653,286</u> |
| Current portion                               | (476,752)           | (639,105)      |
| Long-term portion                             | <u>15,869</u>       | <u>14,181</u>  |

(\*) The FISTEL fee, paid in March 2010, refers to the 2010 period and is being amortized monthly based on the respective generating factor.

### 12 Escrow Deposits

|         | <b>Parent Company</b> |                | <b>Consolidated</b> |                |
|---------|-----------------------|----------------|---------------------|----------------|
|         | <b>06/2010</b>        | <b>03/2010</b> | <b>06/2010</b>      | <b>03/2010</b> |
| Civil   | 8,091                 | 7,889          | 121,006             | 111,085        |
| Labor   | 11,204                | 11,195         | 82,060              | 75,698         |
| Tax (*) | 8                     | 8              | 131,433             | 120,003        |
|         | <u>19,303</u>         | <u>19,092</u>  | <u>334,499</u>      | <u>306,786</u> |

(\*) In April 2008, Federal Law No. 11.652 was published related to the payment of the contribution for Development of Public Radio Service to EBC (Empresa Brasil de Comunicação). It is the understanding of the company that this Law is unconstitutional since the contribution lacks the necessary characteristics for the valid creation of any taxes in accordance with the Federal Constitution. An injunction was filed in court to protect the interests of TIM Celular and in March 2010 court deposits were made related to the contribution for 2010, in the amount of R\$56,086. The writ of mandamus is awaiting a court decision at the lower court, and, in the opinion of the Company's internal and external legal counsel, the risk of loss is possible.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**13 Other assets**

|                       | <u>Parent Company</u> |                | <u>Consolidated</u> |                |
|-----------------------|-----------------------|----------------|---------------------|----------------|
|                       | <u>06/2010</u>        | <u>03/2010</u> | <u>06/2010</u>      | <u>03/2010</u> |
| Advances to suppliers | -                     | -              | 64,221              | 108,048        |
| Advances to employees | -                     | -              | 13,903              | 13,272         |
| Tax incentives        | -                     | -              | 11,522              | 11,711         |
| Other assets          | 230                   | 145            | 6,006               | 6,015          |
|                       | <u>230</u>            | <u>145</u>     | <u>95,652</u>       | <u>139,046</u> |
| Current portion       | (230)                 | (145)          | (83,718)            | (127,112)      |
| Long-term portion     | -                     | -              | 11,934              | 11,934         |

**14 Investments**

(a) Interest in subsidiaries

|                              | <u>06/2010</u>     |                 | <u>Total</u>     |
|------------------------------|--------------------|-----------------|------------------|
|                              | <u>TIM Celular</u> | <u>Intelig</u>  |                  |
| Number of shares held        | 31,506,833,561     | 3,279,157,266   |                  |
| Interest in total capital    | 100%               | 100%            |                  |
| Shareholders' equity         | <u>8,010,934</u>   | <u>468,101</u>  |                  |
| Income (Loss) for the period | <u>170,392</u>     | <u>(32,326)</u> |                  |
| Equity pickup                | <u>170,392</u>     | <u>(32,326)</u> | <u>138,066</u>   |
| Investment amount            | 7,995,053          | 468,101         | 8,463,154        |
| Special premium reserve (*)  | 15,881             | -               | 15,881           |
| Investment amount            | <u>8,010,934</u>   | <u>468,101</u>  | <u>8,479,035</u> |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

|                             | <b>03/2010</b>     |                 |                  |
|-----------------------------|--------------------|-----------------|------------------|
|                             | <b>TIM Celular</b> | <b>Intelig</b>  | <b>Total</b>     |
| Number of shares held       | 31,506,833,561     | 3,279,157,267   |                  |
| Interest in total capital   | 100%               | 100%            |                  |
| Shareholders' equity        | <u>7,903,028</u>   | <u>473,351</u>  |                  |
| Net income (loss) in period | <u>62,485</u>      | <u>(27,075)</u> |                  |
| Equity pickup               | <u>62,485</u>      | <u>(27,075)</u> | <u>35,410</u>    |
| Investment amount           | 7,887,146          | 473,352         | 8,360,498        |
| Special premium reserve (*) | <u>15,881</u>      | -               | <u>15,881</u>    |
| Investment amount           | <u>7,903,027</u>   | <u>473,352</u>  | <u>8,376,379</u> |

(\*) The special premium reserve recorded by TIM Celular represents the parent company's rights in future capitalizations. These tax benefits are connected with the goodwill paid in the privatization of Tele Celular Sul Participações S.A. (currently TIM Participações). This premium was recorded against the special premium reserve under "Shareholders' Equity". Based on the projected future income and the term of the concession, in the first two years amortization was at 4% per p.a., and the remainder was fully amortized on a straight line basis until 2008.

**(b) Changes in investments in subsidiaries:**

|                                    | <b>TIM Celular</b> | <b>Intelig</b> | <b>Total</b>     |
|------------------------------------|--------------------|----------------|------------------|
| Investment as of December 31, 2009 | 7,840,542          | 500,427        | 8,340,969        |
| Equity pickup                      | 170,392            | (32,326)       | 138,066          |
| Investment as of June 30, 2010     | <u>8,010,934</u>   | <u>468,101</u> | <u>8,479,035</u> |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**15 Property, plant and equipment**

|                                     | Annual<br>depreciation<br>rate<br>% | Consolidated |                             |           |           |
|-------------------------------------|-------------------------------------|--------------|-----------------------------|-----------|-----------|
|                                     |                                     | 06/2010      |                             | 03/2010   |           |
|                                     |                                     | Cost         | Accumulated<br>depreciation | Net       | Net       |
| Switching/transmission<br>equipment | 8 to 14,29                          | 9,425,010    | (6,646,975)                 | 2,778,035 | 2,748,957 |
| Fiber optic cables                  | 4 to 10                             | 428,515      | (259,080)                   | 169,435   | 174,002   |
| Loaned handsets                     | 50                                  | 1,283,479    | (997,363)                   | 286,116   | 318,304   |
| Infrastructure                      | 4 to 10                             | 2,157,295    | (1,166,721)                 | 990,574   | 965,175   |
| Leasehold improvements              | 20                                  | 126,823      | (105,870)                   | 20,953    | 21,618    |
| Computer assets                     | 20                                  | 1,191,824    | (1,052,629)                 | 139,195   | 149,982   |
| General use assets                  | 4 to 10                             | 458,269      | (233,225)                   | 225,044   | 228,182   |
| Assets and facilities in use        |                                     | 15,071,215   | (10,416,863)                | 4,609,352 | 4,606,220 |
| Plots of land                       |                                     | 38,130       | -                           | 38,130    | 37,680    |
| Construction work in<br>progress    |                                     | 489,083      | -                           | 489,083   | 652,168   |
|                                     |                                     | 15,598,428   | (10,461,863)                | 5,136,565 | 5,296,068 |

Construction work in progress basically refers to the construction of new transmission units (Base Transceiver Station or “ERB”) for network expansion.

In the six-month period ended June 30, 2010, the subsidiaries capitalized in property, plant and equipment accounts the amount of R\$2,429 (R\$1,262 at March 31, 2010), relating to financial charges on loans taken to finance the construction.

Operating technologies

The subsidiaries operate their service network using TDMA, GSM and 3G technologies. On June 30, 2010, no provision for loss on recovery of property, plant and equipment was deemed necessary. The assets related to TDMA technology are fully depreciated.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**16 Intangible assets**

The authorizations for SMP operation rights and radio frequency licensing, as well as software, goodwill and other items, can be shown as follows:

|   | Annual<br>average<br>depreciation<br>rate % | Consolidated      |                             |                  |                  |
|---|---|-------------------|-----------------------------|------------------|------------------|
|   |   | 06/2010           |                             | 03/2010          |                  |
|   |   | Cost              | Accumulated<br>amortization | Net              | Net              |
| Software licenses                           | 20  | 6,487,227         | (4,451,529)                 | 2,035,698        | 2,034,886        |
| Concession licenses                         | 5 to 20                                     | 4,542,242         | (2,365,444)                 | 2,176,798        | 2,285,817        |
| Operation rights                            | 5   | 172,118           | (83,724)                    | 88,394           | 90,787           |
| Assets and facilities<br>under construction | -   | 51,407            | -                           | 51,407           | 42,106           |
| Goodwill (*)                                |   | 18,009            | (14,462)                    | 3,547            | 3,547            |
| Other assets                                | 20  | 3,074             | (2,879)                     | 195              | 206              |
|   |   | <u>11,274,077</u> | <u>(6,918,038)</u>          | <u>4,356,039</u> | <u>4,430,349</u> |

(\*) Amortized up to December 2008.

Acquisition of authorizations – 3G technology

In April 2008 TIM Celular signed the instruments of authorizations for use of Radio frequencies at the F, G, and I (1.9GHz/2.1GHz) radio-frequency sub-bands referring to the 3G (UMTS) standard and corresponding to all the Brazilian states, except the “Triângulo Mineiro” municipalities in the state of Minas Gerais. These authorizations are valid for 15 years and renewable for another equal period.

As a consequence of this purchase, the subsidiaries assumed coverage commitments to be met using the acquired frequencies (1.9GHz/2.1GHz) in several municipalities, including 460 municipalities with less than 30,000 inhabitants allocated in the years 2009 and 2010.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**17 Deferred charges**

|                          | <b>Consolidated</b> |                  |
|--------------------------|---------------------|------------------|
|                          | <b>06/2010</b>      | <b>03/2010</b>   |
| Pre-operating expenses   |                     |                  |
| Third parties' services  | 228,665             | 228,665          |
| Personnel expenses       | 79,367              | 79,367           |
| Rentals                  | 48,914              | 48,914           |
| Materials                | 3,439               | 3,439            |
| Depreciation             | 10,202              | 10,202           |
| Financial charges, net   | 46,774              | 46,774           |
| Other expenses           | 5,990               | 5,990            |
|                          | <u>423,351</u>      | <u>423,351</u>   |
| Accumulated amortization | <u>(331,397)</u>    | <u>(321,884)</u> |
|                          | <u>91,954</u>       | <u>101,467</u>   |

**18 Suppliers – Trade payable**

|                                     | <b>Parent Company</b> |                | <b>Consolidated</b> |                  |
|-------------------------------------|-----------------------|----------------|---------------------|------------------|
|                                     | <b>06/2010</b>        | <b>03/2010</b> | <b>06/2010</b>      | <b>03/2010</b>   |
| <b>Local currency</b>               |                       |                |                     |                  |
| Suppliers of materials and services | 851                   | 1,102          | 1,813,918           | 1,841,463        |
| Interconnection (a)                 | -                     | -              | 204,646             | 202,848          |
| Roaming (b)                         | -                     | -              | 148                 | 274              |
| Co-billing (c)                      | -                     | -              | 103,381             | 113,640          |
|                                     | <u>851</u>            | <u>1,102</u>   | <u>2,122,093</u>    | <u>2,158,225</u> |
| <b>Foreign currency</b>             |                       |                |                     |                  |
| Suppliers of materials and services | -                     | 5              | 50,464              | 42,440           |
| Roaming (b)                         | -                     | -              | 69,058              | 71,864           |
|                                     | <u>-</u>              | <u>5</u>       | <u>119,522</u>      | <u>114,304</u>   |
|                                     | <u>851</u>            | <u>1,107</u>   | <u>2,241,615</u>    | <u>2,272,529</u> |

(a) This refers to the use of the networks of other fixed and mobile cell telephone operators, with calls being initiated from the TIM network and ending in the network of other operators.

(b) This refers to calls made by customers outside their registration area, who are therefore considered visitors in the other network.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

06.01 – NOTES TO THE QUARTERLY INFORMATION

(c) This refers to calls made by a customer who chooses another long-distance operator.

19 Loans and financing

|  | Consolidated  |         |         |
|--|---|---------|---------|
|  | Guarantees  | 06/2010 | 03/2010 |
| <b>Local currency</b>  |   |         |         |
| <b>Banco do Nordeste:</b> financing subject to fixed interest of 10% p.a. and a 15% and 25% bonus on charges, for payment upon maturity. This financing is the subject matter of a swap transaction intended as a hedge, which changes its cost to 76.90% of the CDI daily rate.   | Bank Guarantee  | 32,917  | 36,946  |
| <b>Banco do Nordeste:</b> financing subject to fixed interest of 10% p.a. and a 15% and 25% bonus on charges, for payment upon maturity. This financing involves a swap transaction intended as a hedge, which changes the cost into between 75.75% and 69.80% of the CDI daily rate.  | Bank guarantee and TIM Participações' surety  | 46,387  | 50,636  |
| <b>Banco do Nordeste:</b> financing subject to fixed interest of 10% p.a. and a 15% and 25% bonus on charges, for payment upon maturity.   | Bank guarantee and TIM Participações' surety  | 62,451  | 65,236  |
| <b>BNDES (Banco Nacional do Desenvolvimento Econômico e Social):</b> this financing bears interest at 4.20% p.a. plus variation of the TJLP (long-term interest rate) as disclosed by the Brazilian Central Bank. Part of this TJLP-based financing involves a swap transaction for 90.85% of the Bank Deposit Certificate (CDI) daily rate.   | TIM Participações' surety, with service collection blocking in an amount equivalent to the loan's outstanding balance | 692,716 | 747,607 |
| <b>BNDES (Banco Nacional de Desenvolvimento Econômico e Social):</b> This financing bears an average interest rate of approximately 2.1% plus the TJLP (Long Term Interest Rate) disclosed by the Brazilian Central Bank, over 82% of the part of the "incentive" amount and bears an interest rate composed of the IPCA, plus the BNDES cost of obtaining the funding of 18% of the "non-incentive" amount. | TIM Participações' surety, with service collection blocking in an amount equivalent to the loan's outstanding balance | 827,508 | 665,205 |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR – Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of – 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

06.01 – NOTES TO THE QUARTERLY INFORMATION

|   | Consolidated  |         |         |
|---|---|---------|---------|
|   | Guarantees  | 06/2010 | 03/2010 |
| <b>BNDES (Banco Nacional do Desenvolvimento Econômico e Social):</b> this financing bears interest at 3.0% p.a. plus variation of the TJLP (long-term interest rate) as disclosed by the Brazilian Central Bank. Part of this financing based on the TJLP involved a swap transaction for 81.80% of the daily CDI.  | Bank guarantee  | 16,907  | 20,082  |
| <b>BNDES (Banco Nacional de Desenvolvimento Econômico e Social):</b> bears an average interest rate of 10.82% p.a., considering the TJLP as disclosed by the Brazilian Central Bank.  | TIM Participações' surety, with service collection blocking in an amount equivalent to the loan's outstanding balance | 428,968 | 417,972 |
| <b>Syndicated loan.</b> The outstanding balance is updated by the variation of the CDI rate plus the respective applicable margin of 1.80% and 2.75% of the CDI.  | TIM Participações' surety   | 592,390 | 574,770 |
| <b>CCB – Working Capital:</b> Bank financing in local currency for meeting working capital requirements. Its cost is 110% of the daily CDI rate.  | N.A.  | 204,210 | 208,280 |
| <b>Foreign Currency</b>   |   |         |         |
| <b>BEI:</b> The outstanding balance is updated by the 6 month LIBOR plus spread. As this is a loan in foreign currency, it involves a swap transaction for hedging purposes, which covers 100% of the foreign exchange exposure, transforming the cost to 95.42% of the Interbank Deposit Certificate (CDI) daily rate.   | Bank guarantee and TIM Participações' surety  | 509,009 | 437,441 |
| <b>Resolution 2770 (Compror):</b> Bank financing for payment of suppliers of goods and services. The funding is linked to foreign and national currencies as follows: 24% of the agreements denominated in US dollars, 43% of the agreements denominated in Yen, and 33% of the agreements denominated in Reais. These agreements involve swap transactions which result in a cost of some 116.55% of the CDI daily rate. | N.A.  | 480,386 | 533,185 |
| <b>Banco BNP Paribas:</b> Loan taken out in foreign currency and updated by 6 month LIBOR + Spread, for which 80% of the risk is guaranteed by the insurance company "SACE S.p.A". Involves swap transactions for hedging purposes, and covers 100% of the foreign exchange exposure, transforming the cost to 95.01% of the Interbank Deposit Certificates (CDI) daily rate.   | TIM Participações' surety   | 259,570 | 261,112 |



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

|                   | <b>Consolidated</b> |                  |
|-------------------|---------------------|------------------|
|                   | <b>Guarantees</b>   |                  |
| Total             | 4,153,419           | 4,018,472        |
| Current portion   | (1,596,944)         | (1,369,945)      |
| Long-term portion | <u>2,556,475</u>    | <u>2,648,527</u> |

The syndicated loan taken out by the subsidiary TIM Celular contains restrictive contractual clauses under which that company has to comply with certain financial indices that are calculated on a half-yearly basis. The subsidiary, TIM Celular, has met all the financial indices required. The following financial institutions are party to this loan agreement: HSBC Bank Brasil S.A. – Banco Múltiplo, Banco BNP Paribas Brasil S.A., Banco Bradesco S.A., Banco do Brasil S.A., Banco Itaú BBA S.A., Banco Santander Brasil S.A., Banco Société Générale Brasil S.A. and Banco Votorantim S.A.

The foreign currency loan that was taken out with Banco BNP Paribas, with a guarantee provided by the SACE group and CCB (Bank Credit Schedules) for Working Capital contracted with Banco ABN AMRO Real S.A., which is now called Banco Santander Brasil S.A., has fundamentally the same restrictive clauses as the syndicated loan regarding the financial indices. The subsidiary company TIM Celular is in compliance with all the required financial indices.

The loan that TIM Celular S.A. has taken out from the BNDES (Brazilian National Bank for Economic and Social Development), for the purpose of expanding the mobile telephone network, also has restrictive clauses under which the company has to comply with certain financial indices that are calculated on a half-yearly basis. The subsidiary has been complying with all the required financial indices.

The Company's subsidiaries entered into swap transactions as a hedge against any devaluation of the Brazilian currency ("Real") vis-à-vis foreign currencies and changes in the fair value of their loans that were pegged to fixed interest rates and the TJLP (Long-Term interest Rate).

The long-term portions of loans and financing as at June 30, 2010 mature as follows:

|              | <b>Consolidated</b> |
|--------------|---------------------|
| 2011         | 414,409             |
| 2012         | 613,913             |
| 2013         | 337,544             |
| 2014         | 187,560             |
| 2015 onwards | <u>1,003,049</u>    |
|              | <u>2,556,475</u>    |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**20 Labor Obligations**

|                              | Parent Company |           | Consolidated   |                |
|------------------------------|----------------|-----------|----------------|----------------|
|                              | 06/2010        | 03/2010   | 06/2010        | 03/2010        |
| Payroll taxes                | 14             | 10        | 32,873         | 30,183         |
| Vacation and bonuses payable | -              | -         | 80,676         | 82,911         |
| Employees' withholding       | 11             | 5         | 3,762          | 4,199          |
|                              | <u>25</u>      | <u>15</u> | <u>117,311</u> | <u>117,293</u> |

**21 Taxes, rates and contributions**

|                                     | Parent Company |              | Consolidated     |                  |
|-------------------------------------|----------------|--------------|------------------|------------------|
|                                     | 06/2010        | 03/2010      | 06/2010          | 03/2010          |
| IRPJ and CSLL                       | -              | 3            | 156,531          | 125,041          |
| ICMS                                | -              | -            | 415,280          | 395,681          |
| COFINS                              | -              | -            | 70,790           | 69,538           |
| PIS                                 | -              | -            | 20,691           | 13,302           |
| ANATEL (FISTEL, FUST/FUNTTTEL etc.) | -              | -            | 83,726           | 81,585           |
| IRRF                                | 37             | 39           | 2,635            | 2,341            |
| ISS                                 | 14             | 9            | 31,902           | 31,096           |
| Renewal of ANATEL license           | -              | -            | 8,148            | 17,240           |
| PIS/COFINS                          | 89             | 89           | 3,670            | 3,090            |
| Others                              | 25             | 25           | 7,312            | 10,290           |
|                                     | <u>165</u>     | <u>165</u>   | <u>800,685</u>   | <u>749,204</u>   |
| Current Portion                     | <u>(165)</u>   | <u>(165)</u> | <u>(601,989)</u> | <u>(711,909)</u> |
| Long-Term Portion                   | <u>-</u>       | <u>-</u>     | <u>198,696</u>   | <u>37,295</u>    |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**22 Other liabilities**

|                                  | Parent Company |         | Consolidated |           |
|----------------------------------|----------------|---------|--------------|-----------|
|                                  | 06/2010        | 03/2010 | 06/2010      | 03/2010   |
| Pre-paid services to be provided | -              | -       | 132,378      | 126,901   |
| Grouping of shares               | 20,347         | 20,347  | 20,347       | 20,347    |
| Other obligations                | 8,570          | 8,563   | 16,438       | 27,046    |
|                                  | 28,917         | 28,910  | 169,163      | 174,294   |
| Current Portion                  | (2,070)        | (2,063) | (119,558)    | (115,576) |
| Long-Term Portion                | 26,847         | 26,847  | 49,605       | 58,718    |

**23 Provision for contingencies**

The Company and its subsidiaries are parties to certain lawsuits (labor, tax, regulatory and civil) which arise in the normal course of their business, and have set up provisions whenever management, based on the opinion of their legal advisors, concludes that there is a probable risk of loss.

The provision set up for contingencies is made up as follows:

|            | Parent Company |         | Consolidated |         |
|------------|----------------|---------|--------------|---------|
|            | 06/2010        | 03/2010 | 06/2010      | 03/2010 |
| Civil      | 5              | 5       | 81,190       | 83,262  |
| Labor      | 3,964          | 3,959   | 43,520       | 41,271  |
| Tax        | -              | -       | 59,485       | 57,059  |
| Regulatory | -              | -       | 25,501       | 25,784  |
|            | 3,969          | 3,964   | 209,696      | 207,376 |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

The changes in the provision for contingencies can be summed up as follows:

|            | <u>12/2009</u> | <u>Additions,<br/>net of<br/>reversals</u> | <u>Payments</u> | <u>Monetary<br/>Adjustment</u> | <u>06/2010</u> |
|------------|----------------|--|-----------------|--------------------------------|----------------|
| Civil      | 87,301         | 36,464                                     | (41,917)        | (658)                          | 81,190         |
| Labor      | 40,643         | 2,885                                      | (106)           | 98                             | 43,520         |
| Tax        | 56,251         | 3,475                                      | (2,088)         | 1,847                          | 59,485         |
| Regulatory | 23,972         | 2,106                                      | (1,383)         | 806                            | 25,501         |
|            | <u>208,167</u> | <u>44,930</u>                              | <u>(45,494)</u> | <u>2,093</u>                   | <u>209,696</u> |

Civil Contingencies

The Company and its subsidiaries are subject to various legal and administrative proceedings filed against them by consumers, suppliers, service providers and consumer protection agencies, in connection with a number of issues that arise in the regular course of business. Management analyzes each legal or administrative proceeding with the aim of reaching a conclusion in relation to any particular contingency, classifying it as representing a probable, possible or remote risk. This sort of assessment is always based upon the opinion of the lawyers who are hired to deal with such cases. These assessments are reviewed at periodic intervals, and therefore can be modified over the course of the proceedings, in light of new facts or events, such as changes in case law.

*Consumer Lawsuits*

The subsidiaries are parties to roughly 61,697 lawsuits (versus 61,228 as at March 31, 2010), which are mostly claims that have been filed by consumers. The aforementioned lawsuits relate to questions regarding the relationship between the subsidiaries and their clients, with highlight going to allegations of undue collection, contract cancellation, equipment defects and failures in terms of equipment delivery, as well as unjustified inclusion in credit report services.

*Class Actions*

There are two main class actions against subsidiaries where the risk of loss is regarded as being probable: (i) a lawsuit against TIM Celular in the state of Bahia with the aim of obtaining a ban on charging long-distance rates for calls originating and received between the towns of Petrolina/PE and Juazeiro/BA, due to the existence of “state border areas”; and (ii) a lawsuit against TIM Celular in the state of Rio de Janeiro, involving the impossibility of charging a contract termination penalty in the case of theft of phone sets. Due to the fact that the referred lawsuits entail positive and negative obligations and, taking into account the impossibility of accurately quantifying possible losses at the current stage of the legal proceedings, no provisions have been set up by management in relation to the above described contingencies.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

Labor Contingencies

These refer both to claims filed by former employees, in relation to questions such as salary differences, wage parity, payments of variable compensation/commissions, additional legal payments, overtime and other provisions that were established during the period prior to privatization, as well as by former employees of service providers who, in accordance with the labor legislation in force, have filed claims against the Company and/or its subsidiaries on the grounds that they are responsible for labor related obligations that were not met by the service provider companies that were contracted.

*Labor Claims*

Out of the total of 5,192 (4,687 as at March 31, 2010) labor suits filed against the Company and its subsidiaries, more than 78% relate to claims that involve service providers, with the great majority of these claims being concentrated in certain companies, which for the most part are located in the cities of São Paulo, Belo Horizonte, Rio de Janeiro, Curitiba and Recife. As a result of the merger of Holdco into TIM Participações, that took place in December 2009, there are 30 labor claims involving TIM and Grupo Docas.

In relation to third-party claims, a number of these relate to specific projects involving the revision of service provider contracts, which in 2006 led to the termination of some of these contracts, with the subsequent winding up of these companies and the laying-off of employees. Another significant percentage of the contingencies that exist relates to the organizational restructuring processes, with highlight going to the closure of the Client Relationship Centers in Fortaleza, Salvador and Belo Horizonte, which resulted in the termination of 800 employees, including in-house staff as well as outsourced personnel.

Any assessment of the chances of loss regarding these actions and the contingent values is subject to revision at periodic intervals, taking into account the legal decisions reached during the course of the aforementioned processes, on account of regulatory changes or changes in Case Law Guidelines and Precedents issued by Superior Courts.

Adjustments in the labor provision are based, for the most part, on the concentration of efforts aimed at intensifying the standardization process in relation to the classification of the risks of labor-related claims involving the Company and its subsidiaries, taking into account the fact that the management of labor litigation makes use of numerous methods of procedural analysis and evaluation of the existing risks.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

Tax Contingencies

*IR and CSLL*

In 2005, TIM Celular was assessed by the Belo Horizonte office of the Federal Revenue Secretariat for the sum of R\$126,933, in connection with: (i) taxation of monetary variations on swap transactions and exchange variations on outstanding loans; (ii) a separate fine for failure to pay social contribution on net income on an estimated monthly basis for the year 2002 and part of 2001; (iii) failure to pay corporate income tax on an estimated monthly basis for the year 2002; and (iv) remittance of interest overseas (IRRF – withholding income tax) – a voluntary disclosure that does not entail payment of arrears charges.

The subsidiary is currently challenging these assessments with the tax authorities. Based on the opinions both of the company's own lawyers as well as of law firms that provide the company with legal advice, management had concluded that the probable loss to be incurred with these processes would come to a figure of R\$32,750, and set up a provision in 2005 for this amount under the title "Provision for income and social contribution taxes".

In September 2009, TIM Celular enrolled in the REFIS (Fiscal Recovery Program) which provided amnesty in relation to fines and interest charges along with the possibility of payment of federal tax debits by installment. TIM Celular opted to enroll partially in the REFIS program in regard to these assessments and paid the sum of R\$4,884 in relation to the installment corresponding to exclusions from net income before CSLL (Social Contributions on Net Income) and exchange variations. The amount of the provision that was set up under the title "Provision for Income and Social Contribution Taxes" in connection with CSLL was R\$8,547, while the amount of R\$3,663, which corresponds to the difference between the amount that had been provisioned and the amount that was actually paid, was reversed in favor of the subsidiary.

The subsidiary continues to challenge these assessments with the tax authorities. At present the total amount assessed comes to a figure of R\$128,759, while the company has set up a provision for the sum of R\$24,203, the amount considered as probable loss by the management of the Company.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

In September 2003 TIM Celular was assessed by the State of Ceará office of the Federal Revenue Secretariat for the sum of R\$12,721 in connection with: (i) the disallowance of R\$8,402 worth of expenses that had been included in the assessment of IRPJ (corporate income tax) for the period from 1999 through 2001; (ii) differences of R\$3,208 in relation to CSLL payments for the years from 1998 through 2001; (iii) differences of R\$334 and R\$777, respectively, in relation to the payment of PIS (Employees' Profit Participation Program) and COFINS (Tax for Social Security Financing) for the years from 1998 through 2002. The company filed an appeal against this assessment at the administrative level but was unsuccessful. Based on the opinions both of the company's own lawyers as well as of the law firms that provide it with legal advice, management had concluded that the risk of loss in this case was probable. In September 2009, the subsidiary enrolled in the REFIS program in regard to these cases, and paid the sum of R\$3,213, while the amount of R\$9,508, which corresponds to the difference between the amount that had been provisioned and the amount that was actually paid, was reversed in favor of the subsidiary (R\$705 recorded under the title "Reversal of Contingency Provision" and R\$8,803 under the title of "Provision for Income and Social Contribution Taxes").

In 2008, TIM Participações was assessed by the State of Rio de Janeiro office of the Federal Revenue Secretariat for the sum of R\$3,227, in connection with the alleged non-homologation of the offset request regarding the negative balance in relation to the 2003 IRPJ. Based on the opinions both of the company's own lawyers as well as of the law firms that provide it with legal advice, management concluded that the risk of loss in this case was probable. In September 2009, the company enrolled in the REFIS program, and paid the sum of R\$1,702, while the amount of R\$1,525, which corresponds to the difference between the amount that had been provisioned and the amount that was actually paid, was reversed in favor of the subsidiary (recorded under the title of "Provision for Income and Social Contribution Taxes").

In 2006, TIM Celular was assessed by the State of Rio de Janeiro office of the Federal Revenue Secretariat for the sum of R\$825, in connection with the alleged non-homologation of various offset requests regarding negative balances in terms of IRPJ and CSLL for the year 1998 against debits in relation to COFINS, IRPJ and CSLL. Based on the opinions both of the company's own lawyers as well as of law firms that provide it with legal advice, management concluded that the risk of loss in this case was probable. In September 2009, the subsidiary enrolled in the REFIS program, and paid the sum of R\$340, while the amount of R\$485, which corresponds to the difference between the amount that had been provisioned and the amount that was actually paid, was reversed in favor of the subsidiary (recorded under the title of "Provision for Income and Social Contribution Taxes").

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

ICMS

In April 2002, the subsidiary Intelig was assessed by the State of Rio de Janeiro's Revenue Secretariat for the sum of R\$149,460 in connection with (i) non-presentation of the credit control register of property, plant and equipment (locally Ciap) in accordance with the legislation; (ii) enforcement of the co-billing agreement in partnership with the operators for the purpose of optimizing its billing procedures, with failure to comply with the legislation's additional obligations; (iii) failure to comply with the state legislation in connection with the accrual of ICMS (Goods and Services Tax) on the services provided from public telephones (TUP); (iv) the printing and issuing of invoices without the appropriate authorization (AIDF); and (v) non-payment of ICMS on import transactions based on an agreement or program signed with the State of Rio de Janeiro.

August 2006 saw the publication of ICMS Convention No. 72/06, which authorized the States to reduce or waive interest, fines and monetary restatement in connection with the non-payment of ICMS arising from the provision of communication services. Therefore, based on the aforementioned convention, the subsidiary Intelig paid the sum of R\$24,300 to settle its ICMS debits covered under the terms of the corresponding legislation. The subsidiary is currently challenging these assessments with the fiscal authorities, and based on the opinions both of the company's own lawyers as well as of law firms that provide it with legal advice, the company's management decided that the probable losses resulting from these proceedings would come to a figure of R\$5,700, and thus set up a provision for this amount in December 2009.

In November 2007, TIM Celular was assessed by the Revenue Secretariat of the State of Rio de Janeiro for the sum of R\$625 involving: (i) failure to pay ICMS on telecommunications services rendered to exempt clients; and (ii) a penalty for non-compliance with the ancillary obligation for delays in delivering Convention 115/03 files, and based on the opinion of its internal and external legal advisors, in April 2010 management concluded that the losses to be incurred in these proceedings were probable. In April 2010, the subsidiary company enrolled in the State of Rio de Janeiro amnesty by filing rogatory letters from the State, and when the credits are certified the amounts will be effectively paid.

In the years 2005, 2008 and 2009 TIM Celular received assessments from the Revenue Secretariat of the State of Minas Gerais in the amount of R\$4,396, involving nonpayment of ICMS tax on: (i) indirect imports of goods; and (ii) improper appropriation of credits referring to the appropriation of tax on the acquisition of goods used for purposes other than the Company's activity. Based on the opinion of its internal and external legal advisors, in June 2010 management concluded that the amount of R\$1,275 represents the probable loss in these proceedings, especially in the light of the amnesty instituted by the State of Minas Gerais under Decree No. 45,358 of 2010, based on Convention No. 62/10, whereby the possibility exists that these debits will be settled by taking advantage of this benefit.



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

*Social Security (INSS)*

In December 2005, the subsidiary Intelig was assessed by the Federal Revenue Secretariat for the sum of R\$32,458, related to (i) withholding of 11% INSS on services provided by third parties; (ii) recording of the profit-sharing program outside the tax year; (iii) reversal of the provision for remuneration of delegated managers; (iv) difference between payment receipts and social security forms (GFIP) and (vi) lack of information in the GFIP. This assessment is being challenged at the administrative level and based on the opinions both of the company's own lawyers as well as of law firms that provide it with legal advice, the company's management decided that the probable losses resulting from these proceedings would come to a figure of R\$5,300, and thus set up a provision for this amount in June 2010.

Regulatory Contingencies

Due to an alleged failure to comply with some of the provisions set out in the SMP (Personal Mobile Service) and STFC (Switched Fixed Telephone Service) regulations and the quality targets defined under the General Quality Targets Plan for SMP (PGMQ-SMP) and for STFC, ANATEL filed some Procedures for the Determination of Non-Compliance of Obligations (PADO), involving the subsidiaries.

The subsidiaries have made every effort and have presented the arguments necessary for avoiding sanctions. These arguments, which are mostly of a technical and legal nature, may help significantly reduce the initial fine charged or lead to the definitive dismissal of the PADO, without any sanctions being applied.

Contingencies involving possible losses

Civil, Labor, Regulatory and Tax-related actions have been filed against the Company and its subsidiaries involving risk of loss that is classified as possible by the management and the Company's lawyers. No provisions have been set up for these contingencies, summarized as follows:

|            | <b>Consolidated</b> |                  |
|------------|---------------------|------------------|
|            | <b>06/2010</b>      | <b>03/2010</b>   |
| Civil      | 257,297             | 243,616          |
| Labor      | 151,690             | 145,821          |
| Tax        | 1,804,978           | 1,621,436        |
| Regulatory | 64,033              | 61,003           |
|            | <u>2,277,998</u>    | <u>2,071,876</u> |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

The main actions where the risk of loss is classified as possible are described below:

Civil

*Class Actions*

There are five class actions against subsidiaries where the risk of loss is regarded as possible and which deserve to be highlighted. The aforementioned actions can be summarized as follows: (i) a lawsuit against TIM Celular in the State of Pernambuco, challenging the Company's policy of exchanging defective phone sets, which is allegedly in disagreement with the manufacturer's warranty terms; (ii) a lawsuit against TIM Celular in the State of Ceará, which is aimed at obtaining a declaration stating that the Company is required to exchange cell-phone sets which have been the subject of fraud in the aforementioned State; (iii) a lawsuit against TIM Celular in the State of Pará, challenging the quality of the service provided by the network in São Felix do Xingú; (iv) a lawsuit against TIM Celular in the State of Maranhão, challenging the quality of the service provided by the network in Balsas; and (v) a lawsuit filed against TIM Celular, challenging the long distance charges levied on calls made in the municipality of Bertioxa, State of São Paulo, and in the surrounding region.

*Other Actions and Proceedings*

TIM Celular, along with other telecommunications companies, is a defendant in a lawsuit that has been brought by GVT in the 4<sup>th</sup> Lower Federal Court of the Federal District. The lawsuit is aimed at getting a declaration considering, as null and void, the contractual clause which deals with the VU-M amount used by the defendants as interconnection, which is deemed by the plaintiff to be illegal and abusive, and as such requiring the refunding of all amounts allegedly charged in excess since July 2004. The judge granted an injunction determining the provisional payment of VU-M at a figure of R\$0.2899 per minute, and ordered that GVT make court deposits equal to the amount of the difference between this amount and the amount indicated by the defendants. The injunction was upheld by the 1<sup>st</sup> Regional Appeals Court. TIM appealed this decision by means of a Special Appeal, having been partially attended to, obligating GVT to pay TIM the amount established by ANATEL in the on-going arbitration process at that agency, in which GVT and VIVO are parties. In addition to the lawsuit, GVT has also filed a representation before the SDE (Secretariat of Economic Law), which agreed to file an Administrative Proceeding against the Company and other mobile telephone operators, on the grounds of an alleged infraction of economic principles, which was judged in March 2010.

The SDE ruled against the alleged practice of Price Squeeze and forwarded the process to CADE for judgment, also voting for the dismissal of the charge of uniform conduct ("cartel"). CADE has not yet heard the case.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

TIM Celular is the defendant in a lawsuit for damages that has been filed by the services provider GLÓRIA SOUZA & CIA LTDA. before the 9<sup>th</sup> Lower Court of the Municipality of Belém, in the State of Pará, where it is claiming the sum of R\$6,119. The aforementioned company provided TIM with outsourced labor in northern Brazil. Given TIM's decision to terminate the contract, the other party, disagreeing, brought a lawsuit claiming moral damages, alleging losses as a result of claims for severance payments brought by its employees. TIM's defense and the reply from Gloria Souza & Cia. have been filed.

A judicial action for collection was filed against TIM Celular by Mattos & Calumby Lisboa Advogados Associados, which is in progress at the 29<sup>th</sup> Lower Court of the Judicial District of Rio de Janeiro. The plaintiff asserts that it is owed money as a result of the contractual relationship that was entered into with TIM (Contract for the Provision of Professional Legal Services). At the current time the process is in the expert examination phase.

A lawsuit has been brought against TIM Celular by the company (recharge distributor) INTEGRAÇÃO CONSULTORIA E SERVIÇOS TELEMÁTICOS LTDA., with the 2<sup>nd</sup> Lower Court of the Judicial District of Florianópolis-State of Santa Catarina for the sum of R\$4,000 which aims to suspend the enforceability of credits already executed by TIM, preliminarily claiming non-inclusion in credit reporting' lists, as well as damages caused by contract termination. It should be stressed that TIM filed an execution action against the aforementioned company with the 4<sup>th</sup> Lower Court of the Judicial District of Florianópolis-SC for the sum of R\$3,957. TIM has made a declaration to the effect that the assets indicated by the execution debtor are insufficient to secure the execution. The case records have been stayed since January 2010 due to the fact that an Interlocutory Appeal has been filed.

There are 3 infraction notices that have been issued by the FUNDAÇÃO DE PROTEÇÃO E DEFESA DO CONSUMIDOR – PROCON-SP (FOUNDATION FOR THE PROTECTION AND DEFENSE OF THE CONSUMER). The infraction notices recorded under numbers 3,673/08 and 222/09 relate to fines imposed by Procon-SP for the amount of R\$3,192 based on failures to comply with the rules set out in Decree No. 6,523/08, which deals with Customer Service (SAC). For these cases TIM filed an administrative defense, but the fines were upheld at the administrative appellate level. For this reason, TIM filed a legal action, with the aim of cancelling the aforementioned fines, and is awaiting the final decision. The enforceability of the penalties has been stayed. Proceedings are still at the initial stage. Another infraction notice has been imposed by the aforementioned entity recorded under the number 1555D7, on the grounds that consumers were charged for, but did not receive their phone sets. A fine of R\$3,192 was also imposed on the company for this incident. This case is still being discussed at the administrative level, and a decision is awaited in relation to the appeal that was filed by TIM.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

MCS was TIM's largest commercial partner in São Paulo (with approximately 40 stores). This commercial partnership had been in operation since 2003 and the contract ended in January 2010. The contract was terminated on account of disagreements between the parties in relation to the compensation amounts, the operation of the system, and the creation and determination of targets, along with other questions. MCS sought to lay the blame for its default and losses on TIM. It believes that its financial health has been negatively affected by the changes in TIM's remuneration policy. Even before the contract had come to an end, MCS filed a lawsuit for termination of the contract and a claim for the payment of R\$8,120. TIM filed a Restraining Action, in order to prevent MCS from transferring TIM stores to competitors.

In March/2010 the Restraining Action was ruled valid and it was determined that MCS should abstain from transferring the stores which were previously TIM stores for the period of twelve (12) months, starting from January 2, 2010 (the date when the contract ended). The lawsuit for termination of the contract is still in progress

Labor

*Labor Claims*

A significant percentage of the existing contingencies relates to the organizational restructuring processes, with highlight going to the closure of the Client Relationship Centers (call centers) in Fortaleza, Salvador and Belo Horizonte, which resulted in the termination of 800 employees, including in-house staff as well as outsourced personnel.

Case records 01102-2006.024.03.00.0 refer to a public civil action filed by the Labor Public Prosecutor's Office of the 3<sup>rd</sup> Region of Minas Gerais, which alleged irregular outsourcing practices and contained a formal request for collective moral damages. A judgment was rendered and published on April 16, 2008, where the first degree acting judge ruled the Labor Public Prosecutors' Office claims as partially valid, recognizing the irregular outsourcing and the collective moral damages. An appeal was filed against this decision, and was dismissed on July 13, 2009. Prior to filing the aforementioned appeal, TIM filed a writ of mandamus to prevent the immediate compliance of the coercive acts imposed by the sentence. In view of the appeal filed, the writ of mandamus lost its purpose.

In order to obtain staying effects for its appeal, TIM Celular filed an innominate writ of prevention, which was dismissed without prejudice. In order to reverse the decision of the Regional Labor Court of the 3<sup>rd</sup> Region, TIM Celular filed an appeal against abusive acts of the judge with the Superior Labor Court, and obtained a favorable decision, which reversed the Court of Appeals' decision. A motion for clarification was filed, but dismissed. On September 16, 2009, a motion to appeal was filed, which is awaiting judgment by the TST (Higher Labor Court).

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

As a result of the above mentioned Public Civil Action in Minas Gerais, the Labor Public Prosecutor's Office of the Federal District filed case number 1218-2009.007.10.00.8 (Public Civil Action), alleging irregular outsourcing practices and a formal request for collective moral damages. The action was ruled groundless, establishing that, as a result of the General Telecommunications Law, all outsourcing in the telecommunications sector is legal. The Labor Public Prosecutor's Office of filed an Ordinary Appeal in March/2010, which is awaiting the decision of the TRT (Regional Labor Court) of the 10<sup>th</sup> Region.

A group of processes have been filed in the state of Paraná, involving claims for damages in connection with contractual provisions stamped in the employees' labor booklets. According to an internal rule, TELEPAR undertook to supplement the retirement benefits of employees hired up until 1982. Prior to privatization, TELEPAR had proposed to implement this benefit by means of the payment of a certain amount in cash. However, some of the company's former employees have questioned this transaction, and in some cases have obtained favorable decisions.

It should also be pointed out that there is a group of labor claims, particularly in São Paulo, from former Gazeta Mercantil employees who have filed claims requesting inclusion of Holdco or TIM Participações as defendants, with later payment of damages. We point out that the plaintiffs were employees of the company Gazeta Mercantil, without any ties to Holdco or TIM Participações. It should be stressed that prior to being taken over by TIM Participações, Holdco belonged to the Docas group, of which Gazeta Mercantil is a part.

*Social Security*

In São Paulo TIM Celular received a Debit Assessment Notice referring to an alleged irregularity in the payment of social security contributions in connection with the payment of the Employees' Profit-Sharing Plan for the sum of R\$2,388. The subsidiary filed its administrative defense, but on September 16, 2009 the decision was rendered which upheld the disputed notice. On October 5, 2009, an administrative appeal was filed, the judgment of which is still pending.

In May 2006, TIM Celular was assessed under tax assessment notice No. 35611926-2 for social security contributions that were allegedly due in connection with the following: (i) hiring bonus; (ii) non-adjusted bonus; (iii) payment for self-employed people's activities; and (iv) sales incentives. The company filed an administrative defense but this did not reverse the tax assessment (decision – assessment). In an attempt to get this decision reversed, TIM Celular filed an appeal with the Ministry of Finance's Taxpayers' Council, which is now pending judgment.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

Tax Claims

*IR and CSLL*

On October 30, 2006, TIM Celular received tax assessments for the amount of R\$331,171, which was subsequently reduced to R\$258,144. The tax assessments which make up the aforementioned administrative proceeding include demands in connection with Income and Social Contribution Taxes, together with a separate unrelated fine, for various reasons. Most of the assessment relates to the amortization of goodwill resulting from the privatization auction of the Telebrás System and the related tax deductions. Under Law 9.532/97, art. 7, the proceeds of goodwill amortization can be included in the taxable income of a subsidiary created as a result of a merger, spin-off or consolidation, whereby one company has acquired a stake in the other, resulting in goodwill based on the future profitability of the investee. It should be stressed that this is a normal market transaction and is in accordance with CVM (Brazilian Securities Commission) Instruction No. 319/99.

In March 2007, the Federal Revenue Secretariat in Recife, in the State of PE, notified the subsidiary by means of a Tax Information Report, which informed the company that the amounts in connection with Income and Social Contribution Taxes and a separate fine, which added up to a total of R\$73,027 (principal and separate fine), had been excluded from the assessment notice.

As a result, part of the infractions contained in the assessment notice were transferred to 159 specific offsetting proceedings which add up to a total amount of R\$85,771. In September 2009 there was a decision that was partially favorable to TIM Celular in one of the offsetting proceedings, reducing part of the credit offset by the subsidiary. At present, the subsidiary continues to challenge the remainder of the offsetting proceedings, the total outstanding balance of which comes to a figure of R\$75,286 (reduction of R\$10,485).

From May to July 2008, TIM Celular received 49 assessment notices issued by the Brazilian Federal Revenue in connection with Income and Social Contribution Taxes offset by the subsidiary in the years 2002, 2003 and 2004, totaling R\$11,088. The aforementioned assessments were all timely challenged by the subsidiary, and the subsidiary is now awaiting a decision at the administrative level.

*IRRF*

In October 2005, TIM Celular received a Tax Execution notification for the sum of R\$5,624, in connection with the failure to pay IRRF on rentals, royalties and work done without any employment ties. This subsidiary has already stayed this execution and intends to challenge the aforementioned assessment at higher courts.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

---

The subsidiary Intelig filed a Writ of Mandamus aimed at getting recognition of the exemption from Tax Withheld at Source (IRF) in connection with remittances overseas for payment of interconnection services to international operators, based on a provision included in the Treaty of Melbourne. In June 2010, the subsidiary was handed down a favorable decision.

In December 2006, the subsidiary Intelig was assessed by the Federal Revenue Secretariat for the sum of R\$49,000 in relation to the non-payment of IRF and CIDE on the aforementioned remittances. The aforementioned assessment is being challenged, and the enforceability of the tax debit is stayed while the matter is with the courts. Based on the opinions both of the company's own lawyers as well as of law firms that provide it with legal advice, management concluded that the pending proceedings carry a possible risk of loss and understands that the legal measures which were taken are sufficient to preserve the company's net equity.

### *PIS and COFINS*

In 2004, TIM Celular was assessed in connection with PIS and COFINS due on exchange variation arising from revenue generated in 1999. The two assessment notices added up to a total amount of R\$30,913. TIM Celular had filed a Writ of Mandamus against the broadening of the tax assessment basis established by Law No. 9718/98. A judicial decision favorable to the company was issued in March 2006 in relation to the aforementioned Writ of Mandamus, declaring Law No. 9718/98 to be unconstitutional, preventing the collection of PIS and COFINS on non-operating revenue.

In above-mentioned tax assessments, which challenged the levying of PIS and COFINS on exchange rate variations in April 2007, the requirement for payment of PIS on exchange rate variations was canceled, and in February 2009, the requirement for payment of COFINS in connection with exchange rate variation was reduced by R\$23,339, leaving the amount of R\$2,263 still under discussion.

In October, November and December 2009, TIM Celular received 194 tax assessments amounting to the sum of R\$26,076 which involve the payment of COFINS in connection with the non-homologation of the request for offset for the fiscal years 2005, 2006 and 2007, related primarily to the import of services. The aforementioned assessments are being challenged by the subsidiary at the administrative level.

In May 2010, TIM Celular received 3 assessment notices from the Federal Revenue Secretariat in São Paulo totaling R\$50,026 and which involve (i) failure to withhold tax at source on earnings from overseas residents referring to international roaming, in addition to payments to unidentified beneficiaries; (ii) failure to deduct CIDE on the payment of royalties on overseas remittances, as well as on remittances involving international roaming; and (iii) reduction of fiscal losses (Income and Social Contribution Taxes) in respect of the deduction of unproven expenses for technical services. These assessments were immediately contested by the subsidiary, and a decision in the administrative sphere is awaited.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

*ICMS*

TIM Celular received assessment notices from the tax authorities of the State of Santa Catarina in 2003 and 2004, mainly relating to disputes regarding the levying of ICMS on telecommunication services provided by the Parent Company, as well as in connection with the sale of phone sets. As a result of various favorable decisions in relation to the administrative processes, the amount that is now being disputed is R\$42,981, (the original tax assessment was for the sum of R\$95,449). The subsidiary is currently challenging these assessments with the tax authorities at both the administrative as well as judicial levels. Based on the opinions both of the company's own lawyers as well as of law firms that provide the company with legal advice, management concluded that the processes still in progress may result in a possible loss for the subsidiary.

Over the past few years, the subsidiary TIM Celular has received tax assessment notices drawn up by the tax authorities in various Brazilian States in connection with the payment of ICMS regarding operating aspects of the company's activity of provision of telecommunications services, as well as the commercialization of merchandise. Some grounds or reasons for tax assessments in connection with alleged failure to pay the tax, according to the allegations of the inspection agents include: (i) discussion regarding the requirement to pay the difference between the intrastate and interstate ICMS rates on the purchase of property, plant and equipment items for use and consumption and the determination of the ICMS basis of calculation for acquisition of goods intended for sale; (ii) recording of the taxed services (according to the understanding of the tax authorities) as not taxed by the subsidiary in the Transfer Register; (iii) alleged underpayment due to usage of the incorrect rate and the entry of telecommunications services as not taxed; (iv) alleged failure to make payment due to differences between the amount actually paid and the amount declared; (v) payment of tax outside the term established by the state legislation, among others. The aforementioned assessments are being challenged in a timely fashion at both the administrative as well as the judicial levels. The sum involved in those cases under discussion where the amount is in excess of R\$5,000, comes to a total of R\$108,359.

The subsidiary TIM Celular received tax assessment notices for ICMS drawn up by the tax authorities in the States of Rio de Janeiro and Bahia, for allegedly defaulting on payment of the tax, as well as the additional contribution regarding the "Fundo de Combate à Pobreza e às Desigualdades Sociais" (Fund for Fighting Poverty and Social Inequalities) allegedly due on: (i) the provision of international roaming services; and (ii) the provision of services in the pre-paid modality. The aforementioned assessments are being challenged at the administrative level and add up to a total sum of R\$46,835.

The subsidiary TIM Celular received tax assessment notices drawn up by the tax authorities of the States of Paraíba, Rio de Janeiro and Paraná, for the respective sums of R\$5,511, R\$38,274 and R\$8,476, in connection with the failure to proportionally reverse ICMS credits on shipment of exempt and non-taxed goods. The aforementioned assessments are being challenged by the subsidiary at the administrative level and add up to a total sum of R\$52,261.



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

The subsidiary TIM Celular received assessment notices from the tax authorities of the State of São Paulo and the State of Minas Gerais for the respective sums of R\$286,010 and R\$17,167, for allegedly having failed to include conditional discounts offered to clients in the ICMS basis of calculation. This subsidiary intends to challenge the aforementioned collection at the higher court.

In 2008, 2009 and 2010 the subsidiary TIM Celular received tax assessment notices for the total sum of R\$119,932 drawn up by the tax authorities of the States of Ceará, São Paulo, Pernambuco, Paraná and Minas Gerais in connection with a debit arising from taking ICMS credit on the purchase of electric energy. The aforementioned assessments are being challenged by the subsidiary at the administrative level.

In January 2010, the subsidiary TIM Celular was assessed by the State of Sao Paulo's tax authorities for the sum of R\$5,255 in connection with the debit resulting from the reversal of ICMS credits on the shipment of goods to the Manaus Free Trade Zone. The aforementioned debit is being challenged at the judicial level.

In October 2008 the subsidiary TIM Celular was assessed by the State of Sergipe's tax authorities for the sum of R\$16,668, in connection with a fine for allegedly failing to file electronic files containing fiscal documentation in relation to telecommunication services rendered. The aforementioned assessment was challenged, and TIM was successful in February 2010, the assessment having been fully canceled.

In September 2008, TIM Celular was assessed by the State of Minas Gerais's tax authorities for the sum of R\$24,930, which represented a separate fine for the failure to record telecommunications service invoices in the ICMS determination book. In August 2009 the administrative decision was rendered, which reduced the amount of the assessment by 99.8%. Given the significant reduction, the subsidiary paid the outstanding balance and the proceeding was dismissed, given that almost the entire amount of the assessment was canceled.

On November 19, 2002, the subsidiary Intelig was assessed by the State of Minas Gerais' tax authorities for the sum of R\$8,500, for allegedly having taken undue ICMS credit on the acquisition of property, plant and equipment items and materials intended for utilization and consumption by the company. This assessment is being challenged at the judicial level.

In November 2005, the subsidiary Intelig was assessed by the State of Mato Grosso's tax authorities for the sum of R\$11,700, for allegedly having taken undue ICMS credit on the acquisition of property, plant and equipment items without the support of the respective invoice and for the difference in the rate of ICMS. The aforementioned assessment is being challenged at the judicial level.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

In December 2007 and December 2008, the subsidiary Intelig received two assessment notices from the State of Sao Paulo's tax authorities for the amounts of R\$6,700 and R\$11,300, respectively, for allegedly having taken undue ICMS credit in the years 2002 and 2003 by means of the reversal of debits in connection with the cancellation of telecommunications services that were not actually provided. The Company's attempt to reverse the assessment received in 2002 was unsuccessful at the administrative level, as a result of which discussion of the debit will now be initiated at the judicial level. This assessment in relation to the year 2003 is being challenged at the administrative level. In August 2009, the subsidiary Intelig was assessed by the State of Rio de Janeiro's tax authorities for the sum of R\$4,800, for allegedly having taken undue ICMS credit as a result of the application of an insufficient coefficient for reduction of ICMS credits in relation to operations involving shipments of tax exempt and non-taxed goods during the period between 2004 and 2009. The aforementioned assessment is being challenged at the administrative level.

In May 2010, TIM Celular received a tax assessment notice from the Finance Secretariat of the State of Paraná, amounting to R\$27,188, involving the failure to deduct ICMS on telecommunication services (pre-paid model) rendered – transactions involving dispatch of telephone cards in calendar year 2005. This assessment is being challenged in the administrative sphere.

In April 2010, TIM Celular received 3 tax assessment notices from the Finance Secretariat of the State of Ceará, totaling R\$17,558 and involving: (i) failure to deduct ICMS on inventories, the company having failed to transfer to property, plant and equipment merchandise acquired for inventory, bearing in mind that a loan for use transaction took place; and (ii) failure to deduct ICMS arising from having issued a fiscal document with a lower price than the cost of acquisition. These tax assessments are being challenged in the administrative sphere.

*ISS*

On December 20, 2007, the subsidiary TIM Celular received an assessment notice from the municipality of Rio de Janeiro for the amount of R\$94,359 for allegedly failing to pay ISS on the following services: technical programming; administrative service of plan cancellation; telephone directory assistance service, provision of data and information and network infrastructure sharing. This assessment is being challenged by the subsidiary at the administrative level.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

*FUST – Telecommunications Services Universalization Fund*

On December 15, 2005, ANATEL issued its Abstract No. 07 aimed, among other things, at charging FUST contributions on the interconnection revenues earned by the providers of telecommunications services, from the date upon which Law No. 9998 came into force. It is the continued understanding of the subsidiary company that based on the applicable legislation (including the provision in the sole paragraph of article 6 of Law No. 9998/00), the abovementioned revenues are not subject to the FUST charge, and accordingly, management has taken the necessary measures to protect the interests of the subsidiary company. A writ of mandamus was filed to protect the interests of the subsidiary in connection with the non-payment of FUST on interconnection revenues. ANATEL's intention to charge FUST on such revenues has been suspended, due to the judicial decision in favor of the subsidiary company. The writ of mandamus is pending the decision from the court of appeals.

Since October 2006, ANATEL has issued a number of assessment notices against the subsidiary TIM Celular, in connection with FUST charges that are allegedly due on interconnection revenues for the years from 2001 to 2005, together with a fine for arrears, on account of Abstract No. 07/05. The assessments for this period add up to a total amount of R\$133,059.

The subsidiary Intelig has received a number of assessment notices from ANATEL, which add up to a total amount of R\$29,379 in connection with FUST charges that are allegedly due on interconnection revenues for the periods from January to December 2001, 2002 and 2003, respectively. The aforementioned assessments are being challenged at the administrative level.

*FUNTTEL – Telecommunications Technological Development Fund*

The Ministry of Communications drew up assessment notices against the subsidiary TIM Celular in the amount of R\$73,668, in connection with FUNTTEL amounts allegedly due on interconnection revenues for the years from 2001 to 2005, as well as a fine for arrears. It is the continued understanding of the Company that the above mentioned revenues are not subject to FUNTTEL. A writ of mandamus was filed to safeguard the Company's interests in relation to the non-payment of FUNTTEL on interconnection revenues, on the same grounds as those used for the FUST process. The intention to charge FUNTTEL on interconnection revenues is under suspension, due to a favorable ruling obtained in relation to the writ of mandamus that was filed by the subsidiary.

The subsidiary Intelig has received a number of assessment notices from the Ministry of Communications, which add up to a total amount of R\$11,607 in connection with FUNTTEL charges that are allegedly due on interconnection revenues for the periods from January to December 2002, March to December 2003, April to December 2004 and January to November 2005, respectively. The aforementioned assessments are being challenged at the administrative level.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR – Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of – 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

### Regulatory proceedings

TIM Celular is authorized to provide SMP in all Brazilian states for an indefinite period, and to use the radio frequencies associated with SMP, having obtained an extension from ANATEL of the authorizations for such radio-frequency usage, under the Terms of Authorization, for a period of 15 years counting from the end of the original period of validity of these authorizations.

By means of ordinances issued in July/10, ANATEL confirmed as official the stay of proceedings associated with the charge of 2% of interconnection revenues referring to payment of the RF renewals. This has had no effect on the Company's provisioning, since at no time did the company believe there existed a regulatory obligation associated with this payment.

In view of the extension of authorization of usage of the radio frequencies associated with SMP, the subject matter of the above mentioned Terms of Authorization issued in accordance with the respective Acts, the Company received demands from ANATEL for payment of a new Installation Inspection Fee (TFI) for all its mobile stations in operation in the service-provision area, although these stations have already been licensed, for the sums shown in the table below. In the Company's opinion these charges are improper.

| State  | Term of authorization | Expiration Date | Act                    | Amount     |
|--|-----------------------|-----------------|------------------------|------------|
| Paraná (except for the municipalities of Londrina and Tamarana)        | 002/2006/PVCP/SPV     | 9/3/2022        | 57,551 dated 4/13/2006 | R\$80,066  |
| Santa Catarina Municipality and region of Pelotas in Rio Grande do Sul | 074/2008/PVCP/SPV     | 9/30/2023       | 5,520 dated 9/18/2008  | R\$54,026  |
| Ceará  | 001/2009/PVCP/SPV     | 4/14/2024       | 1,848 dated 4/13/2009  | R\$333,444 |
| Alagoas  | 089/2008/PVCP/SPV     | 11/28/2023      | 7,385 dated 11/27/2008 | R\$41,728  |
| Rio Grande do Norte  | 045/2008/PVCP/SPV     | 12/15/2023      | 7,383 dated 11/27/2008 | R\$20,038  |
| Paraíba  | 050/2008/PVCP/SPV     | 12/31/2023      | 7,390 dated 11/27/2008 | R\$15,021  |
| Piauí  | 047/2008/PVCP/SPV     | 12/31/2023      | 7,386 dated 11/27/2008 | R\$19,844  |
| Pernambuco   | 049/2008/PVCP/SPV     | 3/27/2024       | 7,389 dated 11/27/2008 | R\$13,497  |
|  | 089/2008/PVCP/SPV     | 5/15/2024       | 7,388 dated 11/27/2008 | R\$54,000  |

The demand for payment of TFI is a result of ANATEL's understanding that Art. 9, III, of the Regulations for Collection of Revenues of the FISTEL Telecommunications Inspection Fund, approved by Resolution No. 255, which foresees the levying of TFI on the station upon renewed of a license that entails the issuing of a new license. However, in the Company's understanding this does not appear to be the correct interpretation of the provisions of the legislation applicable to the matter at hand, which is why the aforementioned charge was the cause for the timely challenge at the administrative level, with the requirement for payment of the charge being suspended until the definitive ruling of the challenge from ANATEL.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

According to the Terms of Authorization for the operation of Personal Mobile Service (SMP), the subsidiary companies undertook to implement coverage of SMP in stages in relation to their respective regions, within the scope of the areas they were awarded, and they have done this. Also in accordance with the aforementioned Terms of Authorization, the subsidiary companies are required to operate in accordance with the quality standards established by ANATEL and comply with the obligations determined by the regulations. If there is a failure to perform the obligations as set out under the Terms of Authorization, the subsidiaries are subject to the filing of PADOs (Proceedings for the Determination of Non-Compliance of Obligations) and possible sanctions as a result.

ANATEL has brought administrative proceedings against the subsidiaries for:

(i) noncompliance with certain quality service indicators; and (ii) default on certain obligations assumed under the Terms of Authorization and relevant regulations.

The subsidiaries filed Defenses and Administrative Appeals explaining that the reasons for default were due to several factors, most of them involuntary and not related to the companies' activities and actions. The provision for regulatory contingencies shown in the balance sheet reflects the amount of losses expected, which management has classified as probable.

## **24 Assets retirement obligations**

The changes in the obligations deriving from assets retirement are set forth below:

|  | <b>Consolidated</b> |                |
|--|---------------------|----------------|
|  | <b>06/ 2010</b>     | <b>03/2010</b> |
|  | (6 months)          | (3 months)     |
| Opening balance  | 237,094             | 237,094        |
| Additions recorded throughout the period, net of write- offs | 7,951               | 2,301          |
| Monetary adjustment in the period                            | 7,820               | 3,761          |
| Closing balance  | <u>252,865</u>      | <u>243,156</u> |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

**25 Shareholders' equity**

a. Capital

Upon resolution by the Board of Directors, without amending the bylaws, the Company is authorized to increase its capital to up to 2,500,000,000 common or preferred shares.

The Shareholders' Meeting held on April 2, 2009, approved a capital increase in the amount of R\$18,761, through the issue of 1,573,828 common shares and 3,046,671 preferred shares, with no par value, on behalf of TIM Brasil. This capital increase used the tax benefit produced by goodwill amortization and the Company's partial spin-off. Minority shareholders were assured capitalization rights, based on the same conditions applicable to controlling shareholders, so that they could keep their minority interests. The subscription price was R\$6.12 per common share and R\$3.00 per preferred share.

Following the merger of HOLDCO (note 2), the Shareholders' Meeting held on December 30, 2009, approved a capital increase of R\$516,725, through issuance of 43,356,672 common shares and 83,931,352 preferred shares, with no par value, issued by the Company and subscribed on behalf of JVCO.

The subscribed and paid-in capital comprises shares with no par value, as follows:

|                            | <u>06/2010</u>       | <u>03/2010</u>       |
|----------------------------|----------------------|----------------------|
| Number of common shares    | 843,281,477          | 843,281,477          |
| Number of preferred shares | 1,632,453,583        | 1,632,453,583        |
|                            | <u>2,475,735,060</u> | <u>2,475,735,060</u> |

b. Capital reserves

*Special premium reserve*

This reserve resulted from the corporate restructuring process carried out in 2000. The portion of the special reserve corresponding to the tax benefit obtained may be capitalized at the end of each fiscal year for the benefit of the controlling shareholder, through issuance of new shares. The respective capital increase will be subject to preemptive rights of the minority shareholders in proportion to their shareholdings by type and class upon the new issuance, and the amounts payable in connection with this right must be delivered directly to the controlling shareholder, in accordance with CVM Instruction No. 319/99.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

c. Profit reserves

*Legal reserve*

This refers to 5% of net income for every year ended December 31, until the legal reserve equals 20% of capital. Also, the Company is authorized to stop setting up a legal reserve when, together with the Capital Reserves, it exceeds 30% of capital stock. This reserve can be used only for capital increase or offsetting of accumulated losses.

*Reserve for expansion*

This reserve is set up based on paragraph 2, article 46 of the bylaws and article 194 of Law No. 6404/76, and is intended to fund investment and expansion projects.

d. Dividends

Dividends are calculated in accordance with the Company's bylaws and the Brazilian Corporate Law ("Lei das Sociedades por Ações").

As stipulated in its bylaws, the Company shall distribute an amount equivalent to 25% of adjusted net income as a minimum dividend every year ended December 31, provided there are funds available for distribution.

Preferred shares are nonvoting, but are ensured the following preferences or advantages: (i) priority in the payment of capital at no premium and (ii) payment of a minimum non-cumulative dividend of 6% p.a. on the total obtained by dividing the subscribed capital stock by the total number of shares issued by the Company.

In order to comply with Law No. 10303/01, the Company's bylaws were amended, including the first paragraph of article 10, which ensures the holders of preferred shares, every year, the right to receive dividends corresponding to 3% of net earnings per share, based on the balance sheet most recently approved, whenever the dividend established according to this criterion exceeds the dividend calculated according to the criteria previously established, as described in the preceding paragraph.

In 2010, the preferred shares were granted full voting rights since dividends had not been paid for three consecutive years, in accordance with the first paragraph of article 111 of Law No. 6404/76.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**26 Net operating revenue**

|   | <b>Consolidated</b> |                             |
|---|---------------------|-----------------------------|
|   | <b>06/2010</b>      | <b>06/2009<br/>Adjusted</b> |
| Telecommunications service revenue - Mobile           |                     |                             |
| Subscription  | 164,376             | 147,188                     |
| Use   | 4,017,885           | 3,672,720                   |
| Network use   | 1,821,013           | 2,033,405                   |
| Long distance   | 1,161,959           | 907,526                     |
| VAS – Additional services                             | 1,034,381           | 912,968                     |
| Other   | 107,591             | 115,597                     |
|   | <u>8,307,205</u>    | <u>7,789,404</u>            |
| Telecommunications service revenue – Fixed            | 584,048             | 32,862                      |
| Telecommunications service revenue – Mobile and Fixed | <u>8,891,253</u>    | <u>7,822,266</u>            |
| Goods sold  | 692,016             | 950,862                     |
| Gross operating revenue                               | <u>9,583,269</u>    | <u>8,773,128</u>            |
| Deductions from gross revenue                         |                     |                             |
| Taxes   | (2,192,773)         | (1,898,011)                 |
| Discounts given                                       | (530,144)           | (420,238)                   |
| Returns and other                                     | (60,168)            | (84,759)                    |
|   | <u>(2,783,085)</u>  | <u>(2,403,008)</u>          |
|   | <u>6,800,184</u>    | <u>6,370,120</u>            |



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**27 Cost of services provided and goods sold**

|  | Consolidated |             |
|--|--------------|-------------|
|  | 06/2010      | 06/2009     |
| Personnel                                      | (33,635)     | (38,170)    |
| Third party services                           | (174,836)    | (162,453)   |
| Interconnection                                | (1,750,202)  | (1,648,483) |
| Depreciation and amortization                  | (785,343)    | (709,141)   |
| Telecommunications inspection fund (FISTEL)    | (4,916)      | (5,260)     |
| Rentals  | (114,494)    | (77,059)    |
| Other  | (22,747)     | (12,280)    |
| Cost of services provided                      | (2,886,173)  | (2,652,846) |
| Cost of goods sold                             | (628,227)    | (791,178)   |
| Total cost of services provided and goods sold | (3,514,400)  | (3,444,024) |

**28 Selling expenses**

|   | Consolidated |             |
|---|--------------|-------------|
|   | 06/2010      | 06/2009     |
| Personnel                                   | (191,359)    | (179,647)   |
| Third parties' services                     | (984,280)    | (973,638)   |
| Advertising and publicity expenses          | (255,046)    | (233,184)   |
| Loss and allowance for doubtful accounts    | (183,085)    | (240,042)   |
| Telecommunications inspection fund (FISTEL) | (364,990)    | (285,669)   |
| Depreciation and amortization               | (170,880)    | (162,145)   |
| Other                                       | (40,373)     | (45,677)    |
|   | (2,189,977)  | (2,120,362) |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR – Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of – 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**29 General and administrative expenses**

|                               | Parent Company |                | Consolidated     |                  |
|-------------------------------|----------------|----------------|------------------|------------------|
|                               | 06/2010        | 06/2009        | 06/2010          | 06/2009          |
| Personnel                     | (751)          | (751)          | (73,679)         | (78,322)         |
| Third parties' services       | (1,251)        | (4,555)        | (203,447)        | (185,410)        |
| Depreciation and amortization | -              | -              | (214,617)        | (254,550)        |
| Other                         | (400)          | (158)          | (34,712)         | (31,619)         |
|                               | <u>(2,402)</u> | <u>(5,464)</u> | <u>(526,455)</u> | <u>(549,901)</u> |

**30 Other operating revenues (expenses), net**

|  | Parent Company |              | Consolidated     |                     |
|--|----------------|--------------|------------------|---------------------|
|  | 06/2010        | 06/2009      | 06/2010          | 06/2009<br>Adjusted |
| Revenues                                       |                |              |                  |                     |
| Fines on telecommunications services           | -              | -            | 15,320           | 18,287              |
| Reversal of the provision for contingencies    | 22             | 1,314        | 7,397            | 10,060              |
| Disposal of property, plant and equipment      | -              | -            | 990              | 866                 |
| Other operating revenue                        | -              | -            | 1,072            | 1,633               |
|  | <u>22</u>      | <u>1,314</u> | <u>24,779</u>    | <u>30,846</u>       |
| Expenses                                       |                |              |                  |                     |
| Amortization of deferred charges               | -              | -            | (21)             | (58)                |
| Amortization of concessions                    | -              | -            | (168,825)        | (162,779)           |
| Taxes, fees and contributions                  | -              | (34)         | (5,419)          | (13,523)            |
| Provision for contingencies                    | -              | (724)        | (52,327)         | (43,047)            |
| Cost disposed of property, plant and equipment | -              | -            | (6,170)          | (6,048)             |
| Other operating expenses                       | 4              | -            | (4,610)          | (4,430)             |
|  | <u>4</u>       | <u>(758)</u> | <u>(237,372)</u> | <u>(229,885)</u>    |
| Other operating revenue (expenses), net        | <u>18</u>      | <u>556</u>   | <u>(212,593)</u> | <u>(199,039)</u>    |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

### 31 Financial revenue

|                                   | Parent Company |              | Consolidated   |                |
|-----------------------------------|----------------|--------------|----------------|----------------|
|                                   | 06/2010        | 06/2009      | 06/2010        | 06/2009        |
| Interest on financial investments | 1,101          | 2,192        | 66,939         | 26,645         |
| Interest received from clients    | -              | -            | 20,917         | 20,638         |
| Monetary adjustment               | 270            | 369          | 20,216         | 8,243          |
| Exchange variations               | 3              | -            | 342,547        | 446,639        |
| Other revenue                     | 80             | -            | 1,471          | 4,308          |
|                                   | <u>1,454</u>   | <u>2,561</u> | <u>452,090</u> | <u>506,473</u> |

### 32 Financial expenses

|                                 | Parent Company |              | Consolidated     |                  |
|---------------------------------|----------------|--------------|------------------|------------------|
|                                 | 06/2010        | 06/2009      | 06/2010          | 06/2009          |
| Interest on loans and financing | -              | -            | (156,077)        | (129,790)        |
| Interest paid to suppliers      | (2)            | -            | (7,704)          | (2,806)          |
| Interest on taxes and fees      | -              | -            | (305)            | (813)            |
| Monetary adjustment             | -              | (100)        | (18,540)         | (16,988)         |
| Discounts given                 | -              | -            | (8,867)          | (4,128)          |
| Exchange variations             | (78)           | -            | (384,132)        | (477,375)        |
| Other expenses                  | (59)           | (23)         | (12,274)         | (9,743)          |
|                                 | <u>(139)</u>   | <u>(123)</u> | <u>(587,899)</u> | <u>(641,643)</u> |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR – Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of – 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**33 Income and social contribution tax expenses**

|  | Parent Company |         | Consolidated |          |
|--|----------------|---------|--------------|----------|
|  | 06/2010        | 06/2009 | 06/2010      | 06/2009  |
| Income tax for the period                                      | -              | -       | (49,077)     | (51,642) |
| Social contribution for the period                             | -              | -       | (17,794)     | (18,756) |
| Tax incentive - ADENE  | -              | -       | 9,347        | 14,690   |
|  | -              | -       | (57,524)     | (57,708) |
| Deferred income tax  | -              | -       | (23,589)     | (16,139) |
| Deferred social contribution                                   | -              | -       | (8,492)      | (5,811)  |
|  | -              | -       | (32,081)     | (21,950) |
| Provision for income and social contribution tax contingencies | -              | (3,227) | -            | (3,227)  |
|  | -              | (3,227) | (89,605)     | (80,885) |

The reconciliation of income tax and social contribution expenses calculated at the applicable tax rates plus the amounts reflected in the income statement is set forth below:

|   | Consolidated |           |
|---|--------------|-----------|
|   | 06/2010      | 06/2009   |
| Income / (loss) before income tax and social contribution                 | 220,950      | (78,376)  |
| Combined tax rate   | 34%          | 34%       |
| Income tax and social contribution at the combined tax rate               | (75,123)     | (26,648)  |
| (Additions)/exclusions:   |              |           |
| Unrecognized tax losses and temporary differences                         | (12,766)     | (94,536)  |
| Provision for income and social contribution tax contingencies            | -            | (3,227)   |
| Tax losses and recognized temporary differences                           | (32,081)     | (21,950)  |
| Permanent (additions)/exclusions  | (2,887)      | (3,931)   |
| Tax incentive – ADENE   | 9,347        | 14,690    |
| Difference on the calculation of tax loss carryforwards of previous years | 25,475       | -         |
| Other amounts   | 1,570        | (1,421)   |
|   | (14,482)     | (107,533) |
| Income tax and social contribution charged to results for the period      | (89,605)     | (80,885)  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

**34 Transactions with Telecom Italia Group**

The consolidated balances of transactions with companies of the Telecom Italia Group are as follows:

|                                | <b>Assets</b>  |                |
|--------------------------------|----------------|----------------|
|                                | <b>06/2010</b> | <b>03/2010</b> |
| Telecom Personal Argentina (1) | 2,242          | 2,566          |
| Telecom Italia Sparkle (1)     | 13,818         | 13,182         |
| Telecom Italia S.p.A. (2)      | 4,009          | 6,285          |
| Other                          | 965            | 748            |
| Total                          | <u>21,034</u>  | <u>22,781</u>  |

|                                | <b>Liabilities</b> |                |
|--------------------------------|--------------------|----------------|
|                                | <b>06/2010</b>     | <b>03/2010</b> |
| Telecom Italia S.p.A. (2)      | 15,308             | 2,795          |
| Telecom Personal Argentina (1) | 1,846              | 1,552          |
| Telecom Italia Sparkle (1)     | 6,425              | 13,439         |
| Other                          | 2,300              | 606            |
| Total                          | <u>25,879</u>      | <u>18,392</u>  |

|                                | <b>Revenue</b> |                |
|--------------------------------|----------------|----------------|
|                                | <b>06/2010</b> | <b>06/2009</b> |
| Telecom Italia S.p.A. (2)      | 8,986          | 6,074          |
| Telecom Personal Argentina (1) | 4,001          | 3,072          |
| Telecom Italia Sparkle (1)     | 14,550         | 2,997          |
| Other                          | 594            | 465            |
| Total                          | <u>28,131</u>  | <u>12,608</u>  |

|                                | <b>Cost/Expense</b> |                |
|--------------------------------|---------------------|----------------|
|                                | <b>06/2010</b>      | <b>06/2009</b> |
| Telecom Italia S.p.A. (2)      | 4,951               | 9,395          |
| Telecom Italia Sparkle (1)     | 10,135              | 12,962         |
| Telecom Personal Argentina (1) | 4,412               | 3,676          |
| Other                          | 3,241               | 589            |
| Total                          | <u>22,739</u>       | <u>26,622</u>  |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

- (1) These amounts refer to roaming, value-added services (VAS) and assignment of means.
- (2) These amounts refer to international roaming, technical post-sales assistance and value-added services (VAS).

On April 27, 2010, the Shareholders' Meeting of TIM Participações approved the renewal of the cooperation and support agreement with Telecom Italia S.p.A., and TIM Celular, via intermediation of the Company, effective between January 3, 2010 and January 2, 2011, in the amount of approximately R\$20,700.

The amount of R\$9,410 was provisioned up to June 30, 2010, of which R\$9,100 refer to property, plant and equipment and R\$310, costs/expenses. The agreement is intended to add value to the Company by utilizing Telecom Italia's experience in: (i) improving the effectiveness and efficiency of activities involved by adopting in-house solutions, and (ii) sharing systems, services, processes and best practices widely used in the Italian market, which can be easily customized to the Company's requirements.

The balance sheet account balances are recorded in the following groups: accounts receivable, suppliers and other current assets and liabilities.

### **35 Financial instruments and risk management**

Through its subsidiaries, the Company performs non-speculative derivative transactions, to reduce the exchange and interest risks involved. These transactions include swap contracts, and accordingly, no exotic or any other kind of derivative instruments is involved.

The Company's financial instruments are presented, through its subsidiaries, in compliance with CVM Resolution No. 566, of December 17, 2008, which in turn approved CPC Technical Pronouncement No. 14 and CVM Instruction No. 475, of December 17, 2008.

Accordingly, the major risk factors to which the Company and its subsidiaries are exposed are as follows:

(i) Exchange variation risks

The exchange variation risks refer to the possibility of subsidiaries incurring losses on unfavorable exchange rate fluctuation, which would raise the outstanding balances of loans taken in the market along with the related financial charges. In order to eliminate this kind of risk, the subsidiaries enter into swap contracts with financial institutions.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

As of June 30, 2010, the subsidiaries' financing indexed to foreign currency was fully covered by swap contracts in terms of time and amount. Any gains or losses arising from these swap contracts are charged to income of the Company and its subsidiaries.

Besides the loans taken by the subsidiaries, which involve swap contracts, no other financial assets are indexed to foreign currencies.

(ii) Interest rate risks

Interest rate risks relate to:

- the possibility of variations in the fair value of financing obtained by TIM Celular at fixed interest rates, when these rates do not reflect the market's current conditions. In order to mitigate this type of risk, TIM Celular enters into swap contracts with financial institutions, and changes the fixed interest rates charged on the financing to a percentage of the CDI. Any gains or losses arising from these swap contracts are charged to income of the subsidiary TIM Celular;

- the possibility of variations in the fair value of TJLP-indexed financing taken by the subsidiary TIM Celular, when these rates are not proportional to that of the Interbank Deposit Certificates (CDI). In order to mitigate this type of risk, the subsidiary TIM Celular enters into swap contracts with financial institutions, and changes the TJLP rate charged on the financing into a percentage of the CDI. Any gains or losses arising from these swap contracts are charged to income of the subsidiary TIM Celular;

- the possibility of unfavorable changes in interest rates, which would result in higher financial expenses for the subsidiaries due to the indebtedness and the obligations assumed by the subsidiaries under the swap contracts indexed to floating interest rates (CDI percentage). However, as of June 30, 2010, the subsidiaries' financial funds were invested in Interbank Deposit Certificates (CDI), and this considerably reduces such risk.

(iii) Credit risk inherent to provision of services

This risk is related to the possibility of the subsidiaries incurring losses from the difficulty in collecting amounts billed to customers. In order to mitigate this risk, the subsidiaries perform credit analysis that assists management of risks related to collection problems, and monitor accounts receivable from subscribers, blocking the use of services by customers in case they default on payment of their bills. As of June 30, 2010 and 2009, no customers accounted for more than 10% of net receivables from services provided or of revenue from services rendered in the quarters then ended.

(iv) Credit risk inherent to the sale of phone sets and prepaid telephone cards

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

The policy adopted by the subsidiaries for the sale of phone sets and distribution of prepaid telephone cards is directly related to credit risk levels accepted in the regular course of business. The choice of partners, the diversification of the accounts receivable portfolio, the monitoring of loan conditions, the positions and limits defined for orders placed by traders, and the adoption of guarantees are procedures adopted by the subsidiaries to minimize possible collection problems with their business partners. As of June 30, 2010 and 2009, no customers accounted for more than 10% of net receivables from the sale of goods or of revenue from the sale of goods in the quarters then ended.

(v) Financial credit risk

This risk relates to the possibility of the subsidiaries incurring losses from the difficulty in realizing their short-term investments and swap contracts due to insolvency of the counterparties. The subsidiaries minimize the risk associated with these financial instruments by operating only with sound financial institutions, and adopting policies that establish maximum risk concentration levels by institution.

There is no concentration of available resources in connection with the work, services, concessions or rights mentioned above, which, if suddenly eliminated, could significantly impact the operations of the subsidiaries.

Fair value of derivative financial instruments

The consolidated derivative financial instruments are as follows:

|                         | <b>June 2010</b> |             |          | <b>March 2010</b> |             |          |
|-------------------------|------------------|-------------|----------|-------------------|-------------|----------|
|                         | Assets           | Liabilities | Net      | Assets            | Liabilities | Net      |
| Derivative transactions | 89,274           | 159,632     | (70,358) | 86,062            | 146,504     | (60,442) |
| Current portion         | 57,452           | 51,514      | 5,938    | 54,231            | 53,037      | 1,194    |
| Noncurrent portion      | 31,822           | 108,118     | (76,296) | 31,831            | 93,467      | (61,636) |

As of June 30, 2010, the long-term, consolidated financial derivative instruments matured as follows:



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

|              | <u>Assets</u> | <u>Liabilities</u> |
|--------------|---------------|--------------------|
| 2011         | 2.181         | 697                |
| 2012         | 2.467         | 647                |
| 2013         | 596           | 2                  |
| 2014         | -             | -                  |
| From 2015 on | <u>26,578</u> | <u>106,772</u>     |
|              | <u>31,822</u> | <u>108,118</u>     |

The fair values of derivative financial instruments of the subsidiaries were determined based on future cash flows (asset and liability position), taking into account the contracted conditions and bringing those flows to present value by means of the discounted future CDI rate disclosed in the market. The fair values were estimated at a specific time, based on information available and on the Company's own valuation methodologies.

The Company's hedge policy against financial risk – Summary

The Company's policy stipulates the adoption of hedge mechanisms against financial risks involved in financing taken in foreign or local currency, in order to control the exposure to risks related to exchange variation and interest rate variation.

The contracting of derivative financial instruments against exchange exposure should occur simultaneously with the debt contract that originated the exposure. The level of risk coverage to be contracted for these exchange exposures is 100% in terms of time and amount.

With regard to the exposure to risk factors in local currency arising from financing linked to fixed interest rates or TJLP, given that the yield on the subsidiaries' cash and cash equivalents is based on the CDI, their strategy is to change part of these risks into exposure to the CDI.

As of June 30, 2010 and March 31, 2010, no type of margin or guarantee was applied to transactions with derivative instruments entered into by the Company and its subsidiaries.

The criteria for selection of financial institutions rely on parameters that take into account the *rating* provided by renowned risk analysis agencies, the shareholders' equity and the degree of concentration of operations and funds.

The table below shows the derivative instruments transactions contracted by the subsidiaries and effective as of June 30, 2010 and March 31, 2010:

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

|                                    | Object   | Currency | Reference Amount<br>(Notional) |                  | Fair Value      |                 |
|------------------------------------|--|----------|--------------------------------|------------------|-----------------|-----------------|
|                                    |  |          | June 2010                      | March 2010       | June 2010       | March 2010      |
|                                    |  |          |                                |                  |                 |                 |
| <b>Fixed interest risk vs. CDI</b> | Part of financing obtained from BNB  | BRL      | 46,113                         | 52,353           |                 |                 |
| Asset position                     |  |          |                                |                  | 79,508          | 88,556          |
| Liability position                 |  |          |                                |                  | (71,057)        | (79,365)        |
| <b>Net balance</b>                 |  |          |                                |                  | 8,451           | 9,191           |
| <b>TJLP risk vs. CDI</b>           | Part of financing obtained from BNDES  | BRL      | 278,227                        | 302,008          |                 |                 |
| Asset position                     |  |          |                                |                  | 274,288         | 299,303         |
| Liability position                 |  |          |                                |                  | (275,419)       | (298,619)       |
| <b>Net balance</b>                 |  |          |                                |                  | (1,131)         | 684             |
| <b>USD exchange risk vs. CDI</b>   | Full protection against exchange variation risk of Res. 2770 Lines granted by the banks Santander, ABN AMRO and Unibanco, in addition to loans obtained from BNP Paribas and BEI | USD      | 961,195                        | 939,445          |                 |                 |
| Asset position                     |  |          |                                |                  | 857,454         | 855,709         |
| Liability position                 |  |          |                                |                  | (955,890)       | (937,663)       |
| <b>Net balance</b>                 |  |          |                                |                  | (98,436)        | (81,954)        |
| <b>JPY exchange risk vs. CDI</b>   | Full protection against exchange variation risk of Res. 2770 Lines granted by Banco Santander,   | JPY      | 146,836                        | 146,836          |                 |                 |
| Asset position                     |  |          |                                |                  | 206,203         | 193,054         |
| Liability position                 |  |          |                                |                  | (185,445)       | (181,417)       |
| <b>Net balance</b>                 |  |          |                                |                  | 20,758          | 11,637          |
| <b>TOTAL</b>                       |  |          | <b>1,432,371</b>               | <b>1,440,642</b> | <b>(70,358)</b> | <b>(60,442)</b> |

Fixed interest vs. CDI swaps

These derivative instruments are intended to protect the subsidiary TIM Celular against possible loss in the case of an increase in the interest rate set by Banco Nordeste do Brasil (BNB), as required by the provisions dealing with financial charges on transactions carried out with the Constitutional Financing Fund's resources, obtained for financing of the expansion of the Company's network in the Northeastern region in 2004 and 2005. Said derivative instruments mature every month through April 2013 and protect approximately 56.09% of all the financing obtained from BNB by TIM Celular.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR – Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of – 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

---

Based on BNB's current reference rate of 10% p.a., the financing obtained by the subsidiary TIM Celular and the respective derivative instruments contracted as part of these financing transactions average 10.14% p.a. as a receivable item and 73.08% of the CDI as a payable item. A possible reversal scenario would occur if the CDI exceeded the level of 13.88% p.a. These derivative instruments were contracted from Santander and Itaú BBA S.A.

### TJLP vs. CDI swaps

These derivative instrument transactions are intended to protect the subsidiary TIM Celular against possible loss due to an increase in BNDES's reference rate (TJLP) for financing contracted with this institution in 2005. Its payable portion is contracted at an average cost equivalent to 90.80% of the CDI. These transactions currently protect 15.34% of the total financing taken from BNDES. As of June 30, 2010, the subsidiary TIM Celular recorded a negative result from this transaction, having the following banks as partners: Santander and Itaú BBA S.A.

### Exchange Swaps vs. CDI swaps

The derivative instruments of this type are intended to hedge the subsidiary TIM Celular against exchange risks involved in contracts signed under BACEN Resolution No. 2770, hereafter "2770," indexed to the USD and JPY, and simultaneously contracted with the respective financing of the foreign currency loan obtained from BNP Paribas and also of the foreign currency loan obtained from BEI.

All "2770" lines are protected at an average rate of 131.56% of the CDI for USD-denominated contracts and 114.50% for JPY-denominated ones. The loan from BNP Paribas is hedged at an average cost of 95.01% of the CDI and the loan from BEI, hedged at an average cost of 95.42% of the CDI.

The asset position of the swap is contracted using the same coupon as the drawn line. In this case, the exchange variation on financing is fully offset by the variation on contracted swaps. Additionally, these swap contracts mature on the same date as the debt, i.e., until July 2010. The financing raised through lines of credit set forth by Resolution 2770 with BEI and BNP Paribas will mature until mid 2017.

These derivative instruments were contracted with the banks Santander, Itaú BBA S.A., Citibank, Morgan Stanley and BES.

### Statement of Sensitivity Analysis – Effects of the variation in fair value of the swaps

For identifying possible distortions on consolidated derivative instruments currently in force, a sensitivity analysis was made considering three different scenarios (probable, possible and remote) and the respective impact on the results attained, namely:

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

| Description                                       | June 2010       | Probable Scenario | Possible Scenario | Remote Scenario |
|---|-----------------|-------------------|-------------------|-----------------|
| Fixed rate debt (partial amount)                  | 79,508          | 79,508            | 79,508            | 79,508          |
| Fair value of swap receivable                     | 79,508          | 79,508            | 77,148            | 74,942          |
| Fair value of swap payable                        | 71,057          | 71,057            | 70,478            | 69,918          |
| <b>Swap net exposure</b>                          | <b>8,451</b>    | <b>8,451</b>      | <b>6,670</b>      | <b>5,024</b>    |
| TJLP-indexed debt (partial amount)                | 274,288         | 274,288           | 265,562           | 256,492         |
| Fair value of swap receivable                     | 274,288         | 274,288           | 265,562           | 256,492         |
| Fair value of swap payable                        | 275,419         | 275,419           | 274,872           | 274,376         |
| <b>Swap net exposure</b>                          | <b>(1,131)</b>  | <b>(1,131)</b>    | <b>(9,310)</b>    | <b>(17,884)</b> |
| USD-indexed debt (Res. 2770, BNP Paribas and BEI) | 857,454         | 857,454           | 1,102,950         | 1,362,005       |
| Fair value of swap receivable                     | 857,454         | 857,454           | 1,102,950         | 1,362,005       |
| Fair value of swap payable                        | 955,890         | 955,890           | 955,971           | 956,444         |
| <b>Swap net exposure</b>                          | <b>(98,436)</b> | <b>(98,436)</b>   | <b>146,979</b>    | <b>405,560</b>  |
| JPY-indexed debt (Resolution 2770)                | 206,203         | 206,203           | 257,753           | 309,304         |
| Fair value of swap receivable                     | 206,203         | 206,203           | 257,753           | 309,304         |
| Fair value of swap payable                        | 185,445         | 185,445           | 185,450           | 185,455         |
| <b>Swap net exposure</b>                          | <b>20,758</b>   | <b>20,758</b>     | <b>72,303</b>     | <b>123,849</b>  |

Because the subsidiaries own only financial derivative instruments intended to safeguard their financial debt, the changes in the scenarios are accompanied by the respective hedge instrument, thus showing that the exposure effects arising from swaps are not significant. In connection with these transactions, the subsidiaries disclosed the fair value of debt and of the financial derivative instrument on separate lines (see above), so as to provide information on their net exposure in each of the three scenarios.

Note that all transactions with financial derivative instruments contracted by the subsidiaries are solely intended as hedges. Consequently, any increase or decrease in their respective market values will correspond to an inversely proportional change in the corresponding portion of the financial debt underlying the financial derivative instruments contracted by the subsidiaries.

Our sensitivity analyses referring to the derivative instruments in effect as of June 30, 2010 basically rely on assumptions relating to variations of the market interest rate and TJLP, as well as variations of foreign currencies underlying the swap contracts. These assumptions were chosen solely because of the characteristics of our derivative instruments, which are exposed only to interest rate and exchange rate variations.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

Given the characteristics of the subsidiaries' financial derivative instruments, our assumptions basically took into consideration the effect of a reduction in the main indices (CDI and TJLP) and fluctuation of the foreign currencies used in swap transactions (USD and JPY), with the following percentages and quotations as a result:

| Risk variable | Probable scenario | Possible scenario | Remote scenario |
|---------------|-------------------|-------------------|-----------------|
| CDI           | 10.12%            | 12.65%            | 15.18%          |
| TJLP          | 6.00%             | 7.50%             | 9.00%           |
| USD           | 1.7826            | 2.2283            | 2.6739          |
| JPY           | 0.0200            | 0.0250            | 0.0300          |

### Gains and losses in the period

| <b>A descriptive table of gains (losses) on derivative instruments</b> | <b>June 2010</b> |
|--|------------------|
| Fixed interest risk vs. CDI  | 824              |
| TJLP risk vs. CDI  | 1,550            |
| USD exchange risk vs. CDI  | (17,190)         |
| JPY exchange risk vs. CDI  | 9,647            |
| Net gains  | (5,169)          |

## 36 Pension plans and other post-employment benefits

|  | <b>Parent Company</b> |                   |
|--|-----------------------|-------------------|
|  | <b>June 2010</b>      | <b>March 2010</b> |
| Term of atypical contractual relationship (TRCA) | 3,941                 | 4,004             |
| PAMA   | 715                   | 715               |
|  | <b>4,656</b>          | <b>4,719</b>      |
|  | <b>Consolidated</b>   |                   |
|  | <b>June/2010</b>      | <b>March 2010</b> |
| Term of atypical contractual relationship (TRCA) | 3,941                 | 4,004             |
| PAMA   | 3,187                 | 3,187             |
| PAMEC/active participants' policy                | 273                   | 273               |
|  | <b>7,401</b>          | <b>7,464</b>      |

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

***Supplementary Pension Plan***

On August 7, 2006, the Company's Board of Directors approved the implementation by Itaú Vida e Previdência S.A. of PGBL and VGBL Supplementary Pension Plans for the Company and TIM Celular. All employees not benefiting from pension plans sponsored by the Company and its subsidiaries were eligible for these supplementary plans.

As of August 2000, Intelig's employees are eligible for a defined contribution benefit plan managed by HSBC Fundo de Pensão pension fund. Despite being structured as a defined contribution benefit plan, the plan ensures a minimum benefit of three minimum salaries, which is a defined benefit for low-income beneficiaries.

***Term of Atypical Contractual Relationship***

The Company is the succeeding sponsoring company, as a result of the partial spin-off of Telecomunicações do Paraná S.A. – TELEPAR, of the private pension plans introduced in 1970 under a Collective Agreement, approved by the Atypical Contractual Agreement entered into by said company and the Unions representing the professional categories then existing.

This agreement covers 86 employees hired before December 31, 1982, to whom a supplementary pension plan is granted, on the condition that retirement only occurs after a minimum service time of 30 years for men and 25 years for women.

As a result of the Telebrás spin-off in June 1998, the Company opted for extinguishing this supplementary pension plan. Accordingly, the participants were entitled to payment in cash of accumulated benefits or transfer of the obligations assumed under this plan to the PBT-SISTEL plan. Most of the participants opted for payment in cash or enrollment in the PBT-SISTEL plan. The remainder, duly provided for, will be used to cover benefits due to the employees who have not made their option (4 employees as of June 30, 2010 and March 31, 2010).

***SISTEL and TIMPREV***

The Company and TIM Celular have sponsored a private defined benefit pension plan for a group of TELEBRÁS system's former employees, which is managed by Fundação Sistel de Seguridade Social – SISTEL, as a consequence of the legal provisions applicable to the privatization process of these companies in July 1998.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

---

Given that in 1999 and 2000 the sponsors of the pension plans managed by SISTEL had already negotiated conditions for the creation of individual pension plans for each sponsoring company and maintenance of joint liability only in relation to the participants already assisted on January 31, 2000, the Companies and their subsidiaries, like other companies resulting from the former TELEBRÁS system, created in 2002 a defined contribution pension plan meeting the most modern social security standards adopted by private companies, and enabling migration to this plan of the employee groups linked to SISTEL.

On November 13, 2002, the Brazilian Secretariat for Supplementary Pension Plans, through official ruling CGAJ/SPC No. 1917, approved the statutes of the new pension plan, hereafter the Statutes of TIMPREV Benefits Plan, as a defined contribution plan, which provide for new conditions for granting and maintaining benefits, as well as the rights and obligations of the Plan Managing Entity, the sponsoring companies, participants and the beneficiaries thereof.

Under this new plan, the sponsor's regular contribution will correspond to 100% of a participant's basic contribution, and TIMPREV's managing entity will ensure the benefits listed below, under the terms and conditions agreed upon, with no obligation to grant any other benefits, even if the government-sponsored social security entity starts granting them:

- Normal retirement pension
- Early retirement pension
- Disability pension
- Deferred proportional benefit
- Death pension

However, as not all of the Company's and its subsidiaries' employees have migrated to TIMPREV, the pension and health care plans deriving from the TELEBRÁS system briefly listed below remain:

**PBS:** defined benefits plan of SISTEL, which includes active employees who participated in the plans sponsored by the companies of the former TELEBRÁS system;

**PBS Assistidos:** a private, multi-sponsored pension plan for inactive employees;

**Convênio de Administração:** for managing pension payment to retirees and pensioners of the predecessors of the subsidiary companies;

**PAMEC/Apólice de Ativos:** health care plan for pensioners of the predecessors of the subsidiary companies;

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

---

**PBT:** defined-benefit plan for pensioners of the predecessors of the company and its subsidiaries;

**PAMA:** health care plan for retired employees and their dependents, on a shared-cost basis.

In accordance with the rules established by NPC-26 issued by the Institute of Independent Auditors of Brazil – IBRACON, and approved by CVM Resolution No. 371, the plans having a surplus are not recorded by the Company, as it is impossible to recover these amounts. Besides, the amount of contributions will not be reduced for the future sponsor.

On January 29, 2007 and April 9, 2007, through the Brazilian Secretariat for Supplementary Pension Plans - SPC, the Ministry of Social Security approved the transfer of the management of the benefits plans PBS–Tele Celular Sul, TIM Prev Sul, PBT–TIM, Convênio de Administração, PBS–Telenordeste Celular and TIM Prev Nordeste (according to SPC/DETEC/CGAT Communications Nos. 169, 167, 168, 912, 171 and 170, respectively) from SISTEL to HSBC – Fundo de Pensão.

The other plans - PAMA and PBS Assistidos – continue to be managed by SISTEL. The only exception is Plano PAMEC, which was extinguished, with the Company remaining responsible for coverage of the respective benefit, which from now on is called PAMEC/Apólice de Ativos.

In view of the approval of the proposed migration by the Board of Directors in January 2006, and the approvals by the Ministry of Social Security, the transfer of the above mentioned funds from SISTEL to HSBC – Fundo de Pensão came into effect in April 2007.

In the six-month period ended June 30, 2010, the contributions to the pension funds and other post-employment benefits totaled R\$73 (R\$93 in the same period of 2009).

### 37 Management's Fees

The salaries and short-term benefits paid to the Company's and its subsidiaries' directors in the six-month period ended June 30, 2010, totaled R\$2,539 (R\$3,508 in the same period of 2009).

### 38 Insurance

The Company and its subsidiaries maintain a policy for monitoring the risks inherent to their operations. Thus, as of June 30, 2010, the Company and its subsidiaries had insurance coverage against operating risks, third party liability, and health, among others. The management of the Company and its subsidiaries find the insurance coverage sufficient to cover eventual losses. The table below shows the main assets, liabilities or interests insured and their respective amounts:



(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

## 06.01 – NOTES TO THE QUARTERLY INFORMATION

| Types                                   | Amounts Insured   |
|---|---|
| Operating Risks                         | R\$17,139,285   |
| General Third Party Liability - RCG     | R\$50,000   |
| Cars (Executive and Operational Fleets) | 100% FIPE Chart. R\$1,000 for civil liability (Property Damages and Personal Injury) and R\$100 for Pain and Suffering. |

### 39 Commitments

#### *Rentals*

The equipment and property rental agreements signed by the Company and its subsidiaries have different maturity dates. Below is a list of minimum rental payments to be made under such agreements:

|      |                  |
|------|------------------|
| 2011 | 326,389          |
| 2012 | 338,792          |
| 2013 | 351,666          |
| 2014 | 365,029          |
| 2015 | 378,900          |
|      | <u>1,760,776</u> |

### 40 Transactions with Telefónica Group

On April 28, 2007, Assicurazioni Generali SpA, Intesa San Paolo S.p.A, Mediobanca S.p.A, Sintonia S.p.A and Telefónica S.A., entered into an agreement to acquire the whole capital of Olímpia S.p.A., a company which, in turn, held approximately 18% of the voting capital of Telecom Italia S.p.A., the indirect parent company of TIM Participações. This acquisition was made through Telco S.p.A (“Telco”). With the implementation of the transaction in October 2007, Telco came to hold 23.6% of the voting capital of Telecom Itália S.p.A., the indirect parent company of TIM Participações.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

Through its Act No. 68.276/2007, published in the Federal Government Official Gazette of November 5, 2007, ANATEL approved the transaction and imposed certain restrictions to guarantee absolute segregation of businesses and operations performed by the Telefónica and TIM groups in Brazil. For purposes of ANATEL's requirements, TIM Brasil and TIM Celular submitted to ANATEL the necessary measures to ensure this segregation *de facto* and *de jure* in Brazil, so that Telefónica's participation in Telco S.p.A. cannot characterize influence on the financial, operational and strategic decisions made by TIM's Brazilian operations. Therefore, TIM continues to operate in the Brazilian market on the same independent and autonomous basis as before.

The agreements between the operators of the TIM group controlled by TIM Participações and the operators of the Telefónica group in Brazil, in force at June 30, 2010, refer solely to telecommunications services covering interconnection, roaming, site-sharing and co-billing procedures, as well as contracts relating to CSP (operator code) at regular price and conditions, in accordance with applicable legislation. As of June 30, 2010, the receivables and payables arising from these agreements amounted to R\$125,776 and R\$91,545, respectively (R\$134,244 and R\$92,709 as of March 31, 2010). The amounts charged to income by the Company after approval of the transaction represent operating revenue and expenses totaling R\$636,297 and R\$425,587, respectively (R\$647,652 and R\$396,430 as of June 30, 2009).

**41 Supplementary information (not audited)**

For purposes of adequate comparison, we present below the *pro forma* statement of operations as if the merger discussed in note 2 had occurred on January 1, 2009. The *pro forma* financial statements were prepared on a combined basis, considering the balances of TIM Participações, its direct and indirect subsidiaries and Intelig, and eliminating intercompany balances whenever applicable.

This information is being presented only to allow further analyses deriving from the comparison of balances and transactions. This information does not intend to represent what could have occurred if the companies were under common control nor does it represent the financial statements of a separate legal entity nor indicate future results.

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

|  | <b>Unaudited<br/>Consolidated<br/><i>pro forma</i><br/>figures</b> |
|--|--|
|  | <b>June 2009</b>   |
| Gross operating revenue                            |  |
| Telecommunications services                        | 8,286,576  |
| Sale of goods                                      | 950,862  |
|  | <u>9,237,438</u>   |
| Deductions from gross revenue                      | <u>(2,577,741)</u>   |
| Net operating revenue                              | 6,659,697  |
| Cost of services provided                          | (2,887,840)  |
| Cost of goods sold                                 | (791,178)  |
| <b>Gross profit</b>                                | <b><u>2,980,679</u></b>  |
| Operating income (expenses):                       |  |
| Selling expenses                                   | (2,145,548)  |
| General and administrative expenses                | (597,732)  |
| Other operating income                             | 30,843   |
| Other operating expenses                           | (236,261)  |
|  | <u>(2,948,698)</u>   |
| <b>Operating income before financial income</b>    | <b>31,981</b>  |
| Financial revenue (expenses):                      |  |
| Financial revenue                                  | 511,780  |
| Financial expenses                                 | (315,139)  |
|  | <u>196,641</u>   |
| <b>Operating income</b>                            | <b>228,622</b>   |
| Provision for income and social contribution taxes | (80,885)   |
| <b>Profit for the period</b>                       | <b><u>147,737</u></b>  |

The Company's *pro forma* income is primarily affected by the exchange variation of the acquired company HOLDCO/Intelig (note 2).

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

**Report of Independent Accountants  
on Limited Review**

To the Board of Directors and Stockholders  
TIM Participações S.A.

- 1 We have reviewed the accounting information included in the Quarterly Information (ITR) of TIM Participações S.A. and subsidiaries (parent company and consolidated) for the quarter ended June 30, 2010, comprising the balance sheet and the statements of income, of changes in stockholders' equity and of cash flows, explanatory notes and the performance report. This Quarterly Information is the responsibility of the Company's management.
- 2 Our review was carried out in accordance with specific standards established by the Institute of Independent Auditors of Brazil (IBRACON), in conjunction with the Federal Accounting Council (CFC), and mainly comprised: (a) inquiries of and discussions with management responsible for the accounting, financial and operating areas of the Company with regard to the main criteria adopted for the preparation of the Quarterly Information; and (b) a review of information and of subsequent events which have, or could have, significant effects on the financial position and operations of the Company and its subsidiaries.
- 3 Based on our limited review, we are not aware of any material modifications that should be made to the quarterly information referred to above in order that it be stated in accordance with the accounting practices adopted in Brazil applicable to the preparation of the Quarterly Information, consistent with the standards issued by the Brazilian Securities Commission (CVM).

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE  
BRAZILIAN SECURITIES COMMISSION (CVM)  
ITR - Quarterly Information  
COMMERCIAL, INDUSTRIAL & OTHER

Corporation Law  
As of - 06/30/2010

---

01763-9 TIM PARTICIPAÇÕES S.A.

02.558.115/0001-21

---

---

**06.01 – NOTES TO THE QUARTERLY INFORMATION**

---

- 4 As mentioned in Note 3, the CVM has approved several Pronouncements, Interpretations and Technical Guidance issued by the Brazilian Accounting Pronouncements Committee (CPC) to be effective as from 2010, which altered the accounting practices adopted in Brazil. As permitted by CVM Resolution No. 603/09, the Company's management has opted to present its Quarterly Information by using the accounting standards adopted in Brazil until December 31, 2009. As required by said Resolution, Note 3 to the Quarterly Information discloses this fact and also provides a description of the main changes that may have an impact on the Company's year-end financial statements, as well as explanations of the reasons that make it impractical to present an estimate of their possible effects on stockholders' equity and results of operations.
- 5 The Quarterly Information mentioned in paragraph 1 also includes comparative accounting information related to the results of operations and cash flows for the quarter and six-month period ended June 30, 2009, which was obtained from the Quarterly Information for the quarter then ended. The limited review of the Quarterly Information for the quarter ended June 30, 2009 was conducted by other independent accountants who issued a review report thereon without exceptions, dated July 17, 2009.

Rio de Janeiro, August 2, 2010

PricewaterhouseCoopers  
Auditores Independentes  
CRC 2SP000160/O-5 "F" RJ

Sérgio Eduardo Zamora  
Contador CRC 1SP168728/O-4 "S" RJ