Você, sem fronteiras.

Earnings Release

2nd quarter 2011 | TIM Participações S.A.

TIM PARTICIPAÇÕES S.A. Announces its Consolidated Results for the Second Quarter 2011

BOVESPA[1]
(lot = 1 share)
TCSL3: R$9.35
TCSL4: R$7.82

NYSE[1]
(1 ADR = 10 PN shares)
TSU: US$50.27

***(1)** closing prices of Aug 2nd, 2011*

See Subsequent Events for details and workflow of shares conversion

2Q11 Conference Call

Conference Call in Portuguese:
Aug 3rd, 2011, at:
10:45 AM Brasilia time
09:45 AM US ET

Conference Call in English:
Aug 3rd, 2011, at:
13:30 PM Brasilia time
12:30 PM US ET

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Rio de Janeiro, Aug 2nd, 2011 – TIM Participações S.A. (BOVESPA: TCSL3 and TCSL4; and NYSE: TSU), the company which controls directly TIM Celular S.A. and Intelig Telecomunicações Ltda., announces its results for the second quarter of 2011 and 1st semester of 2011. TIM Participações S.A. ("TIM Participações" or "TIM") provides telecommunication services with a nationwide presence in Brazil.

The following financial and operating Consolidated information, except where otherwise indicated, is presented according to IFRS *(International Financial Reporting Standards)* and in Brazilian Reais (R$), pursuant to Brazilian Corporate Law. All comparisons refer to the second quarter of 2010 (2Q10) and first quarter of 2011 (1Q11).

2Q11 Highlights: Business Growth Acceleration

- **Conclusion of migration to 'Novo Mercado'**;
- **Top line growth of 19.5% YoY** and net service revenues increase of 11.8% YoY;
- **Subscriber base grew 25.0% YoY**, with gross adds of 9.3 million lines (a new record for a second quarter) and net addition of 2.7 million lines;
- **Data revenues reached R$734 million in 2Q11,** 33.5% yearly growth, already accounting for 15% of mobile revenues (vs. 13% in 2Q10);
- **ARPU reached R$21.6 (+3.7% QoQ and -10.9% YoY)**;
- **MOU reached 127 minutes** (+15.4% YoY), showing a strong evidence of community based concept;
- **EBITDA reached R$1,138 million in 2Q11,** 13% yearly growth, or +23% when excluding subsidy capitalization impact;
- **EBIT came at R$529 million in 2Q11 (+122% YoY)**;
- **CAPEX totaled R$719 million this quarter (17% of net revenues)**;
- **Net income totaled R$350 million in 2Q11,** +178% YoY;
- **Network quality in leadership position in the last 12 months**, according to Anatel metrics.

Message from Management

First half of 2011 was marked by 5 main achievements: **(1) consistent business acceleration, (2) brand recovery, (3) strenghtehing fundamentals, (4) migration to Novo Mercado, and (5) acquisition of AES Atimus**. This semester demonstrated that changes put in place some quarters ago are converting into strong results (delivery on promisses) and we have taken some important steps to support business expansion (renewing long term commitment).

(1) Growth: Consistent Business Acceleration

In the second quarter, although under tough competitive landscape, TIM managed to lead again the gross addition in the market along with double digit growth in gross revenues. TIM added 9.3 million lines in the second quarter (+45% YoY). As of June, Infinity plan reached 92% of total pre-paid base and more than 60% of post-paid base, totaling 48.5 million of lines.

- **Customer Base** grew by 25% YoY, reaching 55.5 million lines;
- **Revenue:** Net revenues grew by 19.5% and service revenues by 11.8%YoY;
- **EBITDA:** yearly growth of 12.7% to R$1,138 million;
- **EBIT and Net Income:** yearly growth of 121.8% and yearly growth of 177.8%, respectively
- **Important KPIs to highlight:** MOU kept the solid growth pace, reaching 127 min/user and 15.5% higher than 2Q10. Total traffic rose 44% in the same period to 20.6 billions of minutes. As for data services, numbers of daily unique users passed 1.8 million peop le, powered by smart/webphone sale which already represents 15% penetration over total base.

(2) Brand: Brazilian Best Choice

Our brand image has shown a consistent improvement in the long-run survey, and reached the leadership position on Preference and the lowest level in Rejection among players. Such performance can also be verified in TIM's share of net addition on a year-to-date basis, where TIM led net addition with 4.7 millions of lines (and 15% higher than the second operator).

(3) Network: Strenghthening the Foundations

In five years period, from 2009 till 2013, TIM plans to invest R$14 billion, largely allocated to its infrastructure. Such investment has been crucial to support the Company that grows faster in MOU terms (minutes per user), and is still accelerating in data offers. Important to highlight that TIM maintained network quality at the highest level, according to Anatel's scoring system. Lastely, we have taken relevant steps to strenghthening our network position: (i) signing an agreement to deploy 2.5 thousand km of fiber in Amazonia region; and (ii) signing a contract to buy the best fiber network in São Paulo an Rio (AES Atimus).

(4) Novo Mercado: The Icing on the Cake

To crown such good operational and financial momentum, TIM starts trading its shares at Novo Mercado segment, a top notch level in Brazilian corporate governance and an unique postion among TMT players in Latam space. This is a clearly shows of Company's commitement with all shareholders, which from now on, will be treated under a symmetric rules and benefits.

(5) AES Atimus: The Ultra Broadband in Sao Paulo and Rio is Coming

Following our strategy to build-up an unique position in infrastructure, TIM has signed a contract to acquired AES Atimus for R$1.6 billion. This asset will allow TIM to offer ultra broadband services in São Paulo and Rio de Janeiro metro areas, both in residential and corporate segment, as well as to connect our antenas with fiber (FTTS). Atimus 5.5 thousand km of optical fiber network covers aproximately 8.5 million households, 550 thousand companies and an addressable market of around R$30 billion. For comparative porposes, Atimus optical fiber capilarity is two times the existing incumbent in both region.

Business Outlook: Keeping the Pace

We maintain our constructive view on the **opportunities** for brazilian market, with fixed-to-mobilie substitution in its early stage, customer base still growing at attractive pace and a complete untapped market for data services (mobile or fixed). In this sense, AES Atimus represents a very important pillar to support **business expansion** in the corporate and mobile segment, and also **business transformation** through attacking the fixed broadband market.

We will maintain our innovative and distinctive approach. Our **strategy remains still**, with no legacy to defend in the fixed business, front runner in the voice market, speeding-up data and smart-phone penetration. Although competition seems to have intensified, **we will maintain our focus on the equilibrium of growth and value** and we are confident that business acceleration saw in the first semester will likely be replicated in the next one.

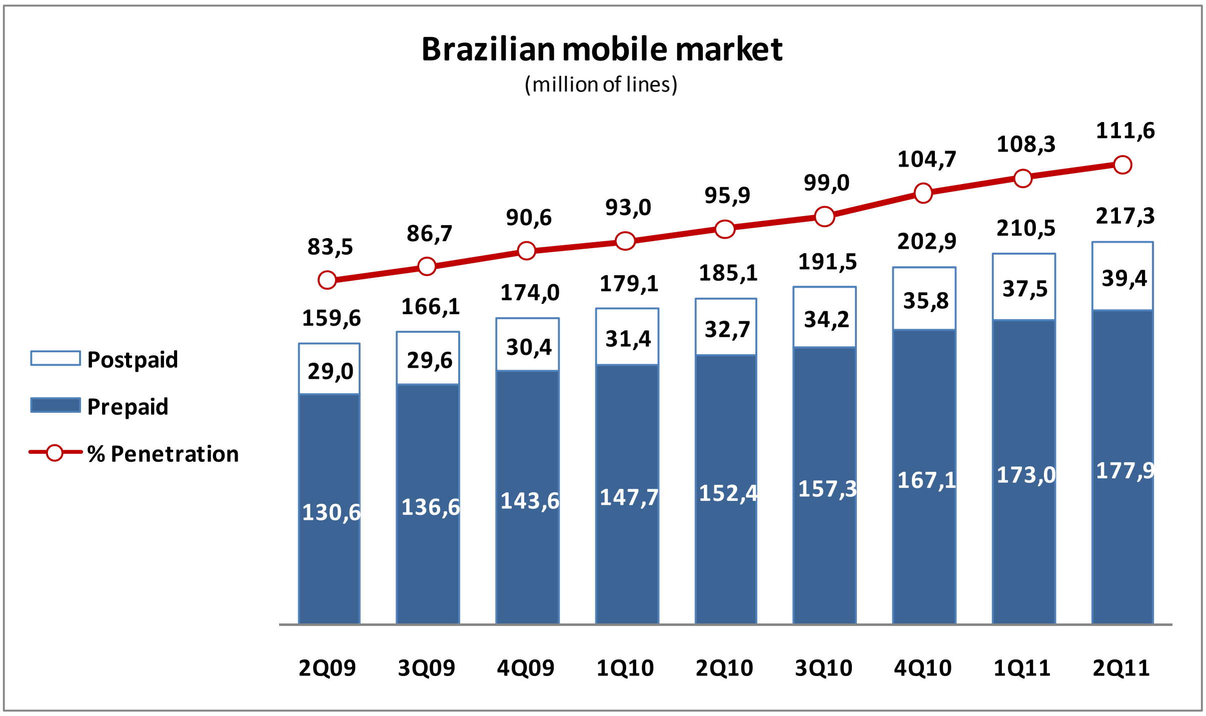
Luca Luciani

Market Performance

Brazilian Market Overview

Even above 100%, penetration rate growth remains at double digit

Brazilian mobile market reached 217.3 million lines by the end of 2Q11, representing a yearly growth of 17.4% (vs. 16.0% in 2Q10). Penetration rate in Brazil reachead 111.6% in 2Q11, from 95.9% in the same period last year. The mobile market growth has been supported by: i) the agressive stimulus of Multiple SIM-Card sales, mostly in the pre-paid segment, and ii) the growing demand for internet through small screen.



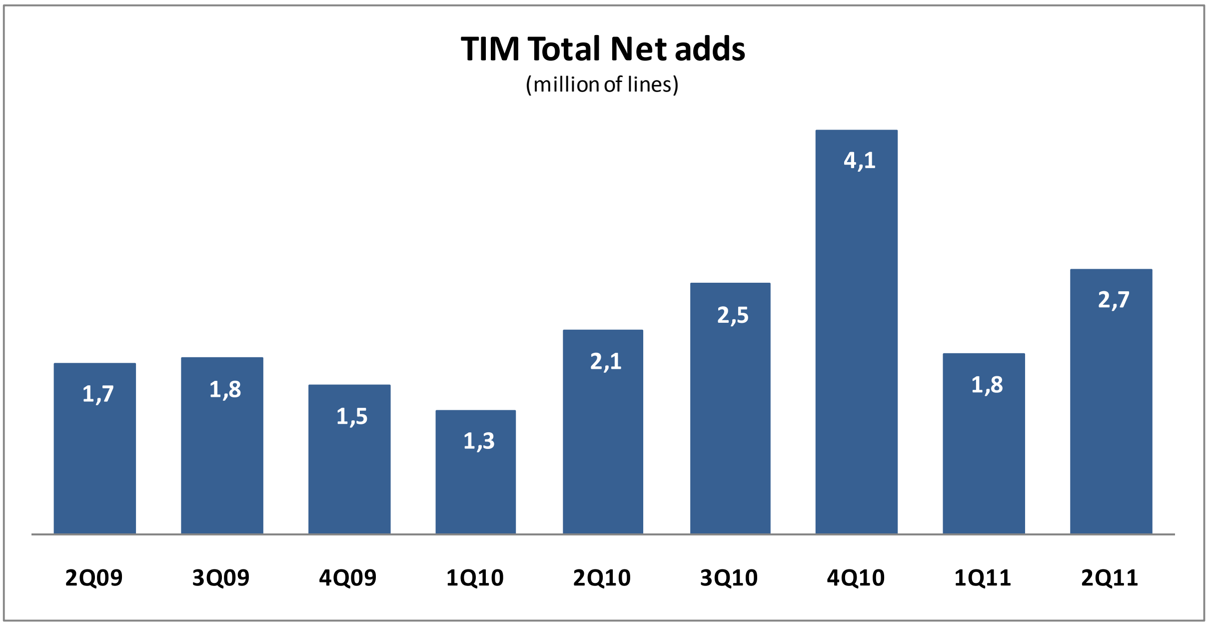
Net additions in 2Q11 13% above 2Q10

Total market net additions in 2Q11 reached 6.8 million, the best second quarter ever, resulting in an outstanding increase of 811 thousand lines versus the same period last year. Breaking down the market into pre and post-paid segments, the first one reached 177.9 million users (+16.7% YoY), and accounting for 81.9% of total brazilian market. As for the post-paid segment, total users reached 39.4 million, a 20.5% increase versus June 2010.

TIM's Performance

After 2 years net adds still strong

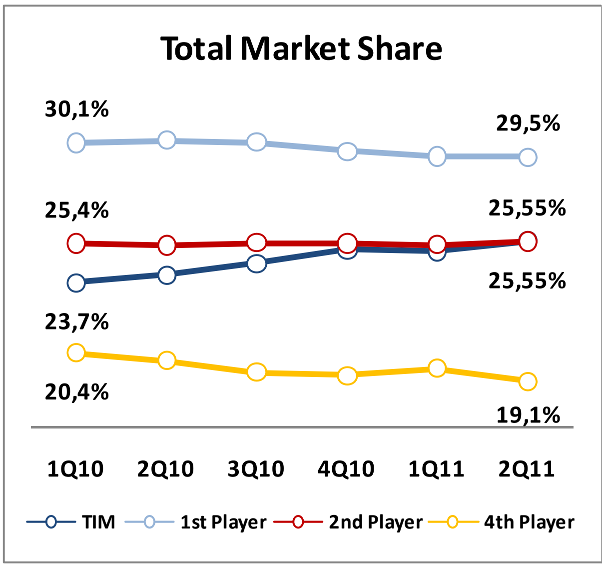
Total subscriber base ended second quarter with 55.5 million lines, 25.0% up from 2Q10 and representing a market share of 25.55%. Total net additions in the 2Q11 came in at 2.7 million lines, taking the lead in the quarter with 39.1% of the incremental market share. This performance confirms the market acceptance of Infinity and Liberty plans for both voice and data.

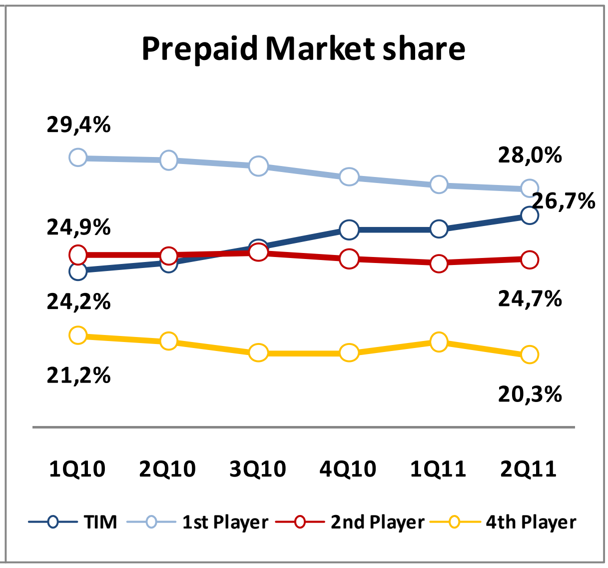


Gross adds on a highest level ever in a second quarter

In this quarter, TIM achieved the highest volume of gross additions in a second quarter, reaching 9.3 million lines, up 45.4% YoY.

Disconnections reached 6.6 million in the quarter, with a churn rate of 12.3% (vs. 10.1% in the 2Q10 or 13.0% in 1Q11). The rise on churn is explained by a strict disconnection rule, which avoids operating expenses amid strong commercial activity, especially on the pre-paid side.





Post-paid customer base reached 8.0 million users, a 15.3% YoY growth vs. +6.9% in 2Q10. In 2Q11, TIM added 317 thousands post-paid clients (vs. 223k in 1Q11 and 341k in 2Q10), thanks to Liberty plans which ended the quarter with over 4.8 million users.

44 million users in Infinity plan

In the pre-paid front, total users reached 47.5 million, up 26.8% YoY - largely leveraged by the Infinity Pré plan, which reached 44 million users (92% of the base in this segment).

Leadership in Network quality

Network & Quality: Our GSM coverage reached 94.1% of the urban population, serving 3,233 cities. Despite a continuous steep traffic increase in the past quarters, TIM kept the leadership on Anatel's network quality indicator, being the only player to score 100% of the goals in 10 out of the last 12 months. Such result reinforces TIM's commitment to provide top notch service quality, while pushing MOU intensive strategy and speeding up data offers.

As for data coverage, TIM provides GPRS technology to 100% of its footprint, and ~80% is covered by EDGE technology. The Third Generation Technology (3G) had its roll-out speeded-up and now it is present in 273 cities – reaching 57% of urban population in Brazil. We expect to continue accelerating the 3G coverage in the second half of 2011.

Marketing Performance

Marketing approach in this quarter can be described as follows:

On the consumer segment, and regarding voice positioning, TIM maintained market pushing on Infinity and Liberty plans focusing on stimulating community concept.

In parallel, TIM betting on the holiday season and elasticity on usage, has being offering promotions to reduce post-paid customers' spending while in roaming. The package of international roaming of 50 minutes was reduced by 58%, from R$ 239.90 to R$ 99.90. This offer may be used to make or receive calls for anyone in more than 200 countries in which TIM has roaming agreements.

As for data services, TIM continued to push the Infinity and Liberty Web concepts with mobile Internet service targeting smartphones, tablets and notebooks users, creating a complete and strong family of offer. The new plans were designed to avoid the monthly billing shock, in this sense they provide unlimited usage for a fixed charge.

In the business market, after the release of Liberty and Empresa Mundi plans, which gave unlimited calls between employees, customers and suppliers, TIM announced a package of offerings designed to meet the connectivity needs of small and medium enterprises (SMEs). The three combos include voice plans, unlimited mobile Internet for smartphones (free for three months) and modern handsets, for a fixed monthly fee. Still in the B2B segment TIM released its first plans for companies that offer or use M2M solutions in an innovative approach.

On the handset side, the growing success in selling unlocked and unsubsidized smartphones knocked down another barrier to TIM's customers, and in May TIM closed an exclusive deal with Apple in order to sell the cheapest 3GS iPhone in the Brazilian market for R$999 in 12 installments on credit card. In addition to Apple's blockbuster, other major brands such as Motorola and Samsung are featured in the smartphone market with the recent release of the Motorola Atrix and Samsung Galaxy S II.

For Fixed services, TIM through Intelig took another step to grow in the residential market, in mid-June the company made an event to attract new partners as sales agents. The channel sells products for fixed and mobile Internet door-to-door and has achieved significant results. The commercial approach is the main difference of these sales agents. The goal is to provide Intelig convergent telecommunications services for affordable prices, without requirement of wires and cables instalation, for classes C and D, in convenient way literally on the doorstep.

For Wholesale services, two months after signing the first partnership of MVNOs (Mobile Virtual Network Operator) in Brazil, TIM announced partnership with Sisteer, the French market leader in MVNE (Mobile Virtual Network Enabler) in Europe. Under the agreement, Sisteer will operate as MVNE, which means to connect the virtual mobile operator and TIM's network enabling pre and post paid voice, SMS and data services. The partnership will allow MVNOs to use all mobile telecommunications services in Brazil and abroad.

As for the brand, this quarter we had another satisfaction survey that registered a solid recovery in preference attribute making TIM the segment leader. Regarding rejection, TIM reached the lowest rate among peers.

In addition, TIM signed deals to sponsor two more soccer teams in Brazil, now reaching eight teams across the country. Those partnerships are part of the strategy to be closer to its customers through soccer.

TIM also had some specific social campaigns, intensifying TIM's commitment with sustainability and the society. Started in 2003, the educational program TIM Music in the Schools is aimed to offer participants new ways of learning focusing to improve school performance - based on the universal language of music - and stimulate the development of a culture of peace. Since its inception the program has benefited more than 20,000 public school students across 13 cities.

Financial Performance

Selected financial data – Revenues

DESCRIPTION	2Q11	2Q10	% YoY	1Q11	% QoQ
R$ thousands					
Gross Revenues	**6,151,077**	**4,942,702**	**24.4%**	**5,440,095**	**13.1%**
Telecommunications Services	**5,419,571**	**4,563,196**	**18.8%**	**5,007,167**	**8.2%**
Mobile	**5,031,172**	**4,248,259**	**18.4%**	**4,644,475**	**8.3%**
Usage and Monthly fee	2,473,967	2,143,273	15.4%	2,371,264	4.3%
Value added services - VAS	734,418	550,228	33.5%	640,353	14.7%
Long distance	820,239	591,451	38.7%	690,159	18.8%
Interconnection	944,232	902,224	4.7%	896,620	5.3%
Others	58,316	61,083	-4.5%	46,079	26.6%
Fixed	**388,399**	**314,937**	**23.3%**	**362,692**	**7.1%**
Products	**731,506**	**379,506**	**92.8%**	**432,928**	**69.0%**
Discounts and deductions	**(1,899,319)**	**(1,383,721)**	**37.3%**	**(1,687,831)**	**12.5%**
Taxes and discounts on services	(1,675,573)	(1,213,212)	38.1%	(1,543,979)	8.5%
Taxes and discounts on handset sales	(223,746)	(170,509)	31.2%	(143,852)	55.5%
Net Revenues	**4,251,759**	**3,558,981**	**19.5%**	**3,752,263**	**13.3%**
Services	**3,743,999**	**3,349,984**	**11.8%**	**3,463,187**	**8.1%**
Products	**507,760**	**208,997**	**143.0%**	**289,076**	**75.6%**

Operating Revenues

Gross service revenues: +24% YoY

Total gross revenues reached R$6,151 million in the quarter, an increase of 24.4% YoY. Gross service revenues grew by 18.8% when compared to same period last year, reaching R$5,420 million in 2Q11. As for gross product revenues, reached R$732 million, a sound increase of 92.8% YoY.

The main gross revenues breakdown and highlights are presented as follows:

Positive elasticity on traffic...

Voice outgoing revenues grew by 20% YoY

Voice outgoing gross revenues (usage and monthly fee + LD) continued to register a significant improvement YoY, growing by 20.5% in the 2Q11. The performance was backed by local and LD services, as a result of the positive traffic elasticity following the innovative plans ('Infinity' and 'Liberty'). Voice strategy continues to enlarge usage within TIM community (local and LD). In 2Q11, outgoing traffic went up 51,3% when compared to the previous year, being approximately 90% on-net. Voice breakdown is as follow:

- **Usage and monthly fee gross revenues** achieved R$2,474 million this quarter, a yearly growth of 15.4% supported by increasing on-net MOU, which provides not only incremental revenues but even a more solid contribution to EBITDA.

Remaining as #1 LD traffic carrier

- **Long distance gross revenues** reached R$820 million in the quarter, a growth of 38.7% when compared to 2Q10. TIM continues to leverage its long distance service and providing a distinctive and unique value proposition for users. Fixed to mobile substitution continues to unlock hidden value from LD pre-paid traffic. On top of that, approximately R$16Mln came from calls originated by Intelig customers due to the beginning of migration from LD23 to LD41.

ITX revenues inverted trend

Interconnection gross revenues inverted the erosion trend, formerly high single-digit drop to a growth of 4.7% YoY in 2Q11, reaching R$944 million. This result was mainly driven by: (1) growth on post-paid segment and (2) launch of Infinity Torpedo, which provide to our customers unlimited SMS to any mobile operator causing increase of SMS received. Dependency on MTR has been falling consistently, reaching 17% of gross service revenues versus 20% a year ago.

VAS Acceleration

VAS gross revenues amounted at R$734 million, a consistent and strong increase of 33.5% YoY, confirming the success of the Infinity Web data plan and lately of the Infinity torpedo.

Handset gross revenues totaled R$732 million (+92.8% vs. 2Q10). This sound increase was mainly driven by: (1) handsets volume growth, reaching 3.5 million units sold (+83% YoY) and (2) handsets mix enhancement, with more than 54% of sales being smartphones / webphones (vs. 28% a year ago). The result, for TIM, marks the consolidation of no-subsidy handsets business model.

Intelig on track

Fixed gross revenues, which includes Intelig and TIM Fixo, totaled R$388 million in 2Q11, 23.3% higher when compared to the same period of last year. Since the beginning of 2010, Intelig had its brand reshaped and corporate offers remodeled, supporting the yearly revenue growth, which we expect to continue in the coming quarters.

As for total net revenues reached R$4,252 million in the quarter, an increase of 19,5% (yearly growth acceleration versus previous quarter). Net service revenues posted acceleration of 11.8% when compared to same period last year, reaching R$3,744 million in 2Q11.

ARPU: +3.7% QoQ

ARPU (average revenue per user) grew by 3.7% in the quarter reaching R$21.6 and posting a slower yearly reduction of 10.9% (vs. –13.5% YoY in 1Q11). The reduction continued to be largely impacted by subscriber base mix, where prepaid net addition grew >7x faster than the postpaid in 2Q11.

High usage growth amid top notch quality network

MOU (minutes of use) continued to show a significant yearly growth, reaching 127 minutes in 2Q11, up 15.4% vs. 110 minutes in 2Q10.

- **Outgoing MOU** reached 113 minutes, representing a growth of 21.2% versus 2Q10. This substantial increase comes from our voice plans, which are stimulating the FMS effect as a result of outgoing traffic growth.

- **Incoming MOU** reached 14 minutes in 2Q11, 17.4% lower when compared to the same period last year. Despite the drop in the outgoing MOU, the increased penetration of Liberty postpaid plan has reduced the pace of erosion (-23% YoY in 2Q10).

Selected financial data – Operating Costs and Expenses

DESCRIPTION	2Q11	2Q10	% YoY	1Q11	% QoQ
R$ thousands					
Operating Expenses	**(3,113,535)**	**(2,548,904)**	**22.2%**	**(2,719,710)**	**14.5%**
Personnel expenses	(156,381)	(147,520)	6.0%	(153,443)	1.9%
Selling & marketing expenses	(946,894)	(854,498)	10.8%	(896,207)	5.7%
Network & interconnection	(1,147,163)	(1,044,935)	9.8%	(1,109,388)	3.4%
General & administrative	(134,326)	(125,981)	6.6%	(124,307)	8.1%
Cost Of Goods Sold	(587,588)	(231,867)	153.4%	(332,583)	76.7%
Bad Debt	(66,274)	(90,458)	-26.7%	(41,979)	57.9%
Other operational revenues (expenses)	(74,909)	(53,645)	39.6%	(61,803)	21.2%

Operating Costs and Expenses

Total Operating costs and expenses increased by 22.2% YoY to R$3,114 million in the 2Q11, mainly due to effect of massive growth on handsets sales.

Costs and expenses breakdowns are presented as follows:

Personnel expenses reached R$156 million in 2Q11 a growth of 6% when compared to the same period of last year. This effect was mainly driven by the efforts to increase sales force and insourcing of call center headcount by 13% YoY, focusing on customer care.

Increase driven by Fistel taxes and third-party services

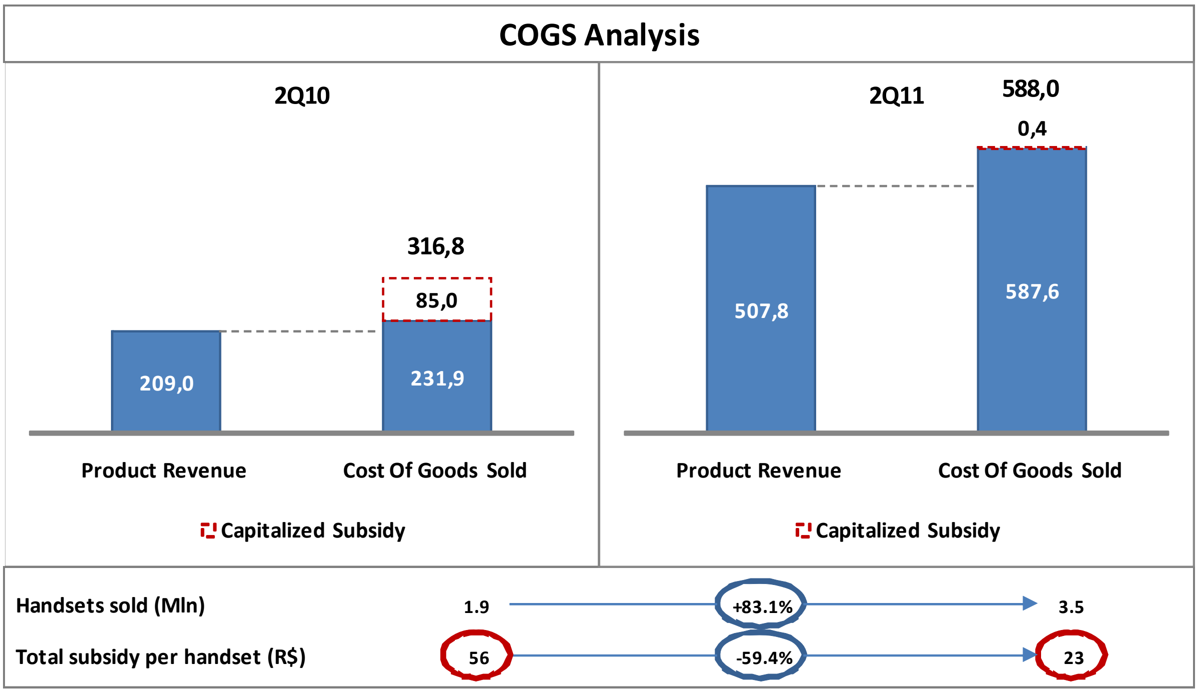
Selling & Marketing expenses amount to R$947 million, 10.8% higher when compared to the same period last year, largely impacted by Fistel taxes (due to subscriber base growth) and third-party services (driven by an increase in outsourced call center headcount). Excluding Fistel, Selling and Marketing expenses growth would be 6,4% YoY.

MTR exposure at 23% of EBITDA

Network and Interconnection cost reached R$1,147 million in the 2Q11, an increase of 9.8% when compared to the same period last year. This result was largely impacted by fixed interconnection growth after the launch of 'Infinity Mais', which provides unlimited local calls to a fixed number, and Intelig's offers. In addition, the recent auctions won by Intelig requested incremental leased lines costs to provide the service, what also contributed to the increase in network costs. Even so, the net interconnection exposure over EBITDA posted yearly reduction reaching 23.0% in 2Q11 (vs. 29.8% in 2Q10).

General and Administrative expenses (G&A) amount to R$134 million in the 2Q11, 6.6% higher when compared to same period last year. The increase was mainly driven by Intelig associated costs, such as (i) greater third party labor expenses and (ii) increasing payment of building rental – since 2Q10.

Cost of Goods Sold reached R$588 million in the quarter, an increase of R$356 million versus the same period last year. For better understanding we normalize the figures considering the impact of the subsidy capitalized (as shown in the chart below).



In 2Q10, still under the impact of subsidized sales, capitalization amounted to R$85 million vs. only R$0.4 million recorded this quarter. Considering this effect, COGS increased 86% while product revenues grew by 143%, which represents a reduction in the subsidy per handset sold of 59% year over year.

Bad debt at 1.1% of gross revenues

Bad Debt expenses reported once again significant drop in a yearly comparison, coming at R$66 million and down 26.7% YoY, amid a post-paid base increased of 15.3%. This is a consistent reduction and an evidence of rational go-to-market approach based on 'SIM-Card only' sales and better customer credit scoring. As a result, in this quarter bad debt as a percentage of gross revenues reached the lowest level for a second quarter ever at 1.1%, down from 1.8% registered in 2Q10.

Other operational expenses reached R$75 million in 2Q11, R$21 million more than same period last year, mainly due to increase of contingencies expenses as result of the substantial growth of subscriber base when compared to 2Q10.

SAC/ARPU sharp drop even after record in sale

Subscriber Acquisition Costs per gross adds (where SAC = subsidy + commissioning + total advertising expenses) reduced to R$34.7 in the quarter, a significant yearly drop of 44.8%. The performance reflects the largely efficiency in the acquisition of prepaid customers, although still delivering a record in gross additions of +45.4% YoY. SAC/ARPU ratio reached 1.6x (vs. 2.6x in the 2Q10).

EBITDA

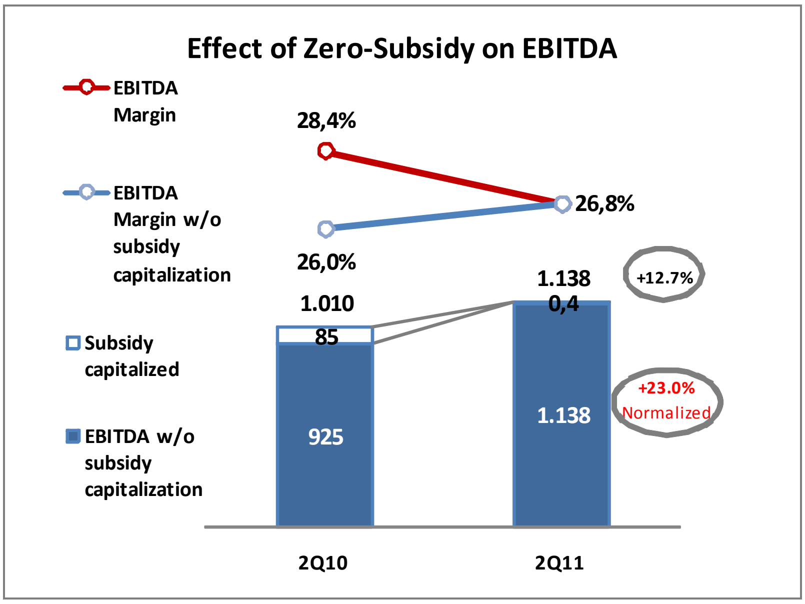
EBITDA growth at double digit YoY

EBITDA reached R$1,138 million, representing an expansion of 12.7% over 2Q10.

If we analyze figures without subsidy capitalization, EBITDA would have been R$1,138 million in 2Q11, +23% YoY vs. R$925 million in 2Q10.

This performance is explained by outgoing voice contribution (voice revenues – interconnection costs), and also by VAS and LD revenues growth.

EBITDA margin reached 26.8% in the 2Q11, a decrease versus 28.4% in 2Q10. The reduction is mainly due to the dilution created by handset sales increase and the effect caused by the capitalization of subsidy (as shown in chart below).



Depreciation and amortization accounted for R$609 million in the second quarter, a sharp drop of 21.1% YoY greatly explained by the decrease of handset subsidies effect.

EBIT

EBIT growth: more than 2x YoY

EBIT (earnings before interest and taxes) totaled R$529 million in the 2Q11. In a yearly comparison EBIT came 2.2x higher, which represents a strong expansion of R$291 million following a greater EBITDA result and lower D&A.

Net Financial Result

Net financial expenses totaled R$44 million, 25.4% lower than the R$59 million in the same period last year. The decrease of interest payment on loans and financing and the improvement on financial revenues were the main drivers for the movement.

Income and Social Contribution Taxes

Income and Social Contribution taxes came at R$135 million in the 2Q11, versus R$54 million in the same period last year. This increase is explained by the Income Taxes line that expanded due to a much stronger Income result if compared to 2Q10.

Net Profit

Consolidated Net Profit reached R$350 million in 2Q11, 2.8x versus R$126 million in 2Q10, chiefly by a better operational results (+R$128 million in EBITDA line) followed by lower amortization and better financial results.

CAPEX

Investments totaled R$719 million in 2Q11 or 16.9% of net revenues, an increase of 38.2% when compared to same period last year. In this quarter, the company accounted R$65 million for its licenses acquired last year in the SMP leftovers auction.

Net financial position and free cash flow

Gross Debt amounted to R$ 3,298 million, a significant drop if compared to the R$4,224 million in 2Q10. The reduction is explained by some loan expiration that were not renewed. Company's debt is concentrated in long-term contracts (80% of the total) composed by financing from BNDES (Brazilian Economic and Social Development Bank), BNB (Banco do Nordeste do Brasil), EIB (European Investment Bank) and BNP, as well as borrowings from other local and international financial institutions.

Approximately 22% of total debt is denominated in foreign currency (USD), and it is 100% hedged in local currency. Average cost of debt totaled 11.03% (90.2% CDI) in the 2Q11 compared to 10.03% (107.5% CDI) in the 2Q10.

Cash and Cash equivalents reached R$ 1,300 million, net debt position results in R$ 1,998 million, 20.7% lower than the 2Q10. The increase QoQ (R$1,671 million in 1Q11) is explained by the payment of dividends (R$489 million) in the quarter.

Operating Free Cash Flow in 2Q11 was positive in R$339 million, an increase of 47% when compared to R$230 million in 2Q10. Mainly due to an EBIT growth of 122% YoY as well as seasonal effect in Working Capital variation.

Subsequent Events

Migration to “Novo Mercado”

On June 22nd 2011 it was approved at the Extraordinary General Shareholders’ Meeting of the Company the migration to the special listing segment called “Novo Mercado” of BM&FBovespa followed by the conversion of the total number of preferred shares into common shares of the Company, in the proportion of 0.8406 newly issued common shares for each preferred share of the Company.

The Company migration to Novo Mercado will result in benefits both for the company, and for all the shareholders. The significantly high corporate governance practices required by Novo Mercado Regulation, aligned to the Best corporate governance practices of markets as the United States and Europe, will increase the potential of attraction of new investors and the liquidity of the shares publicly traded by the Company. With that, all shares of the Company will be part of the Company’s American Depositary Receipts program. In addition, the Company dividends policy will be unified and the tag along of 100% will be assured to all the shareholders in the event of transfer of control.

From August 3rd, 2011 the Company will only have common shares traded on the Novo Mercado listing segment of BOVESPA, by using the code "TIMP3" and as from August 8th 52011 the Company will only have American Depositary Receipts representing common shares issued by the Company on the New York Stock Exchange.

AES Atimus Acquisition

In accordance with its commercial strategy of expansion of activities and strengthening of the Company’s infrastructure, its wholly-owned subsidiary TIM Celular S.A., as buyer, executed on July 8th with Companhia Brasiliana de Energia (“Brasiliana”), as seller, and also with AES Elpa S.A. (“AES Elpa”), as intervening-party, an agreement having as purpose the purchase and sale of all of the quotas of Eletropaulo Telecomunicações Ltda. (“AES EP Telecom”) and the shares issued by AES Communications Rio de Janeiro S.A. (“AES Com Rio”), currently controlled, respectively, by Brasiliana and by AES Elpa (“Brasiliana-TIM Agreement”).

AES EP Telecom and AES Com Rio are providers of infrastructure and solutions to high performance communications, which serve the main municipalities of the metropolitan areas of the States of Rio de Janeiro and São Paulo, encompassing a potential market of approximately 7.5 million homes and more than 500 thousand companies in 21 cities, through an optical fiber network of 5.5 thousand kilometers.

The enterprise values of the companies, as agreed by the parties, are R$1.128 million for all the of quotas of AES EP Telecom and R$473 million for all the shares of AES Com Rio, to be adjusted by the net debt of both companies on the closing date, date on which the actual acquisition price for the above-mentioned shares and quotas shall be fixed. We expect that this transaction will bring Opex/Capex savings in the amount of R$1 billion for the next 3 years period. The accomplishment of the purchase and sale agreed herein is still subject to corporate and regulatory approvals, and is expected to be concluded in the fourth quarter of this year. Moreover, the transaction shall be timely submitted to the Brazilian antitrust authorities.

Long Term Incentive Plan

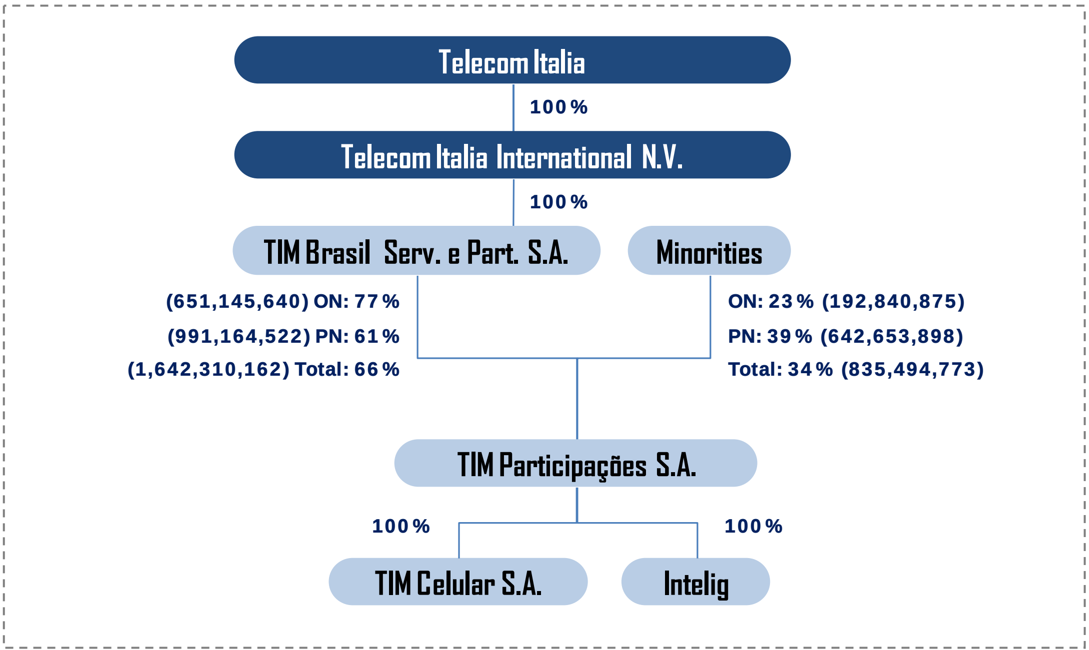
On July 21st, the Shareholders of TIM Participações were called upon to attend to the Company´s Extraordinary Shareholders Meeting, to be held on August 5th to resolve the Long Term Incentive. The plan has the following goes; (i) Align interest of management and shareholders (performance and value creation); (ii) Implement an integrated incentive system by balancing the time horizon (short term vs long term) and the objectives nature (industrial vs financial); (iii) Improve the competitively of Top Management compensation package.

The plan shall be governed by the Administrative Council of the Company, which may delegate powers and be advised by the Compensation Committee or specific committee on the subject. It can also be supported by the HR, Legal and CFO functions, as well as external consultants. It has the responsibility to ensure the plan´s rules and decide on exceptional situations and determine the best was to get the shares at each exercise.

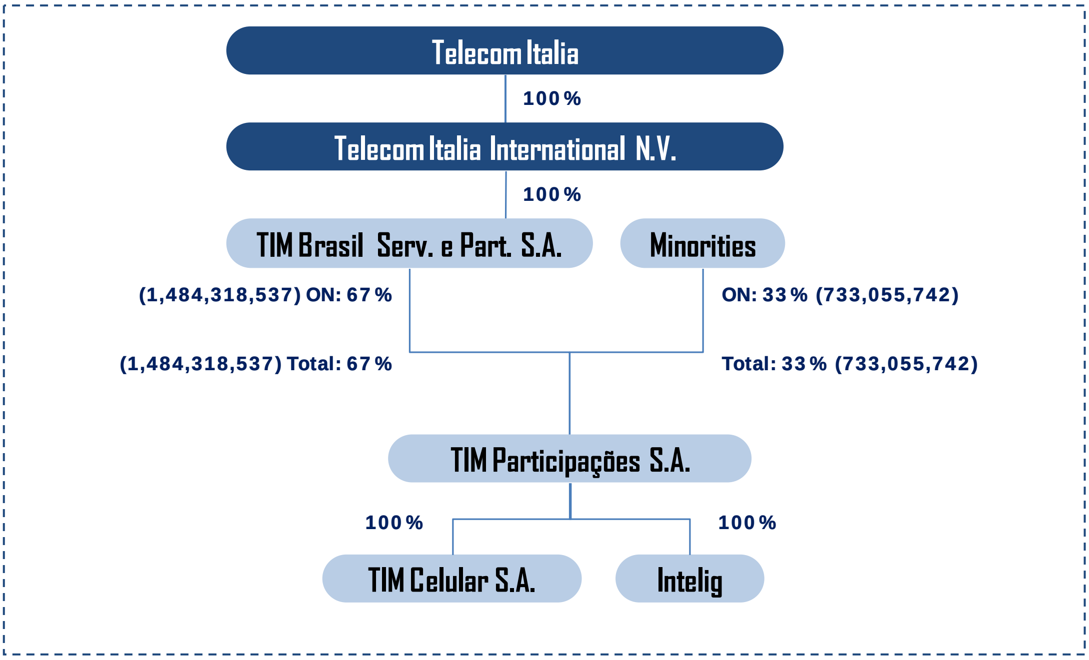
The program have a 3 years duration and an gradual Options Vesting up to 33% in the first year, up to 66% in the second year and up to 100% in the third year for each grant.

Ownership Breakdown

Before the Migration to 'Novo Mercado'



After the Migration to 'Novo Mercado'



About TIM Participações S.A.

TIM Participações S.A. is a holding company that provides telecommunication services all across Brazil through its subsidiaries, TIM Celular S.A. and Intelig Telecomunicações LTDA. TIM Participações is a subsidiary of TIM Brasil Serviços e Participações S.A., a Telecom Italia group company. TIM launched its operations in Brazil in 1998 and consolidated its nationwide footprint in 2002, thus becoming the first wireless operator to be present in all of Brazilians states.

TIM provides mobile, fixed and long distance telephony as well as data transmission services, with the focus always on the quality of the services offered to clients. Thanks to the GSM technology, TIM has a nationwide reach of approximately 94% of the urban population – the widest GSM coverage in Brazil, with presence in 3,233 cities. TIM also provides extensive data coverage services in the country, 100% of it using GPRS, ~80% using EDGE, besides having a sophisticated Third Generation (3G) network serving 57% of the country's urban population. The Company has international roaming agreements for TIM clients with more than 450 networks available in more than 200 countries across six continents.

» **Integrated company with a nationwide footprint since 2002**

» **Network: largest GSM coverage and proven quality**

» **Innovative offers: new concepts leveraging TIM community**

» **Brand: associated to innovation and quality attributes**

» **Sustainability: Maintained in ISE index for 2010/2011**

The TIM brand is strongly associated with innovation and quality. During its presence in the country, it has become the pioneer in a diversity of products and services, such as MMS and Blackberry in Brazil. Continuing this trend, it renewed its portfolio in 2009 to position itself as the operator that devises "Plans and Promotions that Revolutionize". It launched two families of plans – 'Infinity' and 'Liberty', in addition to the sophisticated 'Da Vinci'. The new portfolio is based on an innovative concept, with a great deal of incentive to use (billing by call, unlimited use) and constantly explores the concept of TIM community, the largest in the country, with 55.5 million lines in Brazil.

In December 2009, the company concluded the merger of 100% of Intelig, which provides fixed, long distance telephony and data transmission services in Brazil. The merger, announced in April last year, is supporting the expansion of TIM´s infrastructure, a combination that allows to speed up the development of the 3G network, to optimize the cost of renting facilities, and also to improve our competitive positioning in the telecom market.

TIM Participações is a publicly-held company, whose shares are listed on the São Paulo Stock Exchange (BM&FBOVESPA) and ADRs (American Depositary Receipts) are listed on the New York Stock Exchange (NYSE). TIM is also included in a select group of companies of the Corporate Sustainability Index(ISE) of BM&FBOVESPA.

Disclaimer

This document may contain forward-looking statements. Such statements are not statements of historical fact and reflect the beliefs and expectations of the Company's management. The words "anticipates", "believes", "estimates", "expects", "forecasts", "plans", "predicts", "projects", "targets" and similar words are intended to identify these statements, which necessarily involve known and unknown risks and uncertainties foreseen, or not, by the Company. Therefore, the Company's future operating results may differ from current expectations and readers of this release should not base their assumptions exclusively on the information given herein. Forward-looking statements only reflect opinions on the date on which they are made and the Company is not obliged to update them in light of new information or future developments.

Attachments

The Complete Financial Statements, including Explanatory Notes, are available at the Company's Investor Relations Website: www.tim.com.br/ir

Attachment 1

TIM PARTICIPAÇÕES S.A.

Balance Sheet

(R$ Thousand)

DESCRIPTION	2Q11	1Q11	% QoQ	2Q10	% YoY
ASSETS	**18,961,191**	**18,852,890**	**0.6%**	**17,096,115**	**10.9%**
CURRENT ASSETS	**6,173,116**	**6,110,877**	**1.0%**	**5,906,332**	**4.5%**
Cash and cash equivalents	1,297,176	1,580,009	-17.9%	1,686,971	-23.1%
Short-term investments	2,492	7,083	-64.8%	16,457	-84.9%
Accounts receivable	2,951,482	2,732,850	8.0%	2,612,785	13.0%
Inventories	348,390	302,467	15.2%	227,941	52.8%
Indirect recoverable Taxes	592,050	551,078	7.4%	451,456	31.1%
Direct recoverable Taxes	452,940	232,906	94.5%	446,133	1.5%
Prepaid expenses	432,409	606,165	-28.7%	323,427	33.7%
Derivative contracts	5,581	5,920	-5.7%	57,452	-90.3%
Other assets	90,596	92,399	-2.0%	83,710	8.2%
NONCURRENT	**12,788,075**	**12,742,013**	**0.4%**	**11,189,783**	**14.3%**
Noncurrent assets			0.0%		
Long-term investments	15,934	14,338	11.1%	16,641	-4.2%
Accounts receivable	47,685	39,066	22.1%	30,065	58.6%
Indirect recoverable Taxes	252,937	207,991	21.6%	195,420	29.4%
Direct recoverable Taxes	86,919	158,951	-45.3%	73,999	17.5%
Deferred income and social contribution taxes	1,626,565	1,694,971	-4.0%	253,026	542.8%
Judicial deposits	530,097	493,252	7.5%	334,499	58.5%
Prepaid expenses	89,162	87,100	2.4%	15,869	461.9%
Derivative contracts	7,752	18,303	-57.6%	31,822	-75.6%
Other assets	17,793	17,777	0.1%	11,934	49.1%
Permanent Assets					
Property, plant and equipment	5,643,414	5,576,244	1.2%	5,419,804	4.1%
Intangibles	4,469,817	4,434,020	0.8%	4,806,704	-7.0%
LIABILITIES	**18,961,191**	**18,852,890**	**0.6%**	**17,096,115**	**10.9%**
CURRENT LIABILITIES	**4,476,262**	**5,048,115**	**-11.3%**	**4,755,683**	**-5.9%**
Suppliers	2,557,930	2,552,396	0.2%	2,241,614	14.1%
Loans and financing	669,630	996,400	-32.8%	1,596,944	-58.1%
Derivative contracts	1,652	1,769	-6.6%	51,514	-96.8%
Salaries and related charges	134,696	142,213	-5.3%	118,363	13.8%
Indirect taxes, charges and contributions	556,025	520,494	6.8%	487,563	14.0%
Direct taxes, charges and contributions	254,702	141,005	80.6%	116,818	118.0%
Dividends payable	25,502	511,676	-95.0%	23,711	7.6%
Authorizations payable	58,526	-	N/A	-	N/A
Other liabilities	217,599	182,162	19.5%	119,156	82.6%
NONCURRENT LIABILITIES	**3,620,683**	**3,290,510**	**10.0%**	**3,582,527**	**1.1%**
Loans and financing	2,430,145	2,121,239	14.6%	2,556,475	-4.9%
Derivative contracts	209,561	163,359	28.3%	108,118	93.8%
Indirect taxes, charges and contributions	125,530	125,965	-0.3%	59,715	110.2%
Direct taxes, charges and contributions	147,804	138,981	6.3%	138,981	6.3%
Deferred income and social contribution taxes	80,154	81,799	-2.0%	89,841	-10.8%
Provision for contingencies	232,634	262,848	-11.5%	326,037	-28.6%
Pension plan	9,040	9,103	-0.7%	7,401	22.1%
Asset retirement obligations	252,474	247,371	2.1%	246,354	2.5%
Other liabilities	133,341	139,845	-4.7%	49,605	168.8%
SHAREHOLDERS' EQUITY	**10,864,246**	**10,514,265**	**3.3%**	**8,757,905**	**24.1%**
Capital	8,164,665	8,149,096	0.2%	8,149,096	0.2%
Capital reserves	380,560	396,129	-3.9%	396,129	-3.9%
Income reserves	1,755,584	1,755,584	0.0%	158,049	1010.8%
Accumulated losses	-	-	N/A	(125,914)	-100.0%
Net Income for the period	563,437	213,456	164.0%	180,545	212.1%

Attachment 2
TIM PARTICIPAÇÕES S.A.
Income Statements
(R$ Thousand)

DESCRIPTION	2Q11	2Q10	% YoY	1Q11	% QoQ
R$ thousands					
Gross Revenues	**6,151,077**	**4,942,702**	**24.4%**	**5,440,095**	**13.1%**
Telecommunications Services	**5,419,571**	**4,563,196**	**18.8%**	**5,007,167**	**8.2%**
Mobile	**5,031,172**	**4,248,259**	**18.4%**	**4,644,475**	**8.3%**
Usage and Monthly fee	2,473,967	2,143,273	15.4%	2,371,264	4.3%
Value added services - VAS	734,418	550,228	33.5%	640,353	14.7%
Long distance	820,239	591,451	38.7%	690,159	18.8%
Interconnection	944,232	902,224	4.7%	896,620	5.3%
Others	58,316	61,083	-4.5%	46,079	26.6%
Fixed	**388,399**	**314,937**	**23.3%**	**362,692**	**7.1%**
Products	**731,506**	**379,506**	**92.8%**	**432,928**	**69.0%**
Discounts and deductions	**(1,899,319)**	**(1,383,721)**	**37.3%**	**(1,687,831)**	**12.5%**
Taxes and discounts on services	(1,675,573)	(1,213,212)	38.1%	(1,543,979)	8.5%
Taxes and discounts on handset sales	(223,746)	(170,509)	31.2%	(143,852)	55.5%
Net Revenues	**4,251,759**	**3,558,981**	**19.5%**	**3,752,263**	**13.3%**
Services	**3,743,999**	**3,349,984**	**11.8%**	**3,463,187**	**8.1%**
Products	**507,760**	**208,997**	**143.0%**	**289,076**	**75.6%**
Operating Expenses	**(3,113,535)**	**(2,548,904)**	**22.2%**	**(2,719,710)**	**14.5%**
Personnel expenses	(156,381)	(147,520)	6.0%	(153,443)	1.9%
Selling & marketing expenses	(946,894)	(854,498)	10.8%	(896,207)	5.7%
Network & interconnection	(1,147,163)	(1,044,935)	9.8%	(1,109,388)	3.4%
General & administrative	(134,326)	(125,981)	6.6%	(124,307)	8.1%
Cost Of Goods Sold	(587,588)	(231,867)	153.4%	(332,583)	76.7%
Bad Debt	(66,274)	(90,458)	-26.7%	(41,979)	57.9%
Other operational revenues (expenses)	(74,909)	(53,645)	39.6%	(61,803)	21.2%
EBITDA	**1,138,224**	**1,010,077**	**12.7%**	**1,032,553**	**10.2%**
EBITDA Margin	26.8%	28.4%	-161 bps	27.5%	-75 bps
Depreciation & amortization	**(608,852)**	**(771,445)**	**-21.1%**	**(682,800)**	**-10.8%**
Depreciation	(343,142)	(370,010)	-7.3%	(343,722)	-0.2%
Amortization	(265,710)	(401,435)	-33.8%	(339,078)	-21.6%
EBIT	**529,372**	**238,632**	**121.8%**	**349,753**	**51.4%**
EBIT Margin	12.5%	6.7%	575 bps	9.3%	313 bps
Net Financial Results	**(43,974)**	**(58,911)**	**-25.4%**	**(32,616)**	**34.8%**
Financial expenses	(71,247)	(98,828)	-27.9%	(89,560)	-20.4%
Financial income	64,608	53,600	20.5%	68,641	-5.9%
Net exchange variation	(37,335)	(13,683)	172.9%	(11,697)	219.2%
Income before taxes	**485,398**	**179,721**	**170.1%**	**317,137**	**53.1%**
Income tax and social contribution	(135,417)	(53,757)	151.9%	(103,681)	30.6%
Net Income	**349,981**	**125,964**	**177.8%**	**213,456**	**64.0%**

Attachment 3

TIM PARTICIPAÇÕES S.A.

Cash Flow Statements

(R$ Thousand)

DESCRIPTION	2Q11	2Q10	% YoY	1Q11	% QoQ
EBIT	**529,373**	**238,632**	**121.8%**	**349,753**	**51.4%**
Depreciation and amortization	608,852	771,445	-21.1%	682,800	-10.8%
Capital expenditures	(717,415)	(520,150)	37.9%	(296,530)	141.9%
Changes in net operating working capital	(82,226)	(259,735)	-68.3%	(1,285,426)	-93.6%
Free Operating Cash Flow	**338,584**	**230,192**	**47.1%**	**(549,403)**	**N/A**
Income and social contribution taxes	(112,482)	(31,490)	257.2%	(67,829)	65.8%
Dividends and interest on capital	(486,174)	(200,891)	142.0%	(61)	796907%
Net financial revenue	(43,974)	(58,911)	-25.4%	(32,616)	34.8%
Judicial deposits	(36,844)	(24,831)	48.4%	(107,733)	-65.8%
LT taxes, interestes and contributions	8,389	161,401	-94.8%	68,244	-87.7%
Other changes	5,966	(38,316)	N/A	1,892	215.3%
Net Cash Flow	**(326,536)**	**37,154**	**-978.9%**	**(687,506)**	**-52.5%**

Attachment 4

TIM PARTICIPAÇÕES S.A.

EBITDA

(R$ Thousand)

DESCRIPTION	2Q11	2Q10	% YoY	1Q11	% QoQ
Net Income	**349,981**	**125,964**	**177.8%**	**213,456**	**64.0%**
(+) Provision for income tax and social contribution	135,417	53,757	151.9%	103,681	30.6%
(+) Net financial results	43,974	58,911	-25.4%	32,616	34.8%
EBIT	**529,372**	**238,632**	**121.8%**	**349,753**	**51.4%**
(+) Amortization and depreciation	608,852	771,445	-21.1%	682,800	-10.8%
EBITDA	**1,138,224**	**1,010,077**	**12.7%**	**1,032,553**	**10.2%**

Attachment 5

TIM PARTICIPAÇÕES S.A.

Consolidated Operational Indicators

TIM Stand Alone

DESCRIPTION	2Q11	2Q10	% YoY	1Q11	% QoQ
Brazilian Wireless Subscriber Base (million)	**217,346**	**185,135**	**17.4%**	**210,509**	**3.2%**
Estimated Total Penetration	111.6%	95.9%	15.7pp	108.3%	3.3pp
Municipalities Served - TIM GSM	3,233	3,198	1.1%	3,208	0.8%
Market Share	25.5%	24.0%	1.6pp	25.1%	0.4pp
Total Lines ('000)	**55,525**	**44,425**	**25.0%**	**52,849**	**5.1%**
Prepaid	47,520	37,469	26.8%	45,147	5.3%
Postpaid	8,005	6,956	15.1%	7,701	3.9%
Gross Additions ('000)	9,257	6,366	45.4%	8,476	9.2%
Net Additions ('000)	2,676	2,057	30.1%	1,821	47.0%
Churn	6,581	4,309	52.7%	6,655	-1.1%
ARPU (R$)	**21.6**	**24.2**	**-10.9%**	**20.8**	**3.7%**
MOU	**127**	**110**	**15.4%**	**126**	**0.7%**
SAC (R$)	50.3	83.3	-39.6%	49.2	2.2%
Handsets sold ('000)	3,507	1,915	83.1%	2,262	55.0%
Investment (R$ million)	**719**	**520**	**38.2%**	**297**	**142.4%**
Employees	9,616	9,007	6.8%	9,568	0.5%

Attachment 6

Glossary

Financial Terms

Bad Debt (PDD) – Provision for estimated amount of accounts receivable.(customer balance).that has been determined to be uncollectible.
CAPEX (capital expenditure) – capital investment.
EBIT = Earnings before interest and tax.
EBITDA = Earnings before interest, tax, depreciation and amortization.
EBITDA Margin = EBITDA / Operating Net Revenue.
Net Debt = Gross debt – cash.
Net debt / EBITDA = Index wichs evaluates the Company's ability to pay its debt with the generation of operating cash of the period.
Operating Cash Flow = EBITDA – CAPEX.
PL – Shareholders' Equity.
Subsidy = (net revenue from goods – cost of sales + vendors discounts) / gross additions.
Working Capital = Operational current assets – operational current liabilities.

Technology and Services

CSP – Carrier Selection Code to long distance calls.
EDGE *(Enhanced Data rates for Global Evolution)* – technique developed to increase the speed of data transmission via cell phone, creating a real broadband for handsets with the GSM technology. The first EDGE handsets available offer speed that can reach up to 200 Kbps, depending on the handset model.
GSM *(Global System for Móbile Communications)* – A system storing and coding cell phone data, such as user calls and data. The GSM is now the standard most used in the world.
SMP – Personal Mobile Services.
SMS *(Short Message Service)* – Ability to send and receive alphanumerical messages.
3G/HSDPA (*High-Speed Downlink Packet Access*) – 3G technology capable of proceed data transmission with higher speed, allowing the internet access through high speed connections to mobile users.

Operational Indicators

ARPU (Average Revenue per User) – Average total net service Revenue per customers in the period.
ARPM (Average Revenue per Minute) – ARPU / MOU
Churn rate – Percentage of the disconnections from customer base during the period.
Customers – Number of access in service.
Gross additions – Total of customers acquired in the period.
Market penetration = (Company's total number of customers + estimated number of customers of competitors) / each 100 inhabitants in the Company's operating area.
Market Share – Company's total number of customers / number of customers in its operating area.
MOU (minutes of use) – monthly average in minutes of traffic per customer = (total number of outgoing minutes + incoming minutes) / monthly average of customers in the period.
Net additions = Gross additions – number of customers disconnected.
SAC (Customer acquisition cost) = (subsidy + commissions + advertising & promotions) / gross additions.
MTR – Mobile termination rate.