Earnings Release
TIM Participações S.A.

TIMP3 NOVO MERCADO BM&FBOVESPA

Você, sem fronteiras.

TIM PARTICIPAÇÕES S.A. Announces its Consolidated Results for the Third Quarter 2012

BOVESPA[1]
(lot = 1 share)
TIMP3: R$ 7.30

NYSE[1]
(1 ADR = 5 ON shares)
TSU: US$16.88

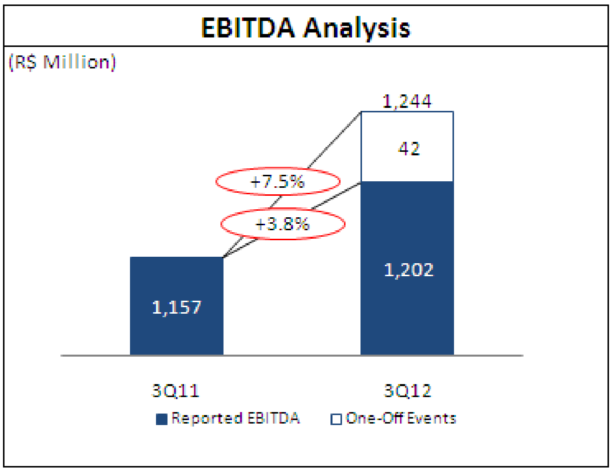
***(1)** closing prices of October 30th, 2012*

Rio de Janeiro, October 30th, 2012 – TIM Participações S.A. (BOVESPA: TIMP3; and NYSE: TSU), the company which controls directly TIM Celular S.A. and Intelig Telecomunicações Ltda., announces its results for the third quarter of 2012. 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 third quarter of 2011 (3Q11) and second quarter of 2012 (2Q12), except when otherwise indicated.

3Q12 Highlights: Fundamentals intact, despite image damage

- **Fastest growing company:** Year-to-date market share of net addition at 32% (or 5.3 mln lines);
- **Leading post-paid voice growth:** Yearly growth of 24.8% to 8.2 mln lines, and **confirming also pre-paid leadership (17% YoY growth)**;
- **Total MOU grew to 139 minutes:** 7% yearly growth and a new record for the Company, mainly due to a solid increase of postpaid voice lines;
- **ARPU reached R$18.9:** A decrease of 11% YoY (vs. 15.3% in the 2Q12). On quarterly comparison, ARPU grew 3.5%;
- **Data growth remained solid:** Yearly growth reached 35% with smart/web-phone penetration reaching 39% of total base;
- **Net revenue growth** came at 8% YoY to R$4,722 mln;
- **Adjusted EBITDA** (by one-off events) came at R$1,244mln, +7.5% YoY and accelerating vs. +6% in 2Q12. **Reported EBITDA reached R$1,202 mln** (or 4% YoY);
- **Adjusted EBITDA margin came at 26.3%** (vs. 26.5% in 3Q11), while reported EBITDA margin stood at 25.5%;



Source: Company

- **Total investments (CAPEX)** reached R$772 mln (-9.6% vs. 3Q11), being 92% to infrastructure. Yeart-to-date Capex reached R$2,371 mln (+26.3% vs. 9M11);
- **Live TIM start-up:** 120,500 prospects clients registered on the website for the new ultra broadband service. Buildings connected reached more than three thousand.

3Q12 Conference Call

Conference Call in Portuguese:
October 31st, 2012, at:
09:30 AM Brasilia time
07:30 AM US EST

Conference Call in English:
October 31st, 2012, at:
12:00 PM Brasilia time
10:00 AM US EST

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Message from Management

Dear analysts and shareholders,

Third quarter was a very tough one, marked by a severe sales ban, drop-call allegation, come back discussions of tax issue and contingences. Those events, although not necessarily related to business fundamentals, ended-up heavily impacting our image and at a lower degree, the financials. During that period, which I judge to be overcome, TIM took all actions needed to assure that business fundamentals would not be impacted and management team remains focused on the core strategy. Of course those events represented a great opportunity to take some lessons. Following our third quarter earnings release, you will see that our strong management team is succeeding in maintaining the business on track.

Lessons Learned

It is natural that after a strong growth period some fine-tunings and corrections should be made. Along with our success path, we have encountered some mishaps. We took the recent events as an opportunity to get the team together and rethink our network and quality approach, putting in place relevant changes, starting from few management changes to processes assurance (planning, implementation and control).

Aggressive Network Plan

TIM committed itself to a very aggressive network plan with Anatel and the Market, for 201-2014 period handed to Anatel. As for 2012, the commitment is to increase Voice and Data capacity by 31% and 136%, respectively, versus 2011 figures. The Fiber-to-the-Site (FTTS) project, crucial for data transporting, should reache 38,000 km by the end of this year, TIM is at fast speed to meet such commitment. Our total investments should reach R$9.5 billion till 2014, being ~86% in infrastructure.

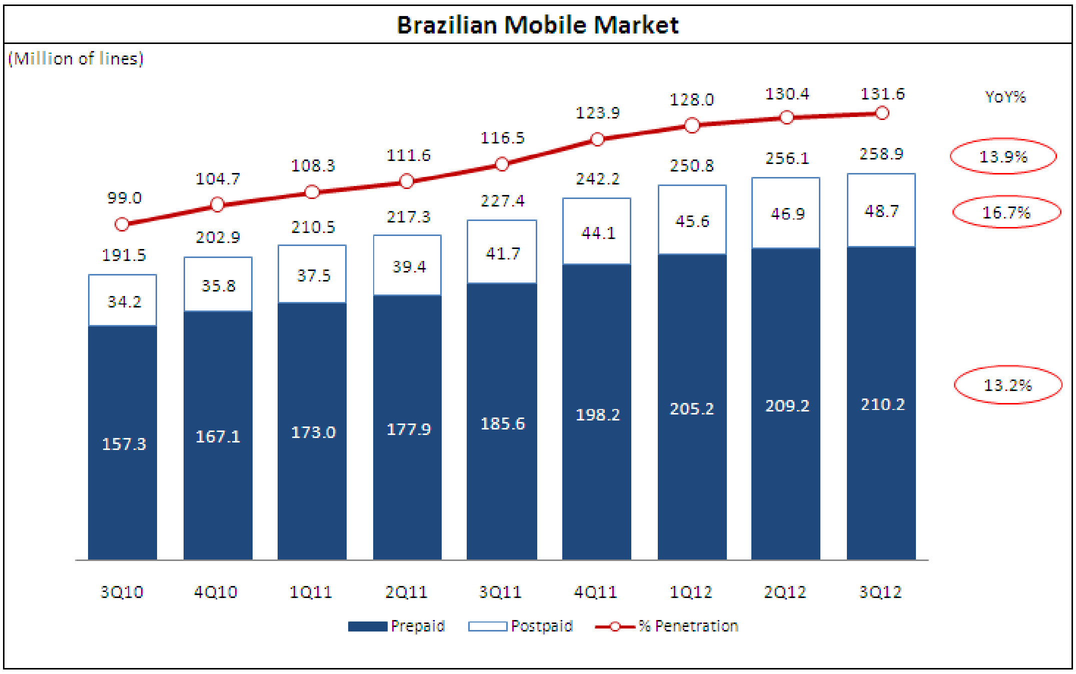
Fundamentals Remain Rock Solid

We are working hard to assure that business fundamentals remain intact. Though modest, macro-economic environment showed some improvements in the third quarter, and competition remained rational. TIM is managing to keep the focus on the essentials pillars of the business: leading customer base and traffic growth, strong take-up of data services, and TIM Fiber accelerating business.

Andrea Mangoni
CEO

Brazilian Market Overview

Brazilian mobile market reached 258.9 million lines by the end of Q3, representing a yearly growth of 13.9% (vs. 18.7% in 3Q11) and a penetration rate of 131.6%, from 116.5% in 3Q11. The mobile market growth has been supported by: i) stimulus of both local and long distance on-net calls (which creates multiple SIM-Card sales effect in the prepaid segment), ii) machine-to-machine business, and iii) growing demand for data services, especially in smart/web-phones.

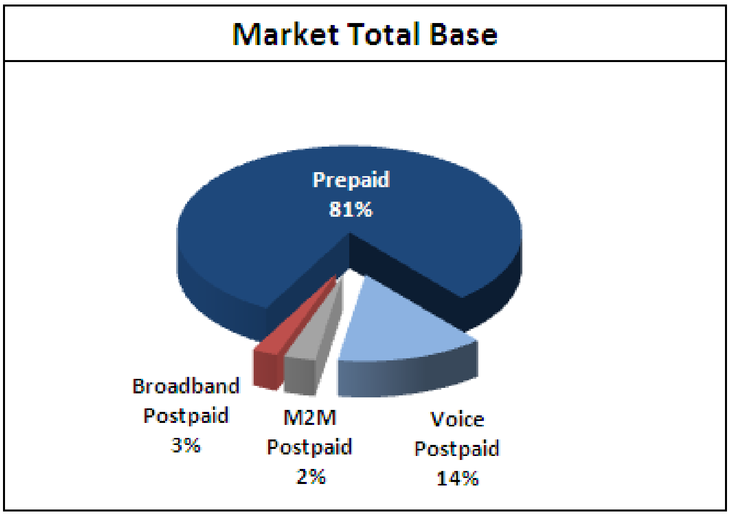


Source: Anatel

Market net additions deceleration

Market monthly net additions slowed the pace in 3Q12 to a total of 2.7 million, a decrease of 73% versus 10.0 million registered in the same period last year, chiefly by Anatel's sales ban from 23th July to 3rd August and companies clean-up process.

- **Pre-paid market reached 210.2 million lines** (+13.2% YoY), and accounting for 81.2% of total Brazilian market.
- **Post-paid market reached 48.7 million lines** (+16.7% increase versus September 2011). **Important to highlight that human post-paid (excluding M2M)** came at 42.4 million lines (87% of total), while machine-to-machine stood at 6.3 million.



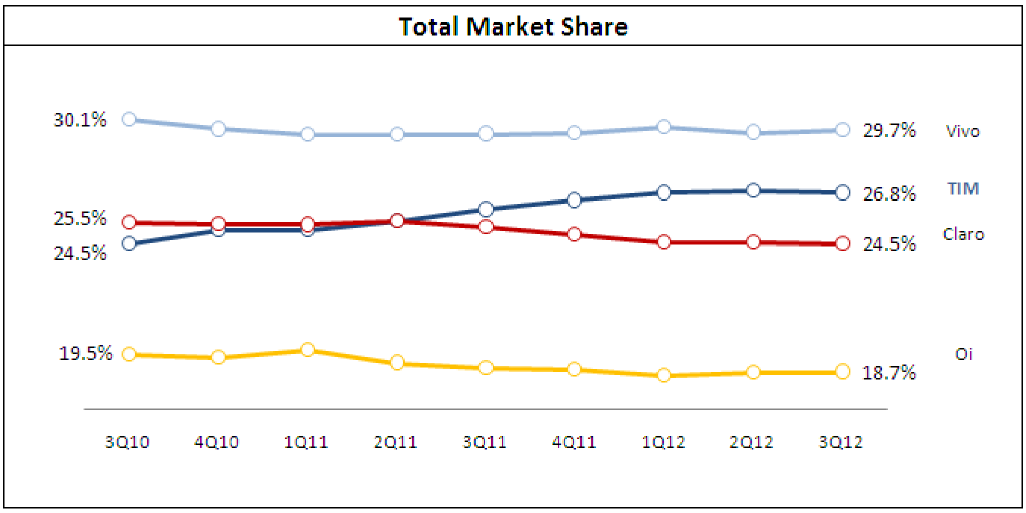
Source: Anatel

TIM's Performance

Total subscriber base ended third quarter with 69.4 million lines, 17.2% up against 3Q11, above market 13.9% growth and representing a market share of 26.8% (vs. 26.0% a year ago).

Total net additions came in at 535 thousand lines with 19.6% of the incremental market share (vs. 36.8% in 3Q11). Those figures were impacted by the sales ban and M2M lines disconnections.

Although the precautionary measure of Anatel generated an important impact on net additions in the period, **TIM managed to maintained the market share stable**. For TIM, that was a very clear message from customers showing that our value proposition remains intact, and one of the best in the market.



Source: Anatel

Churn impacted by M2M disconnection

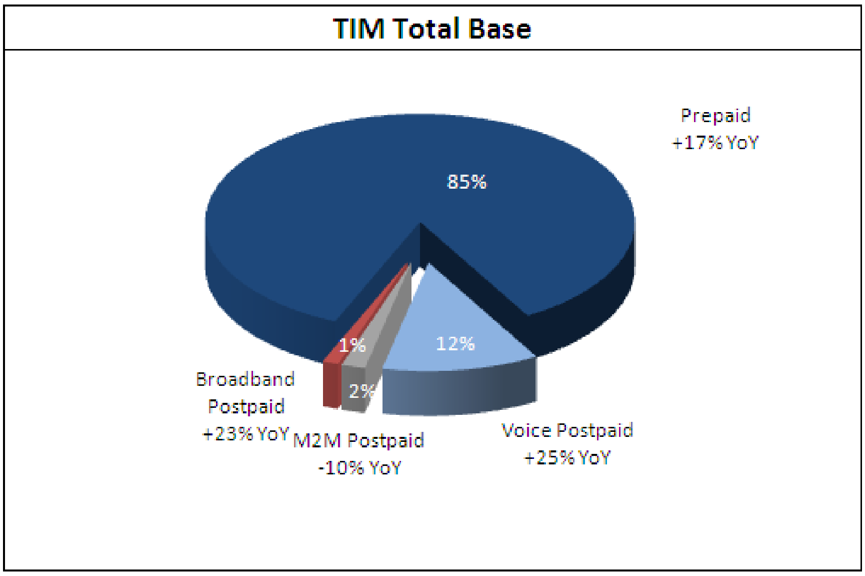
Disconnections reached 8.2 million lines in the quarter, with a churn rate of 11.9%, improving from 12.1% showed in 2Q12 and stable versus 3Q11. Churn rate in 3Q12 was impacted by M2M disconnections (279.8k lines in the quarter) and our austere disconnection policy for prepaid segment, which applies for users without recharge within 180 days and without any traffic within 90 days.

Human Postpaid grew 24% YoY

Postpaid customer base reached 10.3 million users, a 18.6% YoY growth vs. +19.6% in 3Q11. In this quarter, TIM added 261k postpaid clients (vs. 632k in 3Q11). Important to highlight that **considering only human lines, TIM added 541k, a +24% YoY growth vs. 13.9% market growth.**

Splitting our postpaid base into machine-to-machine and Human (Voice and Broadband) accesses, the first one reached 1.2 million users and Human Voice reached 8.2 million users, while Broadband reached 836 thousand users.

As for the prepaid segment, users totaled 59.1 million, up 17.0% YoY and largely leveraged by the Infinity Pre plan, which reached more than 57 million users or 98% of the base in that segment. TIM continues to lead the prepaid segment in Brazil, due to the unique and transparent offer. Also, the company has sequentially added innovative offers and features to its Infinity family (i.e.: "Infinity Torpedo", "Infinity Web Modem", "Infinity Mais" and "Infinity Torcedor"), thus, remaining the market's best valuable choice.



Source: TIM

Network & Live TIM Update

TIM has set a very aggressive network plan

Network & Quality: Third quarter represented a very severe one in terms of regulatory envitoment and consequent image damage. Anatel imposed sales ban in 18 states and the Federal District, alleging quality issue, which TIM judged to be disproportional and not representing Company's reality. To overcome such situation, TIM presented a very through network plan, aim at increasing voice capacity (TRX) by ~75% from 2011 to 2014 and data capacity (nodeB) by 433% in the same period, as well as 53.000 km of fiber back-bone / backhaul by the end of 2014.

Our GSM coverage reached 94.5% of the urban population, serving 3,320 cities. As for data coverage, TIM provides GPRS technology to 100% of its footprint, being ~99% covered by EDGE technology. The Third Generation Technology **(3G) had its roll-out speeded up with 74 new cities in this quarter. 3G technology is present in 629 cities – reaching almost 70% of urban population in Brazil**. We expect to continue accelerating the 3G coverage in the coming quarters.

Fiber-to-the-site project is under way and it has reached already 80% of sites connected with fiber in the cities of São Paulo and Rio de Janeiro, following the great capillarity of TIM Fiber backhaul.

Paraisópolis Wi-Fi project in São Paulo

Wi-Fi project continues its roll-out phase. As of September, TIM included three more airports totaling 15 in a partnership with Infraero. Following Rocinha's community project launched in Rio de Janeiro last year, TIM has brought Wi-Fi connectivity to Paraisópolis neighborhood, one of the most density regions in São Paulo.

LIVE TIM

Fixed broadband in accelerated roll-out

After the commercial launch of the ultra broadband service in São Paulo and recently in Rio de Janeiro, Live TIM has already connected 3,026 buildings (out of 7,101 authorized) and it has 120,500 prospects clients registered on the website.

Live TIM launch and offering

Following the launch phase and aiming at call customer's attention, Live TIM conducted a very aggressive promo, reducing packages prices from R$89.90 (for 35Mbps) to R$35.00 and from R$129.90 (for 50 Mbps) to R$50.00 and it also comes with a free Wi-Fi modem and no installation fee. Definitely the best value proposition in town. These prices will be valid until the Brazilian World Cup in 2014. The offer is extended until the end of 2012, and then should return close to the original package. As a result of aforesaid promo, daily sales of Live TIM accelerated almost 5x ex-post it.

TIM is also anticipating the new broadband quality regulation of Anatel, which will increase the minimum average speed limit delivered from actual 10%, delivered by the market to 60%.

Marketing Performance

Raising Institutional Campaigns

In the third quarter of 2012, pursuing to strengthen the image, TIM launched an institutional campaign based on customers' stories. The films show emotionally how Infinity and Liberty plans are bringing more opportunities to people, and end up emphasizing that TIM will continue "revolutionizing" the mobile market and maintain its commitment to the quality of services, allowing customers to communicate more, do more and go further.

Moreover, TIM kept the innovative marketing approach:

In the consumer segment, TIM reinforced the Infinity and Liberty concept for pre and postpaid, respectively, focusing on the increase of voice and data usage.

Infinity and Liberty Controle customers gained a pioneering service, allowing top-ups through their own mobile phone. By dialing *244#, the customer can buy credits through a pre-registered credit card, with no additional costs.

On the postpaid, TIM launched the campaign **"Liberte Seu Amigo",** a member get member approach in which the current customers will get prizes such as handset discounts and six months of free internet when indicating friends to acquire TIM Liberty plan. The last ones will get two months of Liberty + 50 plan for free.

Keep innovative path

In July, TIM has signed a sponsorship contract with Vasco da Gama (a soccer team of Rio de Janeiro) and now has its logo on the four-time Brazilian champion team jersey. The partnership also brings a unique benefit for fans that go to Vasco's stadium: TIM will install a modern Wi-Fi network in the stadium, which will provide high quality internet access to fans and journalists. As of today, TIM sponsors 9 soccer teams in the main Brazilian Championship.

TIM BETA, the young segment prepaid plan, is giving benefits in addition to unlimited voice, data and SMS per day of use. After the success of the first edition of BETA Live concert, TIM presented a second round, which happened last September, 27th. Thanks to the partnership with Google, BETA Live concert was also broadcasted live by TIM beta channel on YouTube.

39% of users already have web/ smartphones

Regarding handsets, TIM continues to promote the increase of customers with web enabled phones, reaching 39% of total base in 3Q12, versus 19.5% in 3Q11. TIM has managed to have the best portfolio of devices in the market, while maintaining the zero subsidy policy. For Father's Day campaign, customers who have bought the Liberty +50 or higher postpaid plans had promotional prices for selected devices. For example, the iPhone 4 8GB had the price reduced to R$1.399 and the Samsung S II Lite, which is sold exclusively by TIM, to R$999. All the handsets can be bought in up to 12 installments using credit cards.

In the corporate segment, Intelig, in line with the strategy of TIM Intelligence, repositioned the **TIM Flex** plan focused on large corporations. In this offer, clients have unlimited local calls to TIM mobile numbers and to three family members. TIM Flex also provides personalized service and support.

Still on corporate business, the Company strengthened the use of LD code 41 and launched the **41 Imbatível** offer, which has low cost for long distance calls. The company is also the first to offer IPv6 connectivity on a large scale, to assist internet access services.

TIM Wi-Fi project gained additional support by partnering with Linktel, a company specialized in multimedia communication services, for sharing wireless network infrastructure nationwide. With the agreement, TIM will expand its Wi-Fi coverage in more than 1,500 Wi-Fi hotspots. The Linktel's network is available in 16 states and encompasses several shopping malls, hotels, airports and restaurants. Just like the existing TIM Wi-Fi network, the service provided in partnership with Linktel will have no additional charge for the Infinity and Liberty Web customers.

New distribution center in State of Ceará

In September, TIM launched a new Distribution Center in Ceará (Northeast of Brazil) with 577 m². This facility will improve the handset/sim cards logistics for whole Ceará and Piauí states, which will be the only two states attended by this distribution center. Before this new facility, all products were coming from the distribution center of Pernambuco, which has been supplying other 6 states of the Brazilian Northeast region. The logistics in a country of continental dimensions like Brazil is certainly a factor that can generate a competitive advantage.

Looking after all stakeholders

TIM has also done some important social care campaigns keeping the partnership with Pastoral da Criança, an entity focused on reducing child mortality and improve the quality of life for children and their families. TIM developed an app that enables volunteers to send SMS reports to Pastoral da Criança for monitoring countryside cities of Brazil. It will increase the agility and responsiveness to problems in these municipalities.

TIM, participates on the Federal Government project called "Banda Larga 0800" (toll free broadband). This is a pioneer initiative that allows customers to access the Internet using a mobile phone without having to pay for the service. It works the same way as the existing toll free voice services: who pays the bill is the owner of the page accessed. The partnership with the Ministry of Communications on this project reinforces the commitment of TIM in working to promote digital inclusion for the largest possible number of consumers.

Financial Performance

Selected financial data – Revenues

DESCRIPTION	3Q12	3Q11	% YoY	2Q12	% QoQ	YTD 2012	% YoY
R$ thousands							
Gross Revenues	**7,023,138**	**6,381,506**	**10.1%**	**6,780,536**	**3.6%**	**20,414,115**	**13.6%**
Telecommunications Services	**6,122,330**	**5,669,667**	**8.0%**	**5,924,891**	**3.3%**	**17,984,420**	**11.7%**
Mobile	**5,783,084**	**5,293,621**	**9.2%**	**5,511,726**	**4.9%**	**16,815,955**	**12.3%**
Usage and Monthly fee	2,800,713	2,606,041	7.5%	2,705,363	3.5%	8,210,719	10.2%
Value added services - VAS	1,121,694	833,623	34.6%	1,030,655	8.8%	3,151,892	42.7%
Long distance	808,359	829,403	-2.5%	766,462	5.5%	2,377,399	1.6%
Interconnection	996,439	974,291	2.3%	948,318	5.1%	2,912,883	3.5%
Others	55,879	50,262	11.2%	60,928	-8.3%	163,062	5.4%
Fixed	**339,246**	**376,046**	**-9.8%**	**413,165**	**-17.9%**	**1,168,465**	**3.7%**
Products	**900,808**	**711,839**	**26.5%**	**855,644**	**5.3%**	**2,429,695**	**29.5%**
Discounts and deductions	**(2,300,713)**	**(2,010,118)**	**14.5%**	**(2,233,230)**	**3.0%**	**(6,676,081)**	**19.3%**
Taxes and discounts on services	(2,022,081)	(1,783,050)	13.4%	(1,940,743)	4.2%	(5,884,620)	17.6%
Taxes and discounts on handset sales	(278,632)	(227,068)	22.7%	(292,487)	-4.7%	(791,461)	33.1%
Net Revenues	**4,722,425**	**4,371,388**	**8.0%**	**4,547,306**	**3.9%**	**13,738,034**	**11.0%**
Services	**4,100,249**	**3,886,617**	**5.5%**	**3,984,148**	**2.9%**	**12,099,800**	**9.1%**
Products	**622,176**	**484,771**	**28.3%**	**563,158**	**10.5%**	**1,638,234**	**27.8%**

Operating Revenues

Gross revenues at +10.1% YoY

Total gross revenues reached R$7,023 million in the quarter, a 10.1% increase YoY, backed by service gross revenues growth of 8.0% YoY and product gross revenues growth of 26.5% YoY (crucial for data growth). As for year-to-date, 9 months growth stood at 13,6% YoY.

The main gross revenues breakdown and highlights in 3Q12 are presented as follows:

Outgoing traffic volume had an outstanding yearly growth of +31.4% in this quarter, and accelerating versus recent quarters. Gross revenue breakdown is as follows:

- **Usage and monthly fee gross revenues** reached R$2,801 million this quarter, a yearly growth of 7.5% backed by subscriber growth of 17.2% and increasing outgoing traffic.

- **Long distance mobile gross revenues** reached R$808 million in the quarter, a drop of 2.5% when compared to 3Q11 but an increase of 5.5% vs 2Q12, impacted by the final migration of Intelig's revenues and the commoditization of LD service, especially on the prepaid side. In 2Q12, yearly drop was 6.6%.

Incoming SMS offset MTR reduction

Interconnection gross revenues increased by 2.3% YoY to R$996 million. Infinity Torpedo offer contributed to offset MTR cut impact (started on March), providing customers with unlimited SMS to any mobile operator and resulting in an increase of incoming SMS and revenues.

Data at a 35% yearly growth

VAS gross revenues reached R$1,122 million, a steady and strong growth of 34.6% YoY. This growth is a result of strong adherence to Infinity and Liberty Web data plans, including the Infinity Web Modem which was launched last December (where clients pay R$1,99/day), and also the positive contribution of Infinity Torpedo. In this quarter, **VAS gross revenues reached 19.4% of gross mobile services revenues** against 15.7% in 3Q11. **Daily unique users of Infinity Web have reached 4.1 million** at the end of the quarter**.**

Smartphone already accounts for 39.0% of total base

Handset gross revenues totaled R$901 million, a 26.5% increase versus 3Q11. This increase was mainly driven by handsets mix enhancement, with **72% of total sales being web/smartphones (vs. ~71% a year ago)** and the average price growth of 59% due to sophisticated phones. In addition, the mix of only smartphones sales is sharply increasing. It is worth highlighting that **web/smartphone penetration has reached 39.0%** of total base (vs. 19.5% in 3Q11). Such handset performance is supporting data continuous growth.

Fixed performance below expectation

Fixed business gross revenues, including Intelig, TIM Fixo and TIM Fiber, totaled R$339 million in 3Q12, 9.8% lower when compared to the same period of last year. The main drivers of this result was the weak Intelig's operational performance mainly due to migration of the long distance code. The Company changed Intelig's management during 3Q12, aiming to resume Intelig's growth pace and operational improvement.

Total net revenues reached R$4,722 million in the quarter, an increase of 8% YoY and reaccelerating from the 7.0% YoY growth saw in 2Q12. As for the 9 months of 2012, topline growth reached 11% YoY.

ARPU grew QoQ by 3.5%

ARPU (average revenue per user) reached R$18.9 no 3Q12, an increase of 3.5% QoQ and dropping 11% YoY (vs. -15% in 2Q12), impacted by the MTR cut and the commoditization of long distance calls.

MOU (minutes of use) reached 139 minutes in 3Q12, 7% higher when compared to 3Q11 and a new record for the Company, mainly due to a strong outgoing traffic increase of 31.4% YoY, following Infinity and Liberty platform.

Record MOU of 139

- **Outgoing MOU** stood at 127 minutes in 3Q12, reaching the highest level ever and increasing 9.3% versus 3Q11. This performance is explained by a sound increase of 25% of the postpaid voice customer base.

- **Incoming MOU** reached 11 minutes in 3Q12, a sharp drop of 15.9% when compared to the same period of last year. Total incoming traffic increased by 1.1% YoY.

Operating Costs and Expenses

DESCRIPTION	3Q12	3Q11	% YoY	2Q12	% QoQ	YTD 2012	% YoY
R$ thousands							
Operating Expenses	**(3,520,489)**	**(3,213,950)**	**9.5%**	**(3,332,903)**	**5.6%**	**(10,153,043)**	**12.4%**
Personnel expenses	(170,138)	(158,351)	7.4%	(186,441)	-8.7%	(532,576)	13.8%
Selling & marketing expenses	(938,184)	(1,010,953)	-7.2%	(922,302)	1.7%	(2,878,445)	0.9%
Network & interconnection	(1,353,194)	(1,197,827)	13.0%	(1,309,694)	3.3%	(3,961,773)	15.1%
General & administrative	(152,854)	(110,262)	38.6%	(126,310)	21.0%	(410,972)	11.4%
Cost Of Goods Sold	(690,398)	(597,708)	15.5%	(631,464)	9.3%	(1,855,321)	22.2%
Bad Debt	(80,009)	(60,825)	31.5%	(62,050)	28.9%	(198,699)	17.5%
Other operational revenues (expenses)	(135,713)	(78,024)	73.9%	(94,641)	43.4%	(315,256)	46.8%
Adjusted other operational revenues (expenses)*	(93,582)	(78,024)	19.9%	(94,641)	-1.1%	(273,125)	27.2%

*Adjusted by one-off events

Total Operating costs and expenses increased by 9.5% on a year-over-year comparison to R$3,520 million in the 3Q12, **impacted by one-off events from provisions of advertising credit loss and for Anatel's administrative procedures between 2007 and 2009, totaling R$42.1 million.** Without such events, total Opex would have grown by 8.2% to R$3,478 million.

Costs and expenses breakdowns in 3Q12 are presented as follows:

Labor cost increase due to business expansion

Personnel expenses reached R$170 million in 3Q12, a growth of 7.4% when compared to the same period of last year, in consequence of an increase of own-stores and business expansion.

Selling & Marketing expenses amounted to R$938 million, 7.2% lower when compared to the same period of last year. This performance is a result of lower FISTEL and commissioning expenses due to the sales ban period.

Network and Interconnection cost reached R$1,353 million in the 3Q12, an increase of 13.0% when compared to the same period of last year, mainly due to an increase in total outgoing voice traffic by 31% YoY. Even though we had a cost saving from the MTR reduction in this quarter, the increase in SMS sent (as a result of our Infinity Torpedo offer) has offset this impact. As for the leased line, cost has increased by 5% YoY.

General and Administrative expenses (G&A) amounted to R$152.9 million in the 3Q12, an increase of 38.6% when compared to same period of last year, mainly due to an increase of costs related to own-stores project and third parties services.

Smart/Web phones representing 72% of total sales

Cost of Goods Sold reached R$690.4 million in the quarter, an increase of 15.5% versus the same period of last year, and following the handset revenue growth aforesaid. TIM keeps following the strategy to increase penetration of web enable phones as a way to empower data usage without subsidizing.

Bad debt at 1.1% of gross revenues

Bad Debt expenses as % of gross revenues came at 1.1% (vs. 0.95% in 3Q11) reaching R$80 million (versus R$61 million in 3Q11). The main driver of such increase was a growth in the postpaid base and a higher level of defaults of older debts.

Other operational expenses reached R$135.7 million in 3Q12, or +73.9% vs. same period of last year, mainly due to the increase of FUST/FUNTTEL and the two one-off events totaling R$42 mln (provision of advertising credits loss of R$16.1 mln and the provision for Anatel's 2007-2009 administrative procedures totaling R$26 mln).

Efficient Go-to-market approach

Subscriber Acquisition Costs (where SAC = subsidy + commissioning + total advertising expenses) reduced to R$33.6 in the 3Q12, a consistence drop of 7.6% YoY. The performance reflects continued efficiency in the acquisition of prepaid and postpaid customers, contributing to a better P&L performance in a tougher competitive landscape. SAC/ARPU ratio stood at 1.8x (vs. 1.7x in the 3Q11).

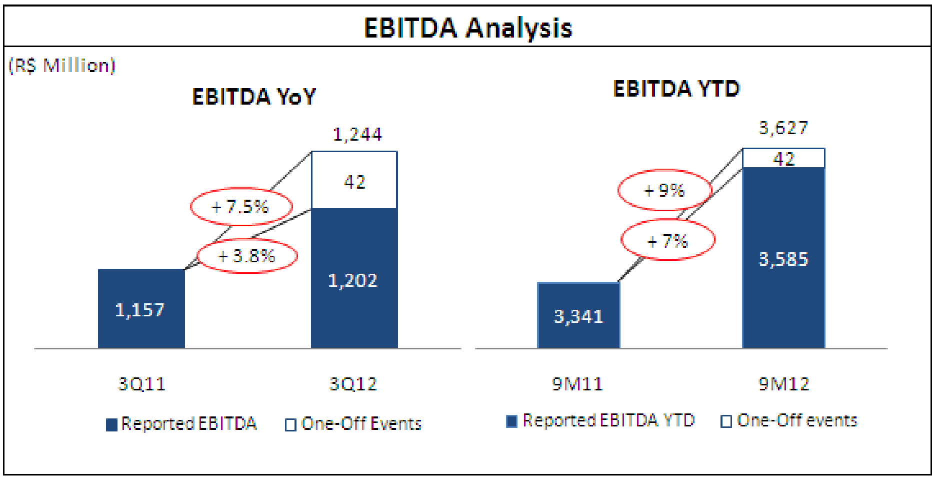
EBITDA

One-off events impacting EBITDA

Reported EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) reached R$1,202 million in 3Q12, representing an expansion of 3.8% over 3Q11.

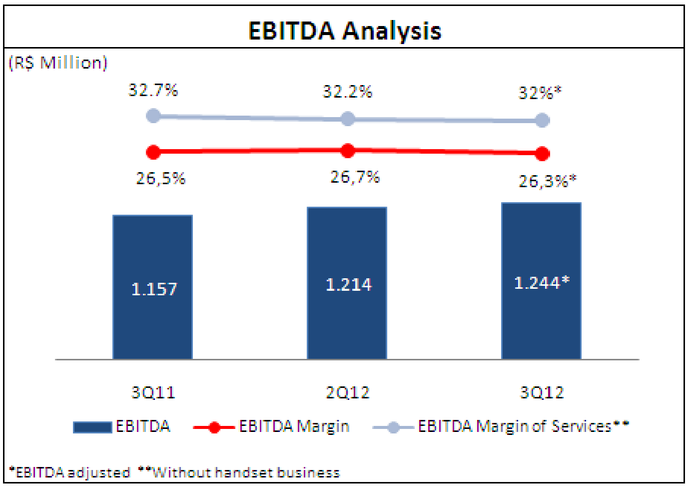
Adjusting EBITDA for the R$42.1 mln one-off events, organic EBITDA reached R$1,244 or 7.5% YoY growth, resuming growth from the 6% in 2Q12, mainly due to good performance of data services, traffic and customer base growth, but offset by MTR cut.

The chart below shows the impact of one-off events on EBITDA.



Source: Company

Reported EBITDA margin in 3Q12 stood at 25.5%, impacted by the above said one-off events. **Adjusted EBITDA margin stood flat on a yearly basis to 26.3%**. **EBITDA margin of services** came at 32% (vs. 32.7% in 3Q11) when excluded handset business.



Source: Company

Depreciation and amortization accounted for R$657 million in 3Q12, an increase of 1.9% YoY. On a separate basis, depreciation came at -0.8% YoY while amortization increased 5.2% YoY.

DESCRIPTION	3Q12	3Q11	% YoY	2Q12	% QoQ	YTD 2012	% YoY
R$ thousands							
EBITDA	**1.201.936**	**1.157.438**	**3,8%**	**1.214.403**	**-1,0%**	**3.584.992**	**7,3%**
Adjusted EBITDA*	**1.244.066**	**1.157.438**	**7,5%**	**1.214.403**	**2,4%**	**3.627.122**	**8,6%**
EBITDA Margin	25,5%	26,5%	-1,0p.p.	26,7%	-1,3p.p.	26,1%	-0,9p.p.
Adjusted EBITDA Margin*	26,3%	26,5%	-0,1p.p.	26,7%	-0,4p.p.	26,4%	-0,6p.p.
Depreciation & amortization	**(656.887)**	**(644.560)**	**1,9%**	**(664.233)**	**-1,1%**	**(1.977.749)**	**1,5%**
Depreciation	(351.936)	(354.599)	-0,8%	(366.887)	-4,1%	(1.079.588)	3,7%
Amortization	(304.952)	(289.961)	5,2%	(297.346)	2,6%	(898.160)	-1,0%
EBIT	**545.048**	**512.878**	**6,3%**	**550.171**	**-0,9%**	**1.607.243**	**15,5%**
EBIT Margin	11,5%	11,7%	-0,2p.p.	12,1%	-0,6p.p.	11,7%	0,5p.p.
Net Financial Results	**(28.930)**	**(61.450)**	**-52,9%**	**(63.588)**	**-54,5%**	**(134.696)**	**-2,4%**
Financial expenses	(139.687)	(124.046)	12,6%	(78.452)	78,1%	(324.429)	13,9%
Financial income	58.107	69.675	-16,6%	95.179	-38,9%	232.596	14,6%
Net exchange variation	52.649	(7.079)	-843,8%	(80.315)	-165,6%	(42.863)	-23,6%
Income before taxes	**516.118**	**451.429**	**14,3%**	**486.583**	**6,1%**	**1.472.547**	**17,4%**
Income tax and social contribution	(198.088)	(134.796)	47,0%	(139.796)	41,7%	(531.290)	42,1%
Net Income	**318.030**	**316.632**	**0,4%**	**346.787**	**-8,3%**	**941.257**	**7,0%**
Net Income Adjusted*	**369.285**	**316.632**	**16,6%**	**346.787**	**6,5%**	**992.512**	**12,8%**

*Adjusted by one-off events

EBIT

EBIT (earnings before interest and taxes) totaled R$545.0 million in 3Q12, an increase of 6.3% on a yearly comparison, and representing an expansion of R$32.2 million following an increase in Amortization of 5.2%. EBIT Margin reached 11.5%.

Net Financial Result

Net financial result totaled -R$28.9 million, a decrease of 52.9% if compared to the -R$61.5 million in the same period of last year.

In 3Q12, financial expenses expanded 12.6% reaching R$139.7 million, impacted by an increase in monetary adjustment, while financial revenues drop 16.6% reaching R$58.1 million, explained by a decrease in interest over investments due to a drop in the CDI rate and a less cash position of 8.6% YoY.

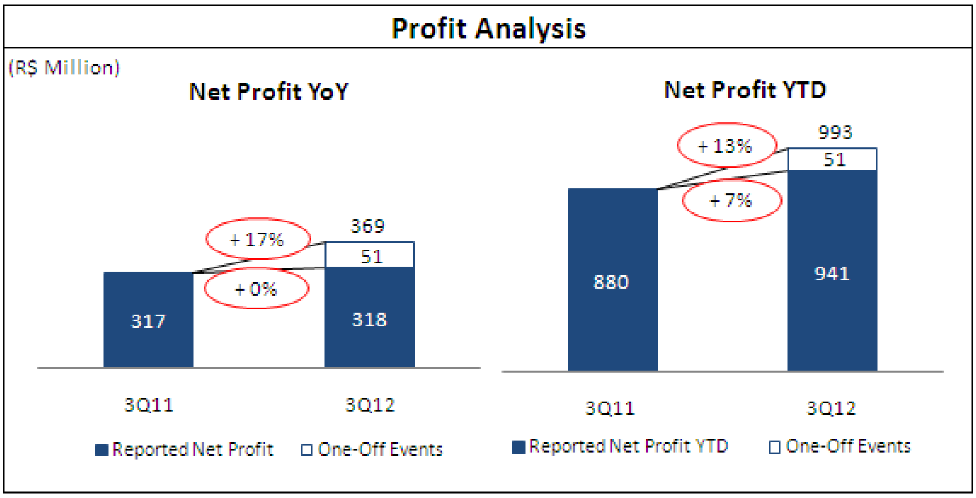
Net FX variation came at positive R$52.6 million (vs. -R$7.1 million in 3Q11) justified by a non-cash positive effect due to "cupom cambial" used to calculate the mark-to-market position of our hedge operations.

Income and Social Contribution Taxes

Income and Social Contribution taxes came at R$198.1 million in 3Q12, an increase of 47.0% vs. R$134.8 million in 3Q11, mainly due to the growth of taxable income in Tim Celular and other impacts when calculating the regional incentives to reduce the income tax - SUDENE / SUDAM.

Net Profit

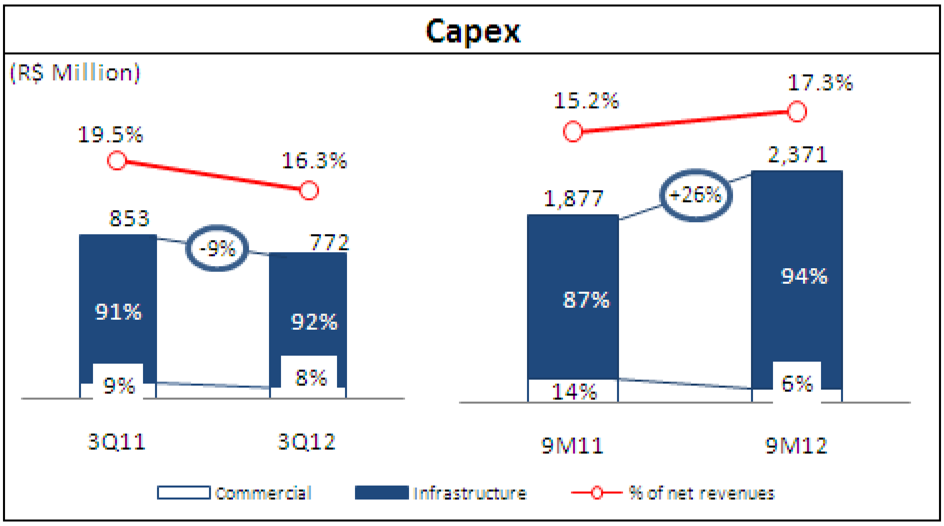
Consolidated Net Profit reached R$318.0 million in 3Q12, +0.4% versus R$ 316.6 million in 3Q11. If we adjust the net income for the R$ 42.1 mln one-off events plus R$ 9,1 mln of monetary adjustments, bottom line would have been R$369.3 mln (or 16.6% vs. 3Q11).



Source: Company

CAPEX

Investments totaled R$772 million in 3Q12, a decrease of 9,6% vs. same period of last year. **Important to highlight that 92% of total Capex was allocated in infrastructure.** Year-to-date Capex reached R$2.4 billion or +26.3% YoY.



Source: Company

Net financial position and free cash flow

Gross Debt amounted to R$ 3,496 million, a decrease of 2.6% if compared to the R$3,588 million in 3Q11. Company's debt is concentrated in long-term contracts (66% of the total) composed by financing from BNDES (Brazilian Economic and Social Development Bank), EIB (European Investment Bank), Santander and BNP Paribas, as well as borrowings from other local and international financial institutions.

Approximately 43% of total debt is denominated in foreign currency (USD), and it is 100% hedged in local currency. Average cost of debt totaled 7.81% in the 3Q12 compared to 10.52% in the 3Q11.

Cash and Cash equivalents reached R$ 1,947 million, leading net debt position to R$ 1,550 million or 6.2% higher than the 3Q11. **Net debt/EBITDA trailing 12 months results yields a ratio of 0.3x.**

Operating Free Cash Flow, in 3Q12, was positive in R$827 million, an increase of 21.0% when compared to 3Q11. The result is mainly explained by a lower Capex (-9.6%), higher operating margin and higher positive delta working capital.

One-off Events

In the third quarter, TIM added a provision for Anatel 2007 to 2009 administrative procedures totaling R$26.1 mln. Since the matter has passed through the administrative evaluation and it is now carried-out by Anatel's Board of Director, the likelihood of loss changed from possible to probable.

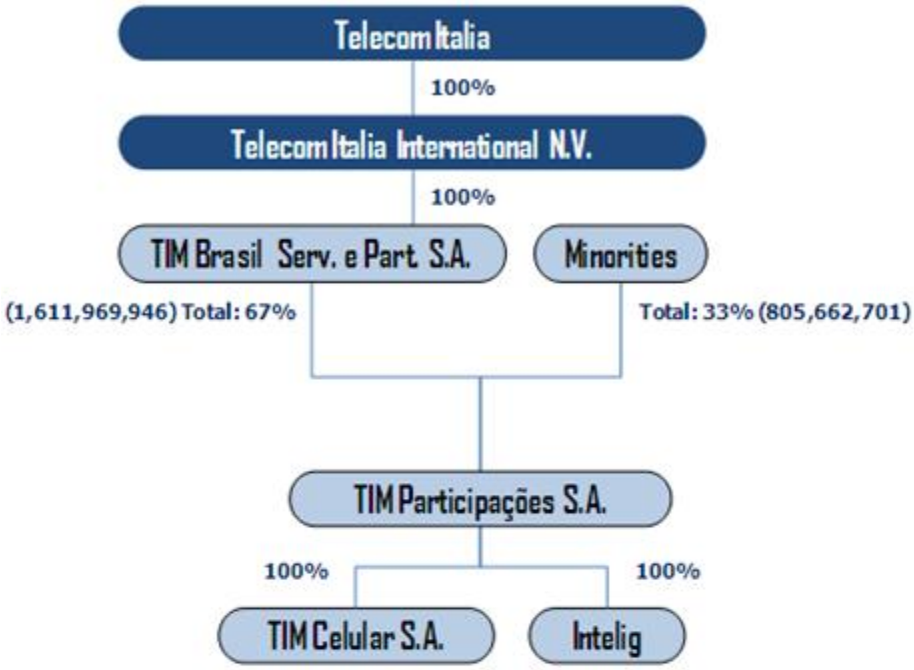
The second one-off event in the quarter refers to non-use of credits for advertisements in Jornal do Brasil and Gazeta Mercantil (companies controlled by CBM, a subsidiary of Docas's group). With the bankrupt of those newspapers and the unsuccessful attempts to recover this amount, the advertising credit of R$16.1 mln became of no use. The Company will take judicial measures aiming the reimbursement of such credit.

Contingencies and Provisions

TIM clarifies that all assumptions of risk assessment adopted by the Company, which resulted in provisions for contingencies reported in its financial statements, including those related to tax, were made in strict compliance with all applicable accounting rules, notably those issued by the Accounting Pronouncements Committee through "CPC 25" (equivalent to IAS 37), approved by CVM Resolution 594/2009.

It is also worth noting that, since 2006, the Company is subject to controls and procedures listed in the U.S. Federal Law known as "Sarbanes-Oxley" (SOX), and it has the internal controls submitted to independent auditors. There was not a single year in our history, which effective losses surpassed the level of provision carried so far, serving as an indicator that the decisions taken by the Company, based also on information from external advisors and subject to review by independent auditors have been adequate.

Ownership Breakdown



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., 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 94.5% of the urban population – the widest GSM coverage in Brazil, with presence in 3,320 cities. TIM also provides extensive data coverage services in the country, 100% of it using GPRS, ~99% using EDGE, besides having a sophisticated Third Generation (3G) network serving 69% of the country's urban population. The Company has 391 international roaming agreements for TIM clients available in more than 208 countries across six continents.

- **Consolidated company with a nationwide footprint since 2002**
- **Network: excellent GSM coverage and proven quality**
- **Innovative offers: new concepts leveraging TIM community**
- **Brand: associated to innovation**
- **Sustainability: Maintained in ISE index for 2011/2012**
- **Is listed in Novo Mercado since August 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'. 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, with 69.4 million lines in Brazil.

In December 2009, the company concluded the merger of 100% of Intelig, which provides fixed, long distance and data transmission services in Brazil. This merger, supports 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.

In accordance with our commercial strategy of expansion of activities and strengthening of the Company's infrastructure, its wholly-owned subsidiary TIM Celular acquired TIM Fiber RJ and SP. Both Companies 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 8.5 million homes and more than 550 thousand companies in 21 cities, through an optical fiber network of 5.5 thousand kilometers.

TIM Participações is a publicly-held company, whose share 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 selective group of companies of the Corporate Sustainability Index (ISE) and the only telecom company in Novo Mercado segment 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

Attachment 1: Balance Sheet
Attachment 2: 3Q12 Income Statements
Attachment 3: 3Q12 Cash Flow Statements
Attachment 4: Operational Indicators

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$ Thousands)

DESCRIPTION	3Q12	2Q12	% QoQ	3Q11	% YoY
ASSETS	**23.517.491**	**22.518.785**	**4,4%**	**20.130.433**	**16,8%**
CURRENT ASSETS	**7.810.022**	**6.806.653**	**14,7%**	**7.069.286**	**10,5%**
Cash and cash equivalents	1.945.075	1.299.787	49,6%	2.129.869	-8,7%
Short-term investments	1.726	232	645,2%	42	4018,1%
Accounts receivable	3.955.782	3.559.645	11,1%	3.152.122	25,5%
Inventories	325.179	314.515	3,4%	353.191	-7,9%
Indirect recoverable Taxes	675.546	626.190	7,9%	592.047	14,1%
Direct recoverable Taxes	375.851	371.665	1,1%	510.512	-26,4%
Prepaid expenses	310.732	521.908	-40,5%	234.751	32,4%
Derivative contracts	110.919	25.966	327,2%	7.656	1348,8%
Other assets	109.212	86.747	25,9%	89.096	22,6%
NONCURRENT	**15.707.469**	**15.712.132**	**0,0%**	**13.061.147**	**20,3%**
Noncurrent assets	**2.893.726**	**3.012.073**	**-3,9%**	**2.716.863**	**6,5%**
Long-term investments	22.350	24.038	-7,0%	19.397	15,2%
Accounts receivable	77.268	83.532	-7,5%	54.700	41,3%
Indirect recoverable Taxes	452.839	451.539	0,3%	311.778	45,2%
Direct recoverable Taxes	21.370	24.357	-12,3%	55.835	-61,7%
Deferred income and social contribution taxes	1.326.402	1.374.131	-3,5%	1.549.052	-14,4%
Judicial deposits	806.845	774.907	4,1%	569.467	41,7%
Prepaid expenses	95.399	94.868	0,6%	92.912	2,7%
Derivative contracts	77.421	170.864	-54,7%	49.950	55,0%
Other assets	13.832	13.838	0,0%	13.772	0,4%
Permanent Assets	**12.813.743**	**12.700.059**	**0,9%**	**10.344.284**	**23,9%**
Property, plant and equipment	7.034.164	6.853.867	2,6%	5.866.218	19,9%
Intangibles	5.779.579	5.846.192	-1,1%	4.478.066	29,1%
LIABILITIES	**23.517.491**	**22.518.785**	**4,4%**	**20.130.433**	**16,8%**
CURRENT LIABILITIES	**6.131.057**	**5.272.745**	**16,3%**	**5.177.057**	**18,4%**
Suppliers	3.461.999	2.968.642	16,6%	2.901.207	19,3%
Loans and financing	1.243.591	1.062.237	17,1%	871.722	42,7%
Derivative contracts	48.401	38.666	25,2%	923	5146,5%
Salaries and related charges	173.517	158.264	9,6%	159.639	8,7%
Indirect taxes, charges and contributions	586.964	545.881	7,5%	543.930	7,9%
Direct taxes, charges and contributions	205.485	129.348	58,9%	317.429	-35,3%
Dividends payable	35.908	35.996	-0,2%	25.422	41,2%
Authorizations payable	28.298	22.858	23,8%	100.945	-72,0%
Other liabilities	346.895	310.853	11,6%	255.839	35,6%
NONCURRENT LIABILITIES	**3.716.411**	**3.892.297**	**-4,5%**	**3.775.866**	**-1,6%**
Loans and financing	2.337.309	2.559.315	-8,7%	2.657.992	-12,1%
Derivative contracts	55.369	114.438	-51,6%	115.328	-52,0%
Indirect taxes, charges and contributions	242.544	238.404	1,7%	125.530	93,2%
Direct taxes, charges and contributions	174.209	172.219	1,2%	163.734	6,4%
Deferred income and social contribution taxes	123.728	118.937	4,0%	78.277	58,1%
Provision for contingencies	315.836	240.586	31,3%	228.717	38,1%
Pension plan	318	318	0,0%	8.977	-96,5%
Asset retirement obligations	289.101	278.068	4,0%	254.771	13,5%
Other liabilities	177.996	170.011	4,7%	142.540	24,9%
SHAREHOLDERS' EQUITY	**13.670.023**	**13.353.743**	**2,4%**	**11.177.510**	**22,3%**
Capital	9.839.770	9.839.770	0,0%	8.164.665	20,5%
Capital reserves	387.154	387.428	-0,1%	380.560	1,7%
Special reserves	-	-	0,0%	-	0,0%
Income reserves	2.505.211	2.506.688	-0,1%	1.755.585	42,7%
Accumulated losses	-	-	0,0%	-	0,0%
Treasury Stocks	(3.369)	(3.369)	0,0%	(3.369)	0,0%
Net Income for the period	941.257	623.226	51,0%	880.070	7,0%

Attachment 2
TIM PARTICIPAÇÕES S.A.
3Q12 Income Statements
(R$ Thousands)

DESCRIPTION	3Q12	3Q11	% YoY	2Q12	% QoQ	YTD 2012	% YoY
R$ thousands							
Gross Revenues	**7,023,138**	**6,381,506**	**10.1%**	**6,780,536**	**3.6%**	**20,414,115**	**13.6%**
Telecommunications Services	**6,122,330**	**5,669,667**	**8.0%**	**5,924,891**	**3.3%**	**17,984,420**	**11.7%**
Mobile	**5,783,084**	**5,293,621**	**9.2%**	**5,511,726**	**4.9%**	**16,815,955**	**12.3%**
Usage and Monthly fee	2,800,713	2,606,041	7.5%	2,705,363	3.5%	8,210,719	10.2%
Value added services - VAS	1,121,694	833,623	34.6%	1,030,655	8.8%	3,151,892	42.7%
Long distance	808,359	829,403	-2.5%	766,462	5.5%	2,377,399	1.6%
Interconnection	996,439	974,291	2.3%	948,318	5.1%	2,912,883	3.5%
Others	55,879	50,262	11.2%	60,928	-8.3%	163,062	5.4%
Fixed	**339,246**	**376,046**	**-9.8%**	**413,165**	**-17.9%**	**1,168,465**	**3.7%**
Products	**900,808**	**711,839**	**26.5%**	**855,644**	**5.3%**	**2,429,695**	**29.5%**
Discounts and deductions	**(2,300,713)**	**(2,010,118)**	**14.5%**	**(2,233,230)**	**3.0%**	**(6,676,081)**	**19.3%**
Taxes and discounts on services	(2,022,081)	(1,783,050)	13.4%	(1,940,743)	4.2%	(5,884,620)	17.6%
Taxes and discounts on handset sales	(278,632)	(227,068)	22.7%	(292,487)	-4.7%	(791,461)	33.1%
Net Revenues	**4,722,425**	**4,371,388**	**8.0%**	**4,547,306**	**3.9%**	**13,738,034**	**11.0%**
Services	**4,100,249**	**3,886,617**	**5.5%**	**3,984,148**	**2.9%**	**12,099,800**	**9.1%**
Products	**622,176**	**484,771**	**28.3%**	**563,158**	**10.5%**	**1,638,234**	**27.8%**
Operating Expenses	**(3,520,489)**	**(3,213,950)**	**9.5%**	**(3,332,903)**	**5.6%**	**(10,153,043)**	**12.4%**
Personnel expenses	(170,138)	(158,351)	7.4%	(186,441)	-8.7%	(532,576)	13.8%
Selling & marketing expenses	(938,184)	(1,010,953)	-7.2%	(922,302)	1.7%	(2,878,445)	0.9%
Network & interconnection	(1,353,194)	(1,197,827)	13.0%	(1,309,694)	3.3%	(3,961,773)	15.1%
General & administrative	(152,854)	(110,262)	38.6%	(126,310)	21.0%	(410,972)	11.4%
Cost Of Goods Sold	(690,398)	(597,708)	15.5%	(631,464)	9.3%	(1,855,321)	22.2%
Bad Debt	(80,009)	(60,825)	31.5%	(62,050)	28.9%	(198,699)	17.5%
Other operational revenues (expenses)	(135,713)	(78,024)	73.9%	(94,641)	43.4%	(315,256)	46.8%
EBITDA	**1,201,936**	**1,157,438**	**3.8%**	**1,214,403**	**-1.0%**	**3,584,992**	**7.3%**
EBITDA Margin	25.5%	26.5%	-1.0p.p.	26.7%	-1.3p.p.	26.1%	-0.9p.p.
Depreciation & amortization	**(656,887)**	**(644,560)**	**1.9%**	**(664,233)**	**-1.1%**	**(1,977,749)**	**1.5%**
Depreciation	(351,936)	(354,599)	-0.8%	(366,887)	-4.1%	(1,079,588)	3.7%
Amortization	(304,952)	(289,961)	5.2%	(297,346)	2.6%	(898,160)	-1.0%
EBIT	**545,048**	**512,878**	**6.3%**	**550,171**	**-0.9%**	**1,607,243**	**15.5%**
EBIT Margin	11.5%	11.7%	-0.2p.p.	12.1%	-0.6p.p.	11.7%	0.5p.p.
Net Financial Results	**(28,930)**	**(61,450)**	**-52.9%**	**(63,588)**	**-54.5%**	**(134,696)**	**-2.42%**
Financial expenses	(139,687)	(124,046)	12.6%	(78,452)	78.1%	(324,429)	13.9%
Financial income	58,107	69,675	-16.6%	95,179	-38.9%	232,596	14.6%
Net exchange variation	52,649	(7,079)	-843.8%	(80,315)	-165.6%	(42,863)	-23.6%
Income before taxes	**516,118**	**451,429**	**14.3%**	**486,583**	**6.1%**	**1,472,547**	**17.4%**
Income tax and social contribution	(198,088)	(134,796)	47.0%	(139,796)	41.7%	(531,290)	42.1%
Net Income	**318,030**	**316,632**	**0.4%**	**346,787**	**-8.3%**	**941,257**	**7.0%**
Reconciliation to Organic Values							
Reported EBITDA	**1,201,936**	**1,157,438**	**3.8%**	**1,214,403**	**-1.0%**	**3,584,992**	**7.3%**
(+) Credit Loss Provisioning - AD	16,114	-		-		16,114	
(+) Adm. Procedures Provisioning - Anatel	26,016	-		-		26,016	
Adjusted EBITDA	**1,244,066**	**1,157,438**	**7.5%**	**1,214,403**	**2.4%**	**3,627,122**	**8.6%**
Adjusted EBITDA Margin	26.3%	26.5%	-0.1p.p.	26.7%	-0.4p.p.	26.4%	-0.6p.p.
Reported Net Income	**318,030**	**316,632**	**0.4%**	**346,787**	**-8.3%**	**941,257**	**7.0%**
(+) Provisions + Monetary Adj.	51,255	-		-		51,255	
Adjusted Net Income	**369,285**	**316,632**	**16.6%**	**346,787**	**6.5%**	**992,512**	**12.8%**

Attachment 3
TIM PARTICIPAÇÕES S.A.
Cash Flow Statements
(R$ Thousands)

DESCRIPTION	3Q12	3Q11	% YoY	2Q12	% QoQ
EBIT	**545,048**	**512,878**	**6.3%**	**550,171**	**-0.9%**
Depreciation and amortization	656,887	644,560	1.9%	664,233	-1.1%
Capital expenditures	(771,655)	(853,217)	-9.6%	(1,056,893)	-27.0%
Changes in net operating working capital	397,184	379,692	4.6%	147,364	169.5%
Free Operating Cash Flow	**827,464**	**683,913**	**21.0%**	**304,875**	**171.4%**
Income and social contribution taxes	(145,568)	(59,177)	146.0%	(65,065)	123.7%
Dividends and payables	(89)	(80)	10.8%	(519,475)	-100%
Net financial revenue	(28,930)	(61,450)	-52.9%	(63,588)	-54.5%
Judicial deposits	(31,938)	(39,370)	-18.9%	(43,789)	-27.1%
LT taxes, interestes and contributions	6,130	15,930	-61.5%	6,690	-8.4%
Other changes	101,209	(226)	-44855.8%	1,260	7931.9%
Net Cash Flow	**728,279**	**539,541**	**35.0%**	**(379,092)**	**-292.1%**

Attachment 4
TIM PARTICIPAÇÕES S.A.
Operational Indicators

DESCRIPTION	3Q12	3Q11	% YoY	2Q12	% QoQ
Brazilian Wireless Subscriber Base (million)	**258,861**	**227,352**	**13.9%**	**256,131**	**1.1%**
Estimated Total Penetration	131.6%	116.5%	15.1p.p.	130.4%	1.1p.p.
Municipalities Served - TIM GSM	3,320	3,259	1.9%	3,312	0.2%
Market Share	26.8%	26.0%	0.8p.p.	26.9%	-0.1p.p.
Total Lines ('000)	**69,408**	**59,210**	**17.2%**	**68,874**	**0.8%**
Prepaid	59,146	50,559	17.0%	58,873	0.5%
Postpaid	10,262	8,651	18.6%	10,001	2.6%
Gross Additions ('000)	8,727	10,186	-14.3%	9,814	-11.1%
Net Additions ('000)	535	3,685	-85.5%	1,656	-67.7%
Churn ('000)	8,193	6,501	26.0%	8,158	0.4%
ARPU (R$)	**18.9**	**21.2**	**-11.0%**	**18.3**	**3.5%**
MOU	**139**	**130**	**6.7%**	**127**	**8.8%**
SAC (R$)	34	36	-7.1%	26	31.4%
Handsets sold ('000)	2,512	3,164	-20.6%	2,511	0.1%
Investment (R$ million)	**772**	**853**	**-9.6%**	**1,057**	**-27.0%**
Employees	11,333	10,248	10.6%	10,948	3.5%