Living without borders

TIM Participações S.A.

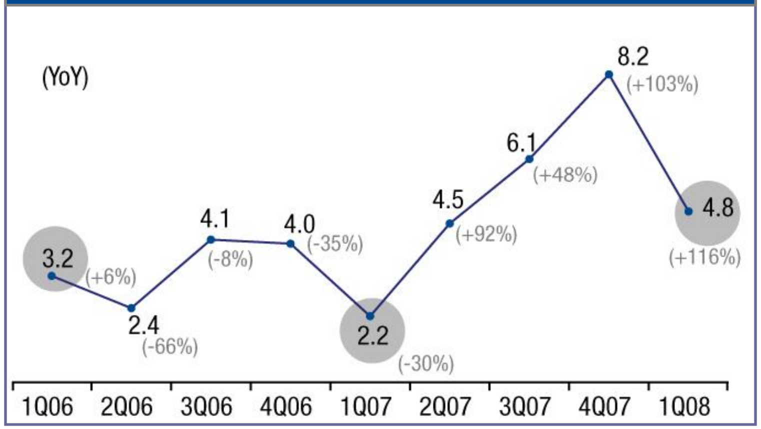
MERRILL LYNCH
12th Annual CalGEMs – Global Emerging Market Conference

June 3rd - 5th, 2008

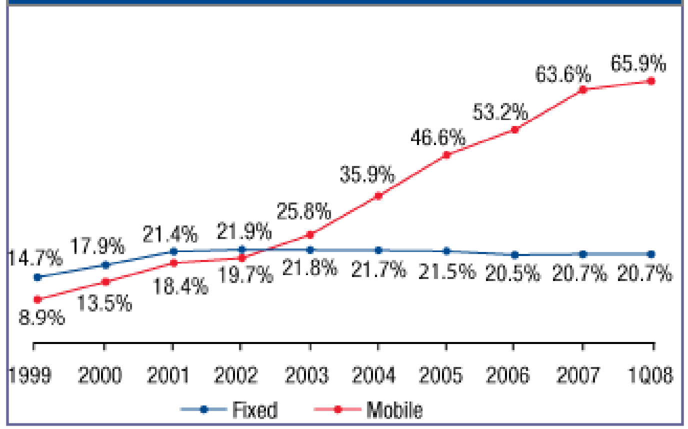
- Market Overview
- Commercial Strategy
- 1Q08 Highlights
- Financial & Indicators

1Q08 Brazilian market at a glance

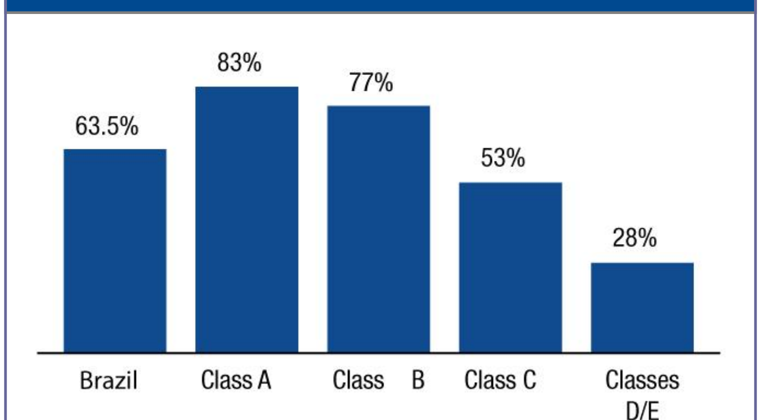
Market quarterly net adds



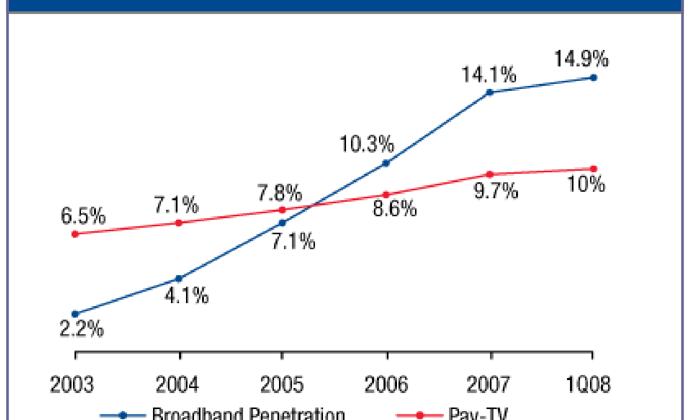
Penetration (per Inhabitants)



Mobile penetration by social class (2007)



Penetration (per Households)



Market Overview

- Reversal trend of quarterly net adds in 2Q07;
- Prepaid net adds grew by 159% YoY in 1Q08, mainly due to:
  - ✓ Growth concentrated in social classes C and D/E ;
  - ✓ Naked SIM-Card sales;
  - ✓ On-net calls promotions;
- Market gross addition increased around 35% YoY;
- Second-hand cell-phones accounted for 26% of sales in 2007[1]

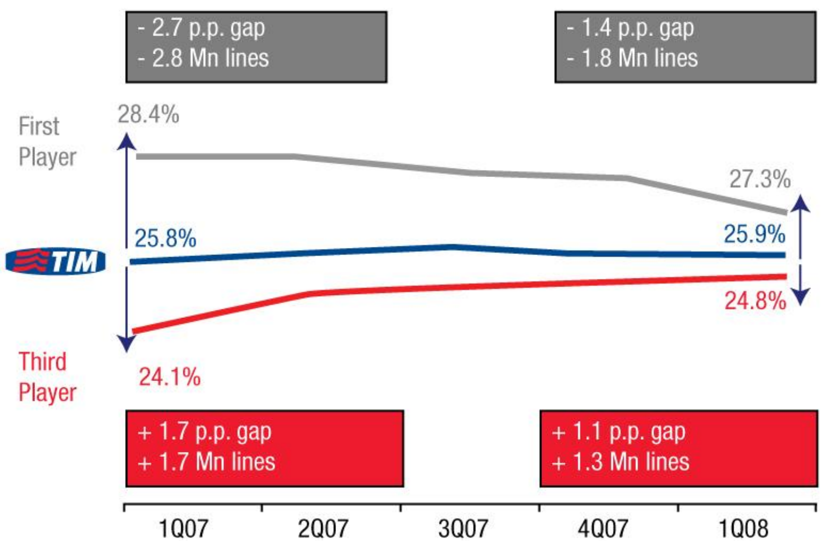
… and TIM's Approach

- Strong hold on market maintaining solid share performance;
- Leadership in gross addition (~26% in the 1Q08) fueled by:
  - ✓ Strong national brand;
  - ✓ Large distribution network;
  - ✓ Push on traffic promotions;
  - ✓ Leveraging second-hand cell-phone market by offering 'TIM Chip only'.
- Capturing low income-class growth;

Note: 1) According to Latin Panel survey

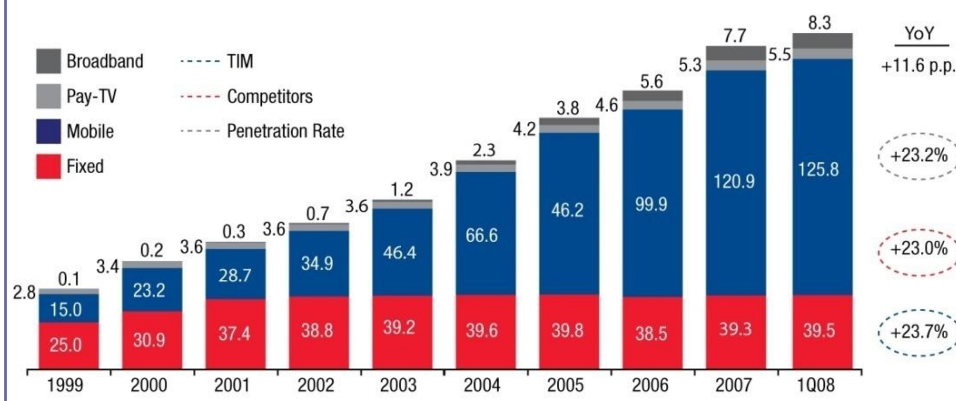
Competitively marking the market

Market Share Performance



- Successful hold on positioning with resilient market share performance;
- Postpaid mix at 20.8% and above competitor's average of 18.6%;

Total Lines (Mn) and Penetration Rate



- Mobile market growth continues strong in 2008;
- Credit expansion and purchase power improvement;
- Naked SIM-Card further enhance net addition;
- New technology/services;

Source: ANATEL and company´s data.

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A National wide consolidated company

Innovative, Reliable and Appealing brand: "Living beyond Technology"

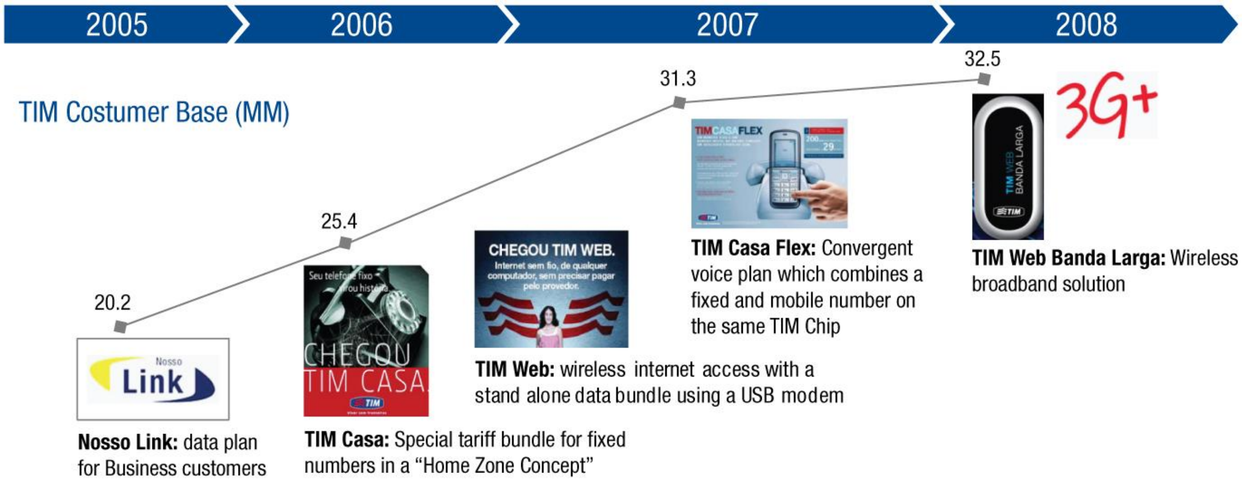
- First national consolidated operator (since 2002): Largest presence in Brazil through our network coverage (voice and data) and strong distribution channels (sales and recharge);
- Top of mind[1] and consumer preference[1]: Brand nationally recognized as innovative company;
- Info-Exame magazine award (March-2008): The best wireless company in Brazil;
- Transparent relation with customers: Handset SIM-lock - giving customers free will.

Ranking

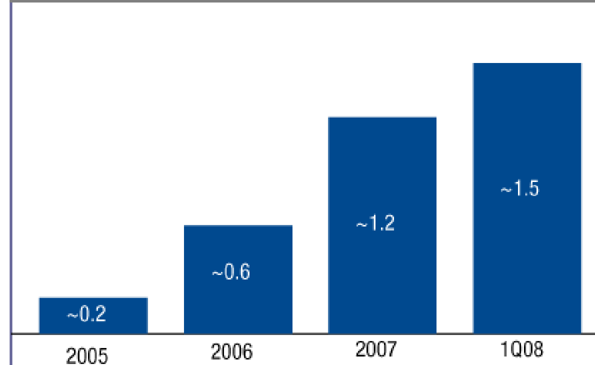
2002	National Presence
1º	Brand (Top of Mind)[1]
1º	Coverage (voice and data)
2º	Market share

Note: 1) Instituto Synovate - Oct-Nov/2007

TIM convergent offer roadmap



TIM Convergent Customer Base



- Convergent customer base achieved around **1.5 million** by the end of 1Q08

TIM 3G+: Aiming the future

3G+: a new experience for the most innovative VAS services

Positioning / Strategy

- A step ahead on TIM convergent offers through wireless broadband;
- Brand empowerment through innovation;
- Protect TIM customer base;
- Deliver content to enhance usage and revenue;
- Encourage use of VAS: more quality and speed;
- Push on cross selling offers;

Advantages

- **VELOCITY:** Upgrade to 1Mbps and 7Mbps;
- **SIMPLICITY:** All 'TIM Chip' are 3G ready; Buy & Play concept;
- **MOBILITY:** Wireless internet anywhere;
- **ACCESSIBILITY:** Any 3G device and computers;
- **OPPORTUNITY:** Limited coverage and installation by fixed telcos.

Roll-Out / Launching

- Commercial Launching:
  850 Mhz - April 16th
  2.1 Ghz - May 1st
- 3G Initial coverage in key metropolitan area;
- 3G roll-out easyly by our actual national consolidated coverage;
- National 3G license for R$1.3bln;
- More spectrum capacity;
- Alternative to digital universalization.

Marketing 3G offers

TIM Web Banda Larga: Wireless Broadband Solution

3G+ Broadband

- TIM Web broadband : Buy & Play;
- Competitive plans: 1Mbps or 7Mbps unlimited;
- TIM Web - Automatic upgrade to 1Mbps (packages 40MB, 250MB e 1GB);
- First notebook in the market with TIM broadband access.

3G+ VAS

Strategic Partnership

Google Maps Brasil BETA, NOKIA Connecting People, Microsoft, UOL O melhor conteúdo, hp invent, YouTube, Cartoon Network, Discovery Móvel, MTV, SKY TV é isso, RedeTV!

New and Improved Content Offer

TIM TV	GOOGLE MAPS	TIM GAMES
TIM VIDEO CALL	TIM WAP	TIM STUDIO
YOUTUBE	UOL MOBILE	TIM MUSIC STORE

Handset Portfolio

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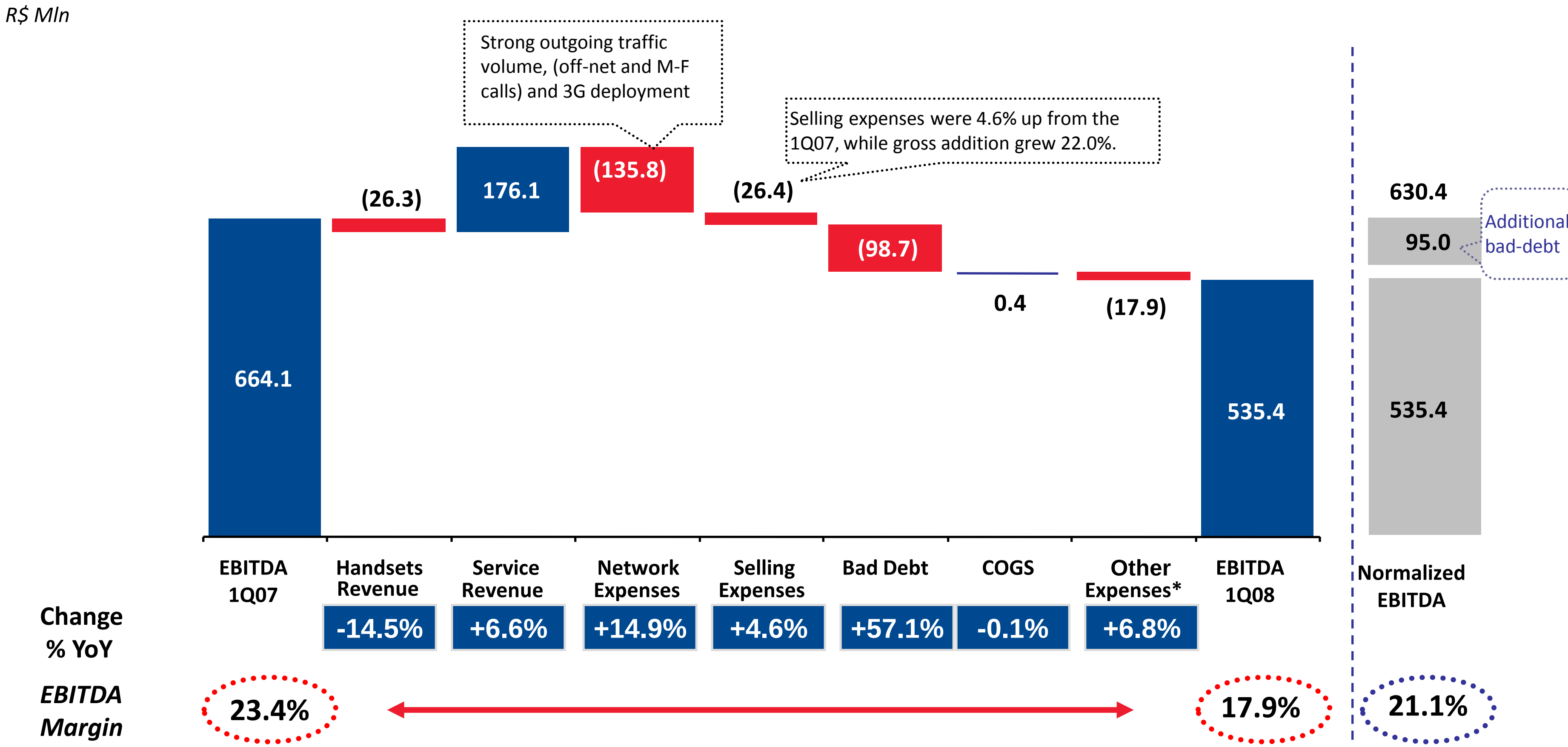
1Q08 Main Highlights

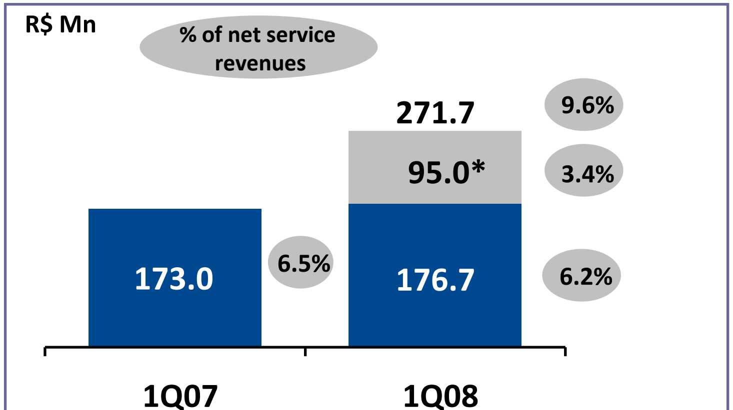
Indicators	Results	Drivers	Perspectives
Client Base	✓ YoY Growth: 23.7% vs competitors 23.0%; ✓ Post paid mix: 20.8% vs competitors 18.6%.	✓ Maintaining our competitive approach; ✓ Segmented approach: Push the right customers to the right plans.	✓ Maintaining market share focused on valuable customer base (prepaid and postpaid); ✓ Benefits from TIM national wide consolidated Company.
VAS	✓ Increase 29.0% YoY; ✓ Accounting for 8.4% of gross service revenue.	✓ Data transmission and internet access: 'TIM Web' and 'Nosso link'; ✓ Data package offers; ✓ Push on media content.	✓ 'TIM Web Banda Larga': wireless broadband solution speed up with 3G; ✓ 3G content providers partnerships.
Revenues	✓ 6.6% YoY growth in net service revenues.	✓ Aggressiveness on traffic promotions/disc; ✓ Stable incoming revenues (lower F-M traffic and the cellcos on-net strategy); ✓ Low income classes penetration.	✓ Selective approach in promotion; ✓ Migration from incoming to on-net traffic; ✓ Additional revenues through cross-selling offers: TIM Casa Flex and 3G+; ✓ Guidance Revision: 2008 total net revenue growth as around 9%
Bad debt	✓ 9.6% of net service revenue.	✓ Aggressive campaign in telesales distribution channel.	✓ Telesales channel had its process remodeled; ✓ Normalized level around 6% of net service revenue on a yearly basis.
EBITDA	✓ Margin of 17.9%.	✓ Bad Debt increase; ✓ Modest revenue increase.	✓ 2008 EBITDA >23%.

EBITDA and EBITDA margin performance



* Other Expenses include: G&A, Personnel and Net Other Operating Expenses/Revenues

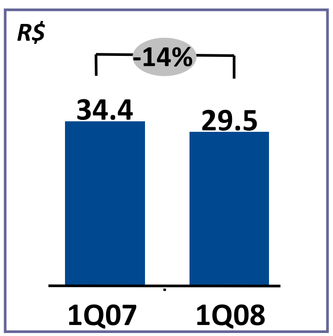
Bad Debt



*additional bad-debt provision from Telesales channel

- **Major source of bad debt increase:**
  - Aggressive campaign in telesales channel;
  - Strong gross addition (since 2H07), specially in postpaid.
- **Actions implemented:**
  - Telesales channel had its process completely remodeled;
  - Implement new rules;
  - Strict credit analysis;
- **Bad debt expected to come back to its historical levels:**
  - Around 6% of net service revenues in a yearly basis.

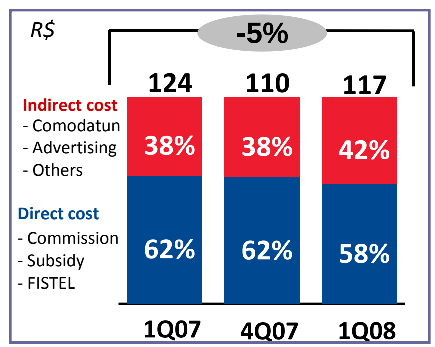
ARPU Performance



Main reasons to ARPU performance:

- Increase penetration in low income class and strong prepaid growth (25% YoY);
- Aggressiveness in traffic promotions/discount;
- VAS promotions put into place as to safeguard positioning and for education in light of recent launch of 3G+ service;
- Migration of incoming calls to on-net calls;

SAC Performance



- Subsidy strategy oriented to maintain competitiveness in valuable customers;
- Focus on traffic promotion instead of high subsidy;
- Acquisition cost was largely affected by lower commission and advertising expenses;
- Gross adds were up 22.0% YoY and selling expenses were up 4.6% YoY.

SAC/ARPU: **3.8x** **3.2x** **4.1x**

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Financial

	2006	1º Quarter	2º Quarter	3º Quarter	4º Quarter	2007	1Q08
Net Revenues	10,138,247	2,843,173	3,059,568	3,163,387	3,375,515	12,441,642	2,992,957
Services	8,955,662	2,661,539	2,781,858	2,877,941	3,099,698	11,421,037	2,837,663
Handset Revenue	1,182,585	181,634	277,710	285,445	275,816	1,020,606	155,294
Operating Expenses	(7,701,710)	(2,179,122)	(2,315,857)	(2,616,106)	(2,460,679)	(9,571,763)	(2,457,594)
Personal Expenses	(594,890)	(152,173)	(156,631)	(149,426)	(167,167)	(625,398)	(162,625)
Selling and Marketing Expenses	(2,173,548)	(571,742)	(618,680)	(674,698)	(646,957)	(2,512,078)	(598,141)
Network & interconnection	(2,690,571)	(908,735)	(899,760)	(996,524)	(1,060,069)	(3,865,089)	(1,044,547)
General & administrative	(434,358)	(112,562)	(108,011)	(102,812)	(106,314)	(429,699)	(123,779)
Cost Of Goods and Service	(1,407,761)	(263,619)	(376,408)	(420,673)	(373,729)	(1,434,431)	(263,235)
Bad Debt	(451,976)	(172,968)	(168,405)	(275,371)	(97,827)	(714,571)	(271,701)
Other operational revenues (expenses)	51,394	2,678	12,039	3,399	(8,615)	9,502	6,434
EBITDA	2,436,537	664,051	743,711	547,281	914,836	2,869,879	535,363
EBITDA - Margin over total net revenues	24.0%	23.4%	24.3%	17.3%	27.1%	23.1%	17.9%
Depreciation & amortization	(2,234,438)	(582,266)	(569,986)	(569,251)	(602,172)	(2,323,674)	(572,033)
	204,625	80,630	171,171	(32,902)	302,884	521,783	(39,245)
Net Financial Results	(287,034)	(63,255)	(81,462)	(80,893)	(53,241)	(278,851)	(56,071)
Income (loss) before taxes and Minorities	(82,409)	17,375	89,709	(113,794)	249,643	242,932	(95,316)
Income tax and social contribution	(203,133)	(36,840)	(55,695)	(8,041)	(66,261)	(166,837)	(12,613)
Net Income (Loss)	(285,542)	(19,465)	34,014	(121,836)	183,383	76,095	(107,929)

Numbers may differ from the previous publishing due to rounding.

Indicators

	1Q07	2Q07	3Q07	4Q07	1Q08	QoQ %	YoY %
Estimated Population in the Region (million)	188.5	189.2	189.8	190.5	191.1	0.3%	1.4%
Municipalities Served – GSM	2,460	2,501	2,538	2,655	2,706	1.9%	10.0%
Brazilian Wireless Subscriber Base (million)	102.2	112.8	125.8	121.0	125.8	4.0%	23.2%
Estimated Total Penetration	54.2%	59.6%	66.3%	63.5%	65.8%	2.3 p.p.	11.6 p.p.
Market Share	25.4%	25.4%	25.4%	25.8%	25.9%	-0.1 p.p.	0.4 p.p.
Total Lines	26,306,699	27,478,302	29,159,522	31,253,701	32,532,999	4.1%	23.7%
Prepaid	20,629,112	21,435,018	22,570,834	24,483,100	25,774,920	5.3%	24.9%
Postpaid	5,677,587	6,043,284	6,588,688	6,770,601	6,758,079	-0.2%	19.0%
Gross Additions	3,105,344	3,723,591	3,996,155	4,575,952	3,787,323	-17.2%	22.0%
Net Additions	896,221	1,171,603	1,681,220	2,094,179	1,279,298	-38.9%	42.7%
Churn	8.7%	9.7%	8.4%	8.5%	7.9%	-0.5 p.p	-0.8 p.p
TOTAL ARPU	R$34.4	R$34.6	R$34.0	R$34.5	R$29.5	-14.5%	-14.2%
TOTAL MOU	89	94	94	106	94	-11.6%	5.2%
Investment (R$ million)	255.0	326.2	344.5	1,007.2	272.6	-72.9%	6.9%
Employees	9,520	9,675	9,854	10,043	10,097	0.5%	6.1%

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