TIMP3 NOVO MERCADO BM&FBOVESPA

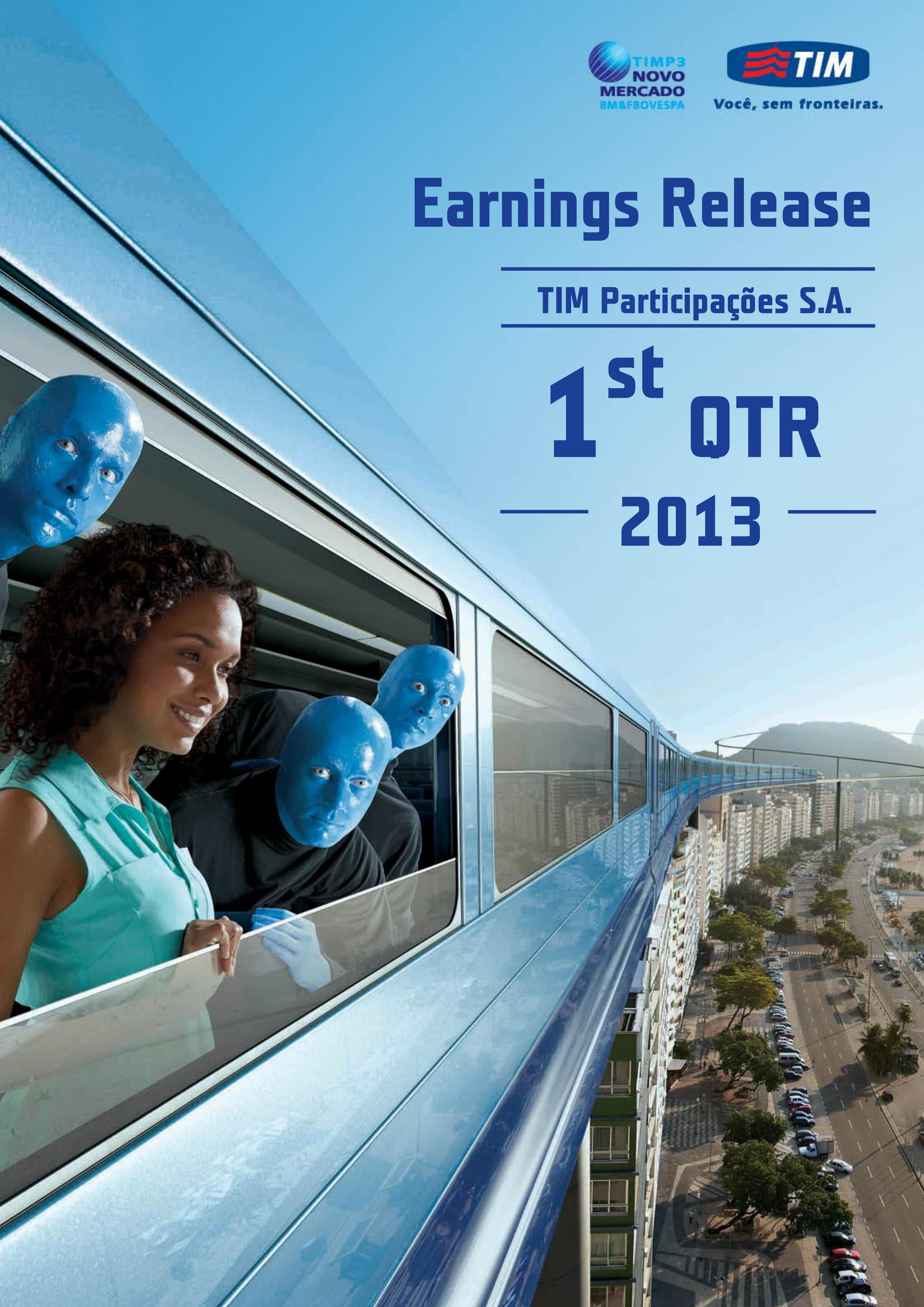
TIM

Você, sem fronteiras.

Earnings Release

TIM Participações S.A.

1st QTR 2013



TIM PARTICIPAÇÕES S.A. Announces its Consolidated Results for the First Quarter of 2013

BM&FBOVESPA[1]
(lot = 1 share)
TIMP3: R$ 8.29

NYSE[1]
(1 ADR = 5 ON shares)
TSU: US$ 20.65

***(1)** closing prices of April 29th, 2013*

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Rio de Janeiro, April 30th, 2013 – 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 first quarter of 2013. 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 first quarter of 2012 (1Q12) and fourth quarter of 2012 (4Q12), except when otherwise indicated.

Getting Ready for The Next Phase

- **Focus on Network/Quality:** Accelerating FTTS project, enlarge proprietary infrastructure, increasing hotspot coverage (WiFi, smallcells);
- **Offer´s strategic evolution:** Leveraging on customer base size with a continuous innovative approach and handset strategy for data (with no subsidy);
- **Institutional relationship:** Enhancing external relationship, taking transparency to the next level with a close approach with the stakeholders;
- **People:** Rewire people's motivation, promote ownership concept.

First Quarter Main Highlights

Cost Control Strategy Paying Off

- Total outgoing traffic solid growth of 26% while Network & Interconnection cost were up only 4.4% YoY;
- SAC dropped 11% YoY to R$28.6 while customer base grew 6% (postpaid at +13%). Bad debt stood at 1% of gross revenues.

Improving Operational Performance

- MOU (minutes of use) came at 145' (+15%YoY);
- Total data users grew 25% in the period ;
- Smart/webphone penetration reached 46.3% of total base (vs. 31.1% in 1Q12);
- ARPU reached R$18.5, dropping 3.6% YoY (vs. -8% in 1Q12).

Financials

- **Top line reached R$4,711 million**, an increase of 5.4% YoY, and Mobile service revenues grew by 4.1% (vs. 3.3% in 4Q12);
- **EBITDA reached R$1,220 million** (+3.9% over 1Q12), and Net Income grew 14% YoY to R$306 million;
- **Dividend of R$743 million** were approved by General Shareholders' Meeting, ex-date on May 10th.

Live TIM Update: Strong net addition in Q1 of 6.6k, totaling 16.3K clients. There are ~240k prospect clients registered on the website (+88k vs. 4Q12). Addressable Households have reached 609k in Q1.

Message from Management

During the first quarter of 2013, I´ve joined TIM highly motivated and determined to lead this fantastic company in its next growth cycle. TIM has always been recognized in the Brazilian market for its ability to innovate constantly, and is today one of the largest and most important companies in the country, which now have the privilege to be part of, together with a competent and committed team.

I have always accompanied, with certain proximity and interest, TIM's performance in the last few years, especially the great achievement of transforming a monopolized service as Long Distance, in a great offer leverage. This, added to the innovation of charging per call, created one of the most successful offer platforms in the world through the Infinity and Liberty plans. This platform has led to a true national integration, promoting an undeniable universal service in all layers of society, and helping TIM to surpass 70 million users today.

As a result of this success story and accelerated growth, there was certainly a increase in demand for network infrastructure capacity of the company, and in a transparent manner, we recognize the need to address concerns about the quality of the network and all its systems support. In particular, the network quality issue becomes a personal priority, due to my experience in the telecommunications industry as an executive of network infrastructure area.

So we define a tripod of core values for the positioning of the company that will guide our actions in all its dimensions: Innovation, Quality and Transparency. To guide the execution of our growth plan in this new phase of the company, we also define a program with four main strategic priorities:

Infrastructure and Quality

As mentioned, Quality is one of our core values, and an intense focus will be dedicated on network quality improvement and expand our infrastructure. This is undoubtedly our top strategic priority for 2013 and will be supported by a CAPEX investment plan of more than R$ 3.6 billion, which represents one of the largest investments in mobile infrastructure of the country.

Besides the expansion of existing networks, at the end of April, we began operating our 4G network, delivering high speed mobile connection technology to our customers in major cities across the country. The 4G network thus becomes an additional alternative to the expected growth in the use of data services for our customers.

Offer Evolution and Innovation

We will continue to use Innovation as our main tool for a competitive differentiation and positioning of our offer. The platforms Infinity and Liberty were responsible for a significant growth of our subscriber base in recent years, and we will continue to invest in relevant innovations of these platforms, both for our prepaid users as to our postpaid and corporate customer´s base.

We also believe that the availability of new VAS (Value Added Services) offers, associated with a greater micro-segmentation of our actual offers and plans for data services, can mean a great opportunity for ARPU growth. The launch of pioneering services like TIM Music, which allows unlimited music download on mobile with daily and monthly plans are an example of these possibilities.

Institutional Relationship and Transparency

One of the great assets of the company has always been its clear positioning and external corporate image. After a difficult period in 2012, marked by a large increase in regulatory scrutiny for the entire telecommunications industry, the successful development of our institutional relationship becomes crucial to the company's performance.

Therefore, we have intensified regulatory and political approaches and dialogue, following the recovery movement of the telecommunications industry, highlighting the sector´s important role and in particular TIM's, in the economic and social development and increased competitiveness in the country.

People / Organization / Culture and Values

In order to efficiently execute our quality and infrastructure plans, continue with differentiated offers and establish the company as a reference in the institutional relationship and market position in the country, we need to focus the attention, first of all, on the people who daily make us to be successful in all our initiatives.

We will put all efforts to obtain an excellent working environment and organizational climate, with actions to emphasize the professional development and the pride to be part of one of the 15 largest companies in the country.

Looking forward, we have great opportunities and a lot to be done. We will continue this success path, growing and printing the TIM brand as a company that values quality, transparency and innovation. The first results of 2013 point to this direction with good indicators of the quarter results and good progress of our strategic plan.

I am convinced that the company has today all the necessary conditions to keep growing successfully, continuing to provide innovative offers that make our clients talk more, surf more and go further.

Rodrigo Abreu
CEO

Marketing Performance

Quality and Transparency: main pillars

In this quarter, **TIM concluded the website "Portas Abertas"**, an innovative and top-notch transparency tool that allows costumers to follow the network evolution, coverage footprint, channel to gather users' feedback, among other benefits. The official launch was followed by an institutional TV campaing with Luciano Huck, a famous Brazilian TV talk show host.

LT Amazonas Documenary by Discovery Channel

In addition to the "Portas Abertas" website, during 1Q13, **TIM showed a premier session of "LT Amazonas" documentary, produced and broadcasted by Discovery Channel,** based on our under construction optical fiber backbone which will connect 27 cities in the North of Brazil, crossing the Amazon Forest through eletric towers. This pionner project is a partnership between TIM and Isolux Infrastructure, **bulding more than 1,700 km of fiber backbone** in one of the most inhospitable area of Brazil.

Facebook free access

Concerning marketing approach on the prepaid segment, TIM extended its partnership with Facebook and announced **free access to Facebook's website and apps for Infinity Web Modem clients** until 2014. This means unlimited accesses to an enormous social network strengthening our strategy to universalize internet usage in Brazil.

TIM set a partnership with BMG bank, the leader in payroll loans in Brazil, launching a SIM card called BMG TIM chip, especially for *Infinity Pré* and *Liberty Controle* customers. This new product will combine TIM and BMG services, giving special benefits for customers, including recharge bonuses from BMG credit cards expenditures and other features through a customized app. It is also of note the enhancement of our position in the mobile payment segment through BMG services.

Financial Services Platforms

Still on our mobile financial services, **TIM has started two important partnerships for mobile money and payment platforms**:

- **Joining Caixa Econômica Federal bank and MasterCard, TIM announced a partnership to deliver a Mobile Money platform**. This new service is expected to be launched during the second half of 2013, leveraging on the prepaid base to penetrate lower income classes with banking services.

- In a partnership with **Itaú bank, MasterCard and Gemalto**, TIM is again on the lead in terms of innovation, by being the **first Brazilian Company to test handsets with NFC technology for a mobile payment solution**. This pilot project is testing a solution with 50 handsets model, embedded with Mobile PayPass™ technology developed by MasterCard. The main objectives in this trial is to capacitate employees and even more important, to understand better the service for a future roll-out.

Liberty Express Campaign

On the postpaid segment, after launching the new hybrid plan Liberty Controle Express, **TIM released in 1Q13 a TV campaign** communicating the plan flexibility, especially the convenience of the credit card payment method.

Reinforcing the focus in the own store strategy, TIM held the **TIM Store Hour**. This action consisted in a happy hour style event at 7 own stores, with gifts and a special handset discount for customers who purchased any of our Liberty Plans.

On the B2B segment, TIM launched **TIM CloudConnect**, a clouding computing service in a partnership with Salesforce.com, a global leader in this segment, aiming the small and medium enterprises segment. This new solution has accessible prices and will facilitate customers and suppliers base management, sharing data in a mobile safe platform, optimizing resources and enhancing the communication between corporate customers, their suppliers and clients.

On the handset front, TIM kept the strategy to democratize access to mobile internet and brought a new smartphone, **Samsung Galaxy SIII Mini**, carrying the Android 4.1 version. The price is R$1,199 with a special offer for Liberty +50 new customers to buy the new handset in 12 installments without interest rates. In addition, all TIM stores participated in the Promo "Esse MINI é meu" (This MINI is mine), a partnership of Samsung and MINI carmaker to raffle 10 MINI ONE cars to Samsung Galaxy SIII Mini buyers. It is important to highlight that **all devices sold by TIM are unlocked and without loyalty contract.**

LIVE TIM

Accelerating Live TIM

After leading net additions for ultra broadband service (>34 Mbps speed) in São Paulo city during 4Q12, **TIM continued to reinforce its Ultra Broadband Service.** First, **Live TIM website was relaunched,** giving a better navigation experience as well as new visual identity. It is worth noting that roughly 15% of the sales come from the website, which has also being used to help network roll-out. Last, **TIM launched a new TV campaign for Live TIM,** focusing on the unique experience of an Ultra Broadband Service, without lock-in contract and delivering top class download and upload speed.

On the social front, TIM sponsored "Taça das Favelas", a soccer championship for young players from Rio de Janeiro needy communities. The championship is held by Central Única das Favelas (CUFA). TIM in a partnership with Vasco da Gama, a soccer team sponsored by the Company, will hold a special day for the winners of both male and female categories. These teams will have the opportunity to play against the sub-17 Vasco da Gama soccer teams. This championship is a good opportunity to promote peace and socialize young people from different communities, also giving opportunity for these young players to follow a soccer player career.

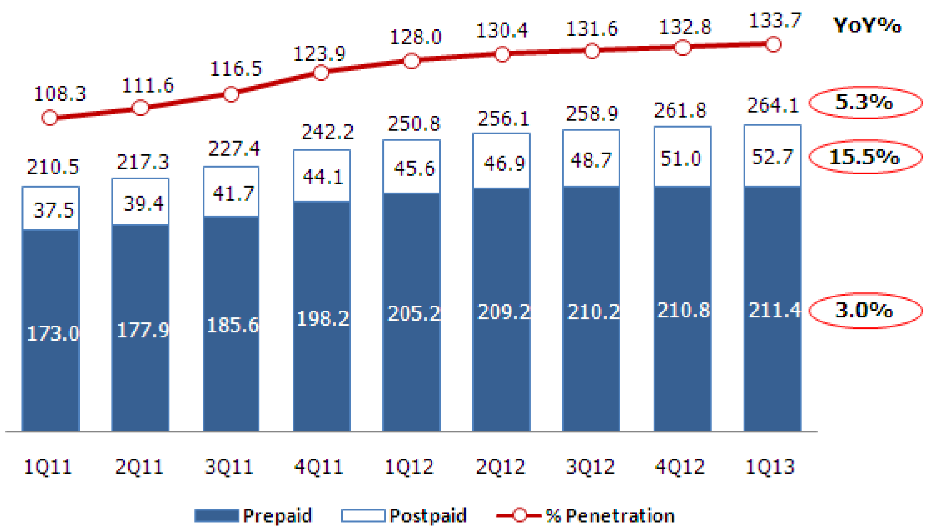
Operational Performance

Brazilian Market Overview

Brazilian mobile market reached 264.1 million lines by the end of Q1, representing a yearly growth of 5.3% (vs. 19.2% in 1Q12) and a penetration rate of 133.7%, from 128.0% in 1Q12. 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.

Brazilian Mobile Market

(Million of lines)



Source: Anatel

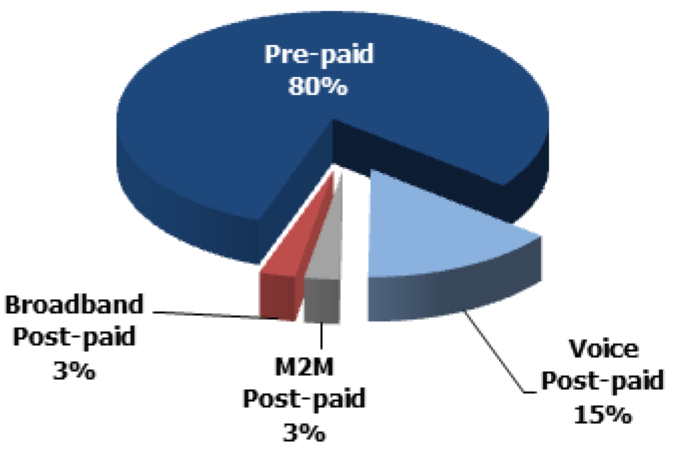
Market monthly net additions continue to slowed the pace in 1Q13, to a total of 2.3 million, **a decrease of 74% versus 8.6 million** registered in the same period of last year, chiefly by companies' customers base clean-up process.

Slowing down market growth rate

- **Prepaid market reached 211.4 million lines** (+3.0% YoY), and accounting for 80.1% of total Brazilian market.

- **Postpaid market reached 52.7 million lines** (+15.5% increase versus March 2012). **Important to highlight that human postpaid (excluding M2M)** came at 45.5 million lines (86.3% of total), while machine-to-machine amounted to 7.2 million (+6.6% QoQ).

Total Market Base



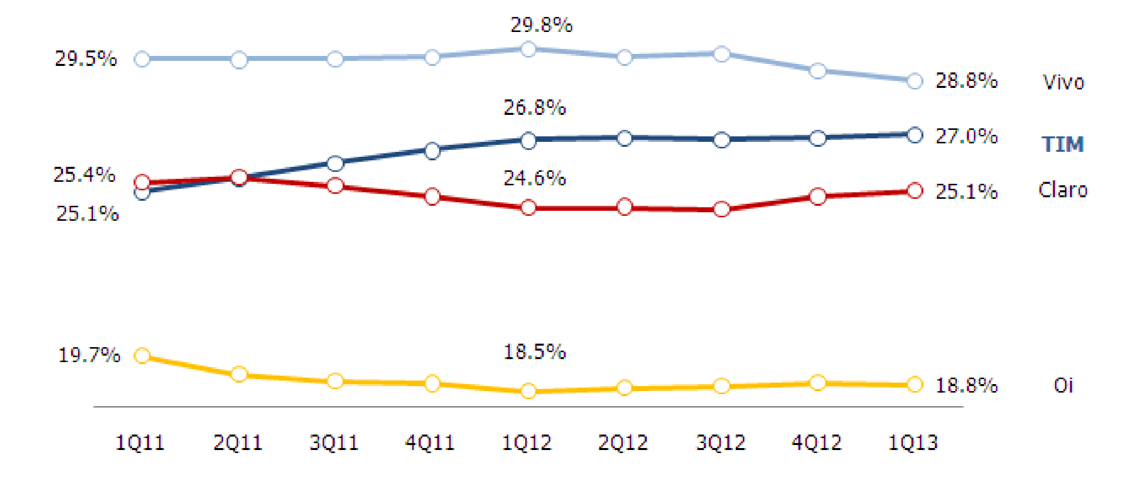
Source: Anatel

TIM's PERFORMANCE

Total subscriber base ended first quarter with 71.2 million lines, 6% up against 1Q12, and above total market growth of 5.3%, reaching a market share of 27.0% (vs. 26.8% a year ago).

In the first quarter TIM registered gross additions of 9.2 million lines (vs. 9.9 mln in 1Q12) which resulted in 889 thousands of net additions, backed by a strictly disconnection policy.

Total Market Share



Source: Anatel

Strict Churn policy

Disconnections reached 8.4 million lines in the quarter, with a churn rate of 11.9%, an increase from 10.5% showed in 1Q12. Churn rate in 1Q13 was impacted by austere disconnection policy for prepaid segment.

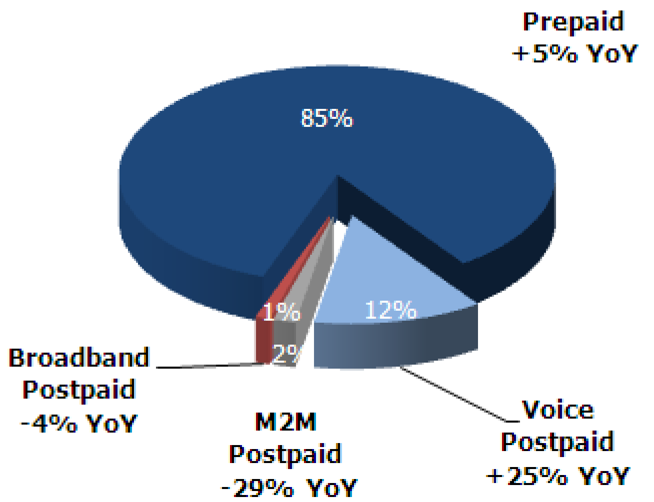
Human Post-paid leading growth

Postpaid customer base reached 10.9 million users, a 13.2% YoY growth (vs. +25.3% in 1Q12). In this quarter, TIM added 182k Postpaid clients (vs. 348k in 1Q12).

- Only voice lines reached 9.0 million users (+25% YoY)
- Machine-to-machine business reached 1.2 million users (-29% YoY)
- Mobile broadband reached 776 thousand users (-4.4% YoY)

As for the prepaid segment, users totaled 60.3 million, up 4.8% YoY and largely leveraged by the Infinity Pre plan, which reached almost 59 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 concepts. 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.

TIM Total Base

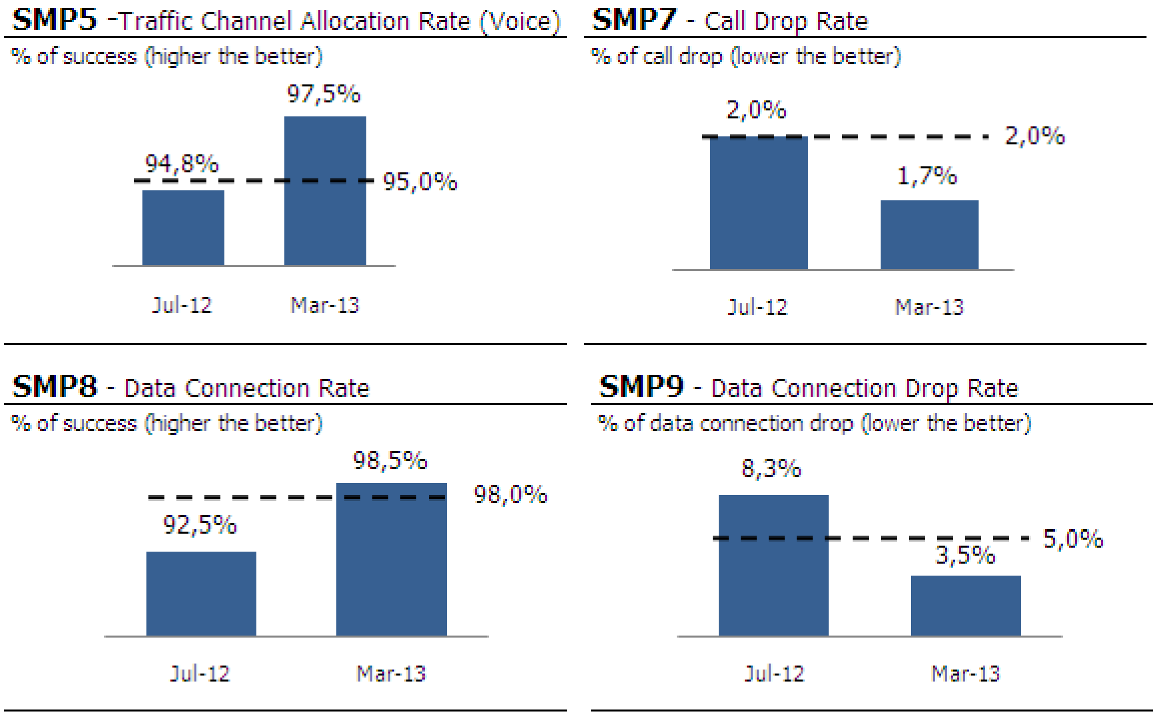


Source: Company

Network & Quality

Quality improvements on track

In 1Q13 Anatel quality indicators are running better than the improvement plan's targets. SMP5 (traffic channel allocation rate - voice), SMP7 (call drop rate), SMP8 (data connection rate) and SMP9 (data connection drop rate) performances are a support evidence that recent network investments and management focus are positevely impacting quality indicators as represented in the charts below:



Actual
--- Anatel target for Dec/13
Source: Anatel and TIM.
**March figures as TIM preview.*

As for network evolution, TIM have adopted a more detailed evolution plan, aiming at capacity improvement. During 1Q13 were implemented more than 4.2 thousand TRXs (elements for voice), achieving more than 209 thousand TRXs; 8.1 thousand of data channel elements, totaling more than 413 thousand data channel elements and 1.7 thousand km of optical fiber, reaching 40.5 thousand km of optical fiber. All of these elements additions are allowing Company to be in compliance with Anatel target plan for 2013.

FTTS project starts 2nd phase

The first phase of FTTS project is almost completed with **84% of sites in the main 14 Brazilian cities being connected with own fiber**. The second phase, which consists in adapting the eletronics, lighting up the fiber and shifting the traffic towards own fiber is accelerating. **Recife one of the main capitals of Brazil, for example, is the first city to have all sites connected and working with TIM's optical fiber** and is running the third project phase of fine tunning the sites and expasion of the project to new sites. Rio de

Janeiro, São Paulo and Brasília cities are under way and have around 10% of its sites in phase 2.

Wi-Fi project added more than 100 hotspots in 1Q13. TIM added two new airports with Wi-Fi coverage (Jacarepaguá and Goiânia airports) and now has 17 airports covered. During this quarter **TIM also started the deployment of Wi-Fi hotspots following Live TIM's MSANs roll-out**. Liberdade, Vila Madalena, Jardim Paulista, Moema, among others four São Paulo city neighborhoods now having TIM outdoor Wi-Fi coverage.

Our GSM coverage reached 94,7% of the urban population, serving 3,390 cities, of which 100% already counts with data coverage with GPRS technology and 94% are covered by EDGE technology.

The Third Generation Technology **(3G) had its roll-out speeded up with 37 new cities this quarter, totaling 749 cities covered with 3G – reaching almost 72% of urban population in Brazil**. We expect to continue accelerating the 3G coverage in the coming quarters.

FIXED BROADBAND UPDATE: LIVE TIM

After being the leader of net adds for Ultra Broadband in RJ and SP cities in last December, Live TIM continued to accelerate the pace.

At the end of 1Q13, Live TIM had more than 5,200 buildings connected (roughly 8,800 authorized), also almost 240K prospect clients are registered in Live TIM website. As for active MSAN's, Live TIM ended 1Q13 with 770 MSAN's, more than the 694 at the beginning of the year.

Live TIM net additions at full speed

Net additions in Q1 achieved 6.6k leading to a customer base of 16.3k clients. This performance is mainly explained by a positive client sentiment generating word of mouth effect. **Live TIM has 6x more delighted clients than market average**.

Lastly, **network footprint ended 1Q13 with 868 thousand homes passed**, 17% higher than 4Q12. This evolution is in line with our expectation to reach 1 million homes passed by the end of 2013.

Financial Performance

SELECTED FINANCIAL DATA – REVENUES

DESCRIPTION	1Q13	1Q12	% YoY	4Q12	% QoQ
R$ thousands					
Gross Revenues	**7,024,216**	**6,610,442**	**6.3%**	**7,341,697**	**-4.3%**
Telecommunications Services	**6,125,517**	**5,937,199**	**3.2%**	**6,365,666**	**-3.8%**
Mobile	**5,831,734**	**5,521,145**	**5.6%**	**6,063,872**	**-3.8%**
Usage and Monthly fee	2,694,316	2,704,643	-0.4%	2,874,541	-6.3%
Value added services - VAS	1,245,483	999,543	24.6%	1,242,801	0.2%
Long distance	830,331	802,578	3.5%	840,503	-1.2%
Interconnection	1,005,954	968,127	3.9%	1,056,255	-4.8%
Others	55,649	46,255	20.3%	49,773	11.8%
Fixed	**293,783**	**416,054**	**-29.4%**	**301,794**	**-2.7%**
Products	**898,699**	**673,243**	**33.5%**	**976,031**	**-7.9%**
Discounts and deductions	**(2,313,501)**	**(2,142,123)**	**8.0%**	**(2,315,784)**	**-0.1%**
Taxes and discounts on services	(2,038,855)	(1,921,781)	6.1%	(2,045,508)	-0.3%
Taxes and discounts on handset sales	(274,646)	(220,343)	24.6%	(270,276)	1.6%
Net Revenues	**4,710,715**	**4,468,319**	**5.4%**	**5,025,913**	**-6.3%**
Services	**4,086,662**	**4,015,418**	**1.8%**	**4,320,158**	**-5.4%**
Products	**624,053**	**452,900**	**37.8%**	**705,755**	**-11.6%**

OPERATING REVENUES

Gross revenues at +6.3% vs 1Q12

Total gross revenues in the quarter reached R$7,024 million (+6.3% YoY), backed by service gross revenues growth of 3.2% YoY and product gross revenues growth of 33.5% YoY but negatively affected by the fixed business revenues performance.

Gross revenues breakdown and highlights in 1Q13 are presented as follows:

Mobile usage and monthly fee gross revenues reached R$2,694 million this quarter, a flat year-over-year due to a slowdown on subscriber growth to 6.0% vs. 27.2% in 1Q12 and still reflecting a weak Brazilian macro environment.

Mobile long distance gross revenues reached R$830 million in the quarter, an increase of +3.5% YoY, mainly due to the 50% of LD market share held by TIM in the end of 2012 (last figure released by Anatel) and postpaid improving performance.

Incoming SMS offset MTR reduction

Interconnection gross revenues increased by 3.9% YoY to R$1,006 million. Infinity Torpedo offer (SMS) contributed to offset MTR cut impact (started in March, 2012), providing customers with unlimited SMS to any mobile operator and resulting in an increase of incoming SMS and revenues.

Data at a 25% yearly growth

VAS gross revenues reached R$1,245 million, a steady and strong growth of 25% YoY. This performance is a result of strong adherence to Infinity and Liberty Web data plans, and also the positive contribution of Infinity Torpedo. In this quarter, **VAS gross revenues reached 21.4% of mobile services gross revenues** against 18.1% in 1Q12. **Daily unique users of Infinity Web have reached 4.7 million (+63% YoY)** at the end of the quarter.

Smartphone already accounts for 46.3% of total base

Such performance on VAS, above said, is largely influenced by handset sale, which totaled R$899 million, a 33.5% increase versus 1Q12. This increase was mainly driven by handsets mix enhancement, with **70% of total sales being web/smartphones.** The average price grew by 16% due to high profile usage phones selling. It is worth highlighting that **web/smartphone penetration has reached 46.3%** of total base (vs. 31.1% in 1Q12).

Fixed business gross revenues, including Intelig, TIM Fixo and Live TIM, totaled R$294 million in 1Q13, 29.4% lower when compared to the same period of last year. This result is due to Intelig business restructuring, and the migration of the long distance revenues from Intelig to TIM Celular.

Total net revenues reached R$4,711 million in the quarter, an increase of 5.4% YoY.

ARPU (average revenue per user) reached R$18.5 in 1Q13, a decrease of 3.6% YoY (vs. -9.5% in 4Q12), impacted mainly by the MTR cut.

MOU reached 145 minutes in Q1

MOU (minutes of use) reached 145 minutes in 1Q13, 14.6% higher when compared to 1Q12, mainly due to **a strong outgoing traffic increase of 25.6% YoY**, following Infinity and Liberty platform.

- **Outgoing MOU** reached 134 minutes in 1Q13, increasing 16.5% versus 1Q12. This performance is explained by a solid increase of 25% of the Postpaid voice customer base.

- **Incoming MOU** came at 11 minutes in 1Q13, a drop of 4.4% when compared to the same period of last year due to MTR cut. However, total incoming traffic increased by 3.0% YoY.

OPERATING COSTS AND EXPENSES

DESCRIPTION	1Q13	1Q12	% YoY	4Q12	% QoQ
R$ thousands					
Operating Expenses	**(3,490,453)**	**(3,294,319)**	**6.0%**	**(3,600,872)**	**-3.1%**
Personnel expenses	(200,579)	(175,997)	14.0%	(196,456)	2.1%
Selling & marketing expenses	(946,656)	(1,015,274)	-6.8%	(963,407)	-1.7%
Network & interconnection	(1,352,476)	(1,295,851)	4.4%	(1,391,703)	-2.8%
General & administrative	(159,075)	(132,180)	20.3%	(140,421)	13.3%
Cost Of Goods Sold	(655,634)	(533,460)	22.9%	(749,657)	-12.5%
Bad Debt	(72,631)	(56,640)	28.2%	(52,274)	38.9%
Other operational revenues (expenses)	(103,402)	(84,917)	21.8%	(106,955)	-3.3%

In 1Q13, total operating costs and expenses increased by 6.0% on a year-over-year comparison to R$3,490 million, **mainly explained by stronger sales of handsets, G&A and other expenses.**

Costs and expenses breakdowns in 1Q13 are presented as follows:

Labor cost increased due to business expansion

Personnel expenses reached R$201 million in 1Q13, a growth of 14.0% when compared to the same period of last year, as a consequence of increasing own-stores strategy (+53 stores vs. 1Q12) and business expansion, leading total employees to reach 11,580 people (+819 employees than 1Q12)

Selling & Marketing expenses amounted to R$947 million, 6.8% lower when compared to the same period of last year. This performance is mainly due to efficiency on subscriber acquisition cost and a lower FISTEL payment (-13.5% YoY), due to a more strict disconnection policy.

Leased Lines cost reducing in a YoY basis for the first time ever.

Network and Interconnection cost reached R$1,352 million in the 1Q13, an increase of 4.4% YoY amid outgoing traffic jump of 26% in the same period.

- On Network cost, the main highlight was the Leased Lines cost, which dropped 5.5% YoY chiefly by TIM increasing proprietary network as rented lines disconnections remain accelerating. Worth noting that the new EILD regulation is not relatively impacting this cost performance yet.
- As for Interconnection cost, if in one hand MTR cut helped to bring savings on Interconnection cost, the increasing of SMS sent (following the Infinity Torpedo offer) has offset the savings.

General and Administrative expenses (G&A) amounted to R$159 million in the 1Q13, an increase of 20.3% when compared to same period of last year, mainly due to third parties services increase.

Smart/Web phones representing 70% of total sales

Cost of Goods Sold reached R$656 million in the quarter, an increase of 22.9% 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, worth noting that TIM remains without handset subsidy.

Bad debt under control

Bad Debt expenses as % of gross revenues came at 1.0% (vs. 0.9% in 1Q12) reaching R$73 million. This performance is mainly explained by an increase in postpaid mix over total customer base.

Other operational expenses reached R$103 million in 1Q13, or +21.8% vs. same period of last year, mainly due to the increase of contingencies provisioning. If we exclude the effect of three main contingencies which amount R$17 million, other operational expenses would increase 1.8% YoY.

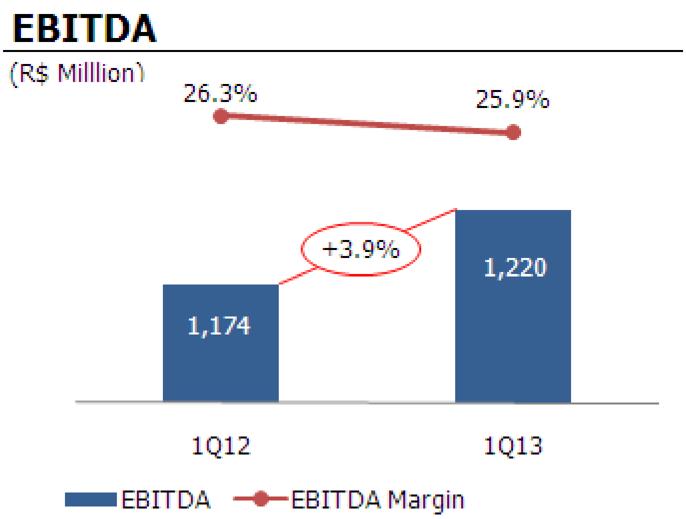
Efficient Go-to-market approach

Subscriber Acquisition Costs (where SAC = subsidy + commissioning + total advertising expenses) reduced to R$28.6 in 1Q13, a sharp drop of 11% 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.

EBITDA

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) reached R$1,220 million in 1Q13, representing an expansion of 3.9% over 1Q12. In this quarter we had higher G&A and other expenses pressuring EBITDA, however it is worth highlighting the selling and network expenses good performance in this quarter. These two cost lines have been experiencing a better cost control over the last quarters, demonstrating a positive trend for the coming ones.

EBITDA margin in 1Q13 stood at 25.9%, a decrease of 37 bps when compared to 1Q12. **EBITDA margin on services** (excluding handset revenues and costs) came at 30.6% (vs. 31.2% in 1Q12).



Source: Company

Depreciation and Amortization

Depreciation and amortization accounted for R$679 million in 1Q13, an increase of 1.1% YoY. On a separate basis, depreciation came flat YoY while amortization increased by 2.4% YoY.

EBIT

EBIT (earnings before interest and taxes) totaled R$540.8 million in 1Q13, an increase of 7.8% on a yearly comparison, and representing an expansion of R$39.0 million. EBIT Margin reached 11.5%.

Net Financial Result

Net financial result on 1Q13 totaled –R$67.6 million, an increase of 60.2% if compared to the –R$42.2 million in the same period of last year.

In 1Q13, financial expenses were increased by 13.1%, reaching R$120.2 million, being impacted by the increase of monetary adjustments. On the other hand, financial revenues remained flat YoY, reaching R$79.2 million.

Net FX variation came at -R$26.6 million (vs. –R$15.2 million in 1Q12), due to the effect of mark-to-market evaluation of our hedge position, which doesn't have any cash effect.

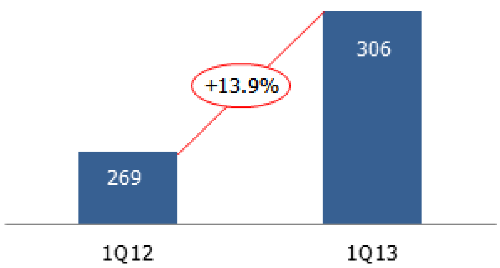
Income and Social Contribution Taxes

Income and Social Contribution taxes came at R$167.2 million in 1Q13, a decrease of 12.4% vs. R$190.8 million in 1Q12.

Net Income

Net Income totaled R$306.1 million in 1Q13, +13.9% versus R$268.8 million in 1Q12 and EPS (Earnings per Share) reached R$0.13.

Net Income
(R$ Milllion)



Source: Company

CAPEX

Investments totaled R$470 million in 1Q13, a decrease of 13.3% vs. the same period of last year. This is mainly explained by actions taken in order to gain cost efficiency in Capex deployment, which incurred in longer contracts' renewals processes, already agreed with network suppliers. **It is important to highlight that above 90% of the Capex was allocated in infrastructure.**

Net Financial Position and Free Cash Flow

Gross Debt amounted to R$ 4,328 million, an increase of 17.8% if compared to the R$3,673 million in 1Q12 due to a new loan of R$ 1 bln from BNDES in December of 2012. Company's debt is concentrated in long-term contracts (80% of the total) composed by financing from BNDES (Brazilian Economic and Social Development Bank), EIB (European Investment Bank), Banco do Brasil and BNP Paribas, as well as borrowings from other local and international financial institutions.

Approximately 37% of total debt is denominated in foreign currency (USD), and it is 100% hedged in local currency. **Average cost of debt totaled 7.52% in the 1Q13 compared to 9.58% in the 1Q12.**

Cash and Cash equivalents reached R$ 2.773 million (vs. R$ 1,774 million in 1Q12) with an average cash yield of 7.00% in the 1Q13.

Net Debt Position stood at R$ 1,555 million or 18.1% lower than in 1Q12. **Net debt/EBITDA trailing 12 months results yields a ratio of 0.31x (vs 0.40x in 1Q12).**

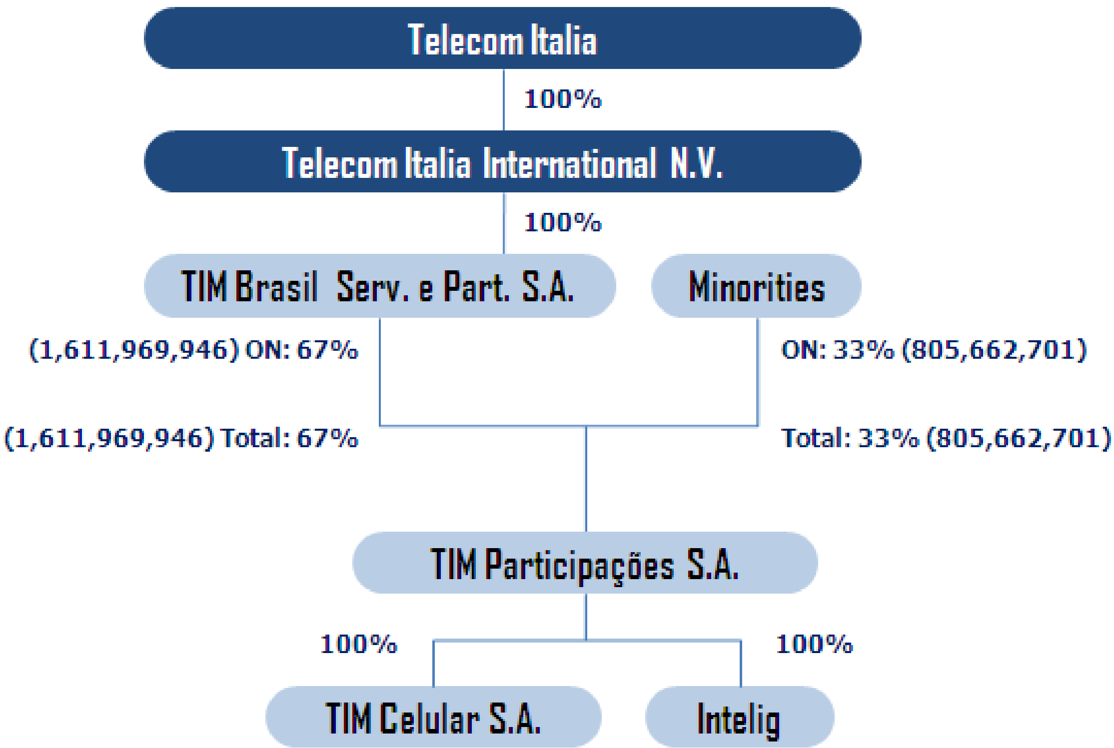
Operating Free Cash Flow, in 1Q13, was negative in R$1,377 million, an increase of 15.4% when compared to 1Q12. The result is mainly explained by a higher negative delta working capital impacted by payment of season Capex in 4Q12 and negative impacts from bigger postpaid revenues and handset sales.

Subsequent Events

On April 11th, 2013, the Annual and Extraordinary Shareholders meeting approved, among other items:

- The Financial Statements of the Fiscal Year ended on December 31st, 2012;
- The Company's capital budget proposal, in the total amount of R$ 3.6 billion which shall be allocated in projects related to Network/TI and to the Company's business development;
- The payment of Dividends in the total amount of R$ 743 million to be paid, in two installments of 50% each, on June 12th and September 12th. The last installment will be increased by the CDI index, from June 12th, 2013, until its effective payment. All shareholders that own Companies´ shares until May 10th, 2013, will be entitled to receive the dividends approved. The shares acquired after this date will be negotiated ex-dividend;

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. 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 94.7% of the urban population – the widest GSM coverage in Brazil, with presence in 3,390 cities. TIM also provides extensive data coverage services in the country, 100% of it using GPRS, 94% using EDGE, besides having a sophisticated Third Generation (3G) network serving 72.4% of the country's urban population. The Company has 450 networks available for international roaming for TIM clients in more than 200 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 2013/2014**

» **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 71.2 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 merged into TIM Celular in 2012. 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: 1Q13 Income Statements
Attachment 3: 1Q13 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

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Attachment 1
TIM PARTICIPAÇÕES S.A.
Balance Sheet
(R$ Thousands)

DESCRIPTION	1Q13	4Q12	% QoQ	1Q12	% YoY
ASSETS	**25,422,296**	**26,108,977**	**-2.6%**	**22,658,639**	**12.2%**
CURRENT ASSETS	**9,403,942**	**9,967,717**	**-5.7%**	**7,430,223**	**26.6%**
Cash and cash equivalents	2,772,714	4,429,780	-37.4%	1,773,727	56.3%
Short-term investments	280	810	-65.4%	426	-34.2%
Accounts receivable	3,933,159	3,650,871	7.7%	3,412,684	15.3%
Inventories	336,850	269,145	25.2%	377,363	-10.7%
Indirect recoverable Taxes	912,615	906,101	0.7%	654,668	39.4%
Direct recoverable Taxes	340,276	331,225	2.7%	313,308	8.6%
Prepaid expenses	893,055	180,371	395.1%	746,115	19.7%
Derivative contracts	101,970	104,712	-2.6%	66,846	52.5%
Other assets	113,022	94,702	19.3%	85,086	32.8%
NONCURRENT	**16,018,354**	**16,141,259**	**-0.8%**	**15,228,416**	**5.2%**
Noncurrent assets	**2,675,051**	**2,585,561**	**3.5%**	**2,868,929**	**-6.8%**
Long-term investments	21,270	21,834	-2.6%	20,780	2.4%
Accounts receivable	46,162	61,305	-24.7%	83,096	-44.4%
Indirect recoverable Taxes	204,827	215,261	-4.8%	402,922	-49.2%
Direct recoverable Taxes	21,846	21,658	0.9%	24,271	-10.0%
Deferred income and social contribution taxes	1,237,646	1,252,017	-1.1%	1,457,675	-15.1%
Judicial deposits	950,872	821,311	15.8%	732,448	29.8%
Prepaid expenses	107,994	94,038	14.8%	90,997	18.7%
Derivative contracts	70,304	84,095	-16.4%	42,903	63.9%
Other assets	14,132	14,040	0.6%	13,838	2.1%
Permanent Assets	**13,343,302**	**13,555,699**	**-1.6%**	**12,359,486**	**8.0%**
Property, plant and equipment	7,378,354	7,566,510	-2.5%	6,659,524	10.8%
Intangibles	5,964,949	5,989,189	-0.4%	5,699,962	4.6%
LIABILITIES	**25,422,296**	**26,108,977**	**-2.6%**	**22,658,639**	**12.2%**
CURRENT LIABILITIES	**6,130,486**	**7,375,222**	**-16.9%**	**5,560,856**	**10.2%**
Suppliers	2,916,737	4,293,121	-32.1%	2,692,296	8.3%
Loans and financing	906,469	951,013	-4.7%	1,073,451	-15.6%
Derivative contracts	46,498	42,061	10.5%	88,791	-47.6%
Salaries and related charges	162,704	133,283	22.1%	163,860	-0.7%
Indirect taxes, charges and contributions	772,926	635,061	21.7%	679,187	13.8%
Direct taxes, charges and contributions	193,491	204,917	-5.6%	199,172	-2.9%
Dividends payable	373,205	373,241	0.0%	326,311	14.4%
Authorizations payable	376,177	369,582	1.8%	42,420	786.8%
Other liabilities	382,279	372,942	2.5%	295,369	29.4%
NON CURRENT LIABILITIES	**5,150,568**	**4,900,885**	**5.1%**	**3,874,128**	**32.9%**
Loans and financing	3,498,150	3,439,082	1.7%	2,536,533	37.9%
Derivative contracts	49,162	36,144	36.0%	83,841	-41.4%
Indirect taxes, charges and contributions	346,202	246,180	40.6%	233,961	48.0%
Direct taxes, charges and contributions	177,516	175,892	0.9%	169,972	4.4%
Deferred income and social contribution taxes	215,870	196,805	9.7%	176,068	22.6%
Provision for contingencies	372,728	311,287	19.7%	242,050	54.0%
Pension plan	4,471	4,486	-0.3%	2,836	57.6%
Asset retirement obligations	300,538	298,808	0.6%	267,081	12.5%
Other liabilities	185,931	192,200	-3.3%	161,785	14.9%
SHAREHOLDERS' EQUITY	**14,141,241**	**13,832,870**	**2.2%**	**13,223,655**	**6.9%**
Capital	9,839,770	9,839,770	0.0%	9,839,770	0.0%
Capital reserves	387,971	387,000	0.3%	385,958	0.5%
Income reserves	3,610,802	3,609,468	0.0%	2,732,465	32.1%
Treasury Stocks	(3,369)	(3,369)	0.0%	(3,369)	0.0%
Net Income for the period	306,067	-	0.0%	268,831	13.9%

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Attachment 2
TIM PARTICIPAÇÕES S.A.
1Q13 Income Statements
(R$ Thousands)

DESCRIPTION	1Q13	1Q12	% YoY	4Q12	% QoQ
R$ thousands					
Gross Revenues	**7,024,216**	**6,610,442**	**6.3%**	**7,341,697**	**-4.3%**
Telecommunications Services	**6,125,517**	**5,937,199**	**3.2%**	**6,365,666**	**-3.8%**
Mobile	**5,831,734**	**5,521,145**	**5.6%**	**6,063,872**	**-3.8%**
Usage and Monthly fee	2,694,316	2,704,643	-0.4%	2,874,541	-6.3%
Value added services - VAS	1,245,483	999,543	24.6%	1,242,801	0.2%
Long distance	830,331	802,578	3.5%	840,503	-1.2%
Interconnection	1,005,954	968,127	3.9%	1,056,255	-4.8%
Others	55,649	46,255	20.3%	49,773	11.8%
Fixed	**293,783**	**416,054**	**-29.4%**	**301,794**	**-2.7%**
Products	**898,699**	**673,243**	**33.5%**	**976,031**	**-7.9%**
Discounts and deductions	**(2,313,501)**	**(2,142,123)**	**8.0%**	**(2,315,784)**	**-0.1%**
Taxes and discounts on services	(2,038,855)	(1,921,781)	6.1%	(2,045,508)	-0.3%
Taxes and discounts on handset sales	(274,646)	(220,343)	24.6%	(270,276)	1.6%
Net Revenues	**4,710,715**	**4,468,319**	**5.4%**	**5,025,913**	**-6.3%**
Services	**4,086,662**	**4,015,418**	**1.8%**	**4,320,158**	**-5.4%**
Products	**624,053**	**452,900**	**37.8%**	**705,755**	**-11.6%**
Operating Expenses	**(3,490,453)**	**(3,294,319)**	**6.0%**	**(3,600,872)**	**-3.1%**
Personnel expenses	(200,579)	(175,997)	14.0%	(196,456)	2.1%
Selling & marketing expenses	(946,656)	(1,015,274)	-6.8%	(963,407)	-1.7%
Network & interconnection	(1,352,476)	(1,295,851)	4.4%	(1,391,703)	-2.8%
General & administrative	(159,075)	(132,180)	20.3%	(140,421)	13.3%
Cost Of Goods Sold	(655,634)	(533,460)	22.9%	(749,657)	-12.5%
Bad Debt	(72,631)	(56,640)	28.2%	(52,274)	38.9%
Other operational revenues (expenses)	(103,402)	(84,917)	21.8%	(106,955)	-3.3%
EBITDA	**1,220,262**	**1,174,000**	**3.9%**	**1,425,041**	**-14.4%**
EBITDA Margin	25.9%	26.3%	-37bps	28.4%	-245bps
Depreciation & amortization	**(679,439)**	**(672,187)**	**1.1%**	**(687,875)**	**-1.2%**
Depreciation	(364,335)	(364,377)	0.0%	(368,140)	-1.0%
Amortization	(315,103)	(307,810)	2.4%	(319,735)	-1.4%
EBIT	**540,823**	**501,813**	**7.8%**	**737,166**	**-26.6%**
EBIT Margin	11.5%	11.2%	25bps	14.7%	-319bps
Net Financial Results	**(67,574)**	**(42,178)**	**60.2%**	**(33,269)**	**103.1%**
Financial expenses	(120,194)	(106,291)	13.1%	(103,687)	15.9%
Financial income	79,223	79,310	-0.1%	71,438	10.9%
Net exchange variation	(26,602)	(15,198)	75.0%	(1,020)	2509.0%
Income before taxes	**473,250**	**459,635**	**3.0%**	**703,898**	**-32.8%**
Income tax and social contribution	(167,183)	(190,804)	-12.4%	(241,332)	-30.7%
Net Income	**306,067**	**268,831**	**13.9%**	**462,566**	**-33.8%**

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

DESCRIPTION	1Q13	1Q12	% YoY	4Q12	% QoQ
EBIT	**540,823**	**501,813**	**7.8%**	**737,167**	**-26.6%**
Depreciation and amortization	679,439	672,187	1.1%	687,874	-1.2%
Capital expenditures	(470,318)	(542,669)	-13.3%	(1,393,509)	-66.2%
Changes in net operating working capital	(2,127,394)	(1,825,406)	16.5%	1,816,713	-217.1%
Free Operating Cash Flow	**(1,377,450)**	**(1,194,075)**	**15.4%**	**1,848,245**	**-174.5%**
Net Financial Income	(67,573)	(42,178)	60.2%	(33,268)	103.1%
Income & Social Contribution Taxes	(133,747)	(128,037)	4.5%	(91,230)	47%
Other changes in Non Current Assets/Liabilities	(127,303)	(90,017)	41.4%	(19,440)	554.9%
Increase in capital	-	(3,583)	-100.0%	-	0.0%
Paid Dividends & IoC	(36)	(38)	-5.3%	(3,681)	-99.0%
Net Cash Flow	**(1,706,109)**	**(1,457,928)**	**17.0%**	**1,700,626**	**-200.3%**

Attachment 4
TIM PARTICIPAÇÕES S.A.
Operational Indicators

DESCRIPTION	1Q13	1Q12	% YoY	4Q12	% QoQ
Brazilian Wireless Subscriber Base (million)	**264,053**	**250,826**	**5.3%**	**261,775**	**0.9%**
Estimated Total Penetration	133.7%	128.0%	567bps	132.8%	89bps
Municipalities Served - TIM GSM	3,390	3,305	2.6%	3,383	0.2%
Market Share	27.0%	26.8%	18bps	26.9%	10bps
Total Lines ('000)	**71,232**	**67,217**	**6.0%**	**70,343**	**1.3%**
Prepaid	60,306	57,564	4.8%	59,599	1.2%
Postpaid	10,926	9,653	13.2%	10,744	1.7%
Gross Additions ('000)	9,244	9,880	-6.4%	9,986	-7.4%
Net Additions ('000)	889	3,134	-71.6%	935	-5.0%
Churn ('000)	8,356	6,746	23.9%	9,051	-7.7%
ARPU (R$)	**18.5**	**19.1**	**-3.6%**	**19.9**	**-7.1%**
MOU	**145**	**126**	**14.6%**	**150**	**-3.5%**
SAC (R$)	29	32	-10.7%	27	6.1%
Handsets sold ('000)	2,662	2,284	16.5%	2,919	-8.8%
Investment (R$ million)	**(470)**	**(543)**	**-13.3%**	**(1,394)**	**-66.2%**
Employees	11,580	10,761	7.6%	11,650	-0.6%