(A free translation of the original in Portuguese)

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

Corporate Legislation
March 31, 2011

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

01.01 – IDENTIFICATION

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

01.02 - HEAD OFFICE

1 - ADDRESS		2 – SUBURB OR DISTRICT
Avenida das Américas, 3434, Bloco 1 7º andar - parte		**Barra da Tijuca**
3 – POSTAL CODE	4 – MUNICIPALITY	5 – STATE
22640-102	**Rio de Janeiro**	**Rio de Janeiro**

6 - AREA CODE	7 – TELEPHONE	8 – TELEPHONE	9 – TELEPHONE	10 – TELEX
21	**4009-3742**	**4009-4017**	**-**	**-**
11 - AREA CODE	12 – FAX	13 – FAX	14 – FAX	
21	**4009-3314**	**4009-3990**	**-**	**-**
15 - E-MAIL				
rtostes@timbrasil.com.br				

01.03 - INVESTOR RELATIONS OFFICER (Company Mail Address)

1 – NAME		
Claudio Zezza		
2 – ADDRESS		3 – SUBURB OR DISTRICT
Avenida das Américas, 3434, Bloco 1 7º andar - parte		**Barra da Tijuca**
3 – POSTAL CODE	4 – MUNICIPALITY	5 – STATE
22640-102	**Rio de Janeiro**	**Rio de Janeiro**

6 - AREA CODE	7 – TELEPHONE	8 – TELEPHONE	9 – TELEPHONE	10 – TELEX
21	**4009-3742**	**4009-4017**	**-**	**-**
11 - AREA CODE	12 – FAX	13 – FAX	14 – FAX	
21	**4009-3314**	**4009-3990**	**-**	**-**
15 - E-MAIL				
rtostes@timbrasil.com.br				

01.04 - GENERAL INFORMATION/INDEPENDENT ACCOUNTANT

CURRENT YEAR		CURRENT QUARTER			PRIOR QUARTER		
1 - BEGINNING	2 – END	3 - QUARTER	4 – BEGINNING	5 – END	6 – QUARTER	7 – BEGINNING	8 – END
01.01.2011	**12.31.2011**	**1**	**01.01.2011**	**03.31.2011**	**4**	**10.01.2010**	**12.31.2010**

9 - INDEPENDENT ACCOUNTANT	10 - CVM CODE
PricewaterhouseCoopers Auditores Independentes	**00287-9**
11 – PARTNER RESPONSIBLE	12 – INDIVIDUAL TAXPAYERS' REGISTRATION NUMBER OF THE PARTNER RESPONSIBLE
Sérgio Eduardo Zamora	**107.092.038-02**

(A free translation of the original in Portuguese)

Corporate Legislation
March 31, 2011

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

01.01 – IDENTIFICATION

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

01.05 - CAPITAL COMPOSITION

Number of shares **(Thousand)**	Current quarter **03.31.2011**	Prior quarter **12.31.2010**	Same quarter in prior year **03.31.2010**
Paid-up capital			
1 – Common	**843,281**	**843,281**	**843,281**
2 – Preferred	**1,632,454**	**1,632,454**	**1,632,454**
3 – Total	**2,475,735**	**2,475,735**	**2,475,735**
Treasury stock			
4 – Common	**0**	**0**	**0**
5 – Preferred	**0**	**0**	**0**
6 – Total	**0**	**0**	**0**

01.06 – CHARACTERISTICS OF THE COMPANY

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

01.07 - COMPANIES EXCLUDED FROM THE CONSOLIDATED FINANCIAL STATEMENTS

1 – ITEM	2 - CNPJ	3 – NAME

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

1 – ITEM	2 – EVENT	3 - DATE APPROVED	4 – AMOUNT	5 - DATE OF PAYMENT	6 - TYPE OF SHARE	7 - AMOUNT PER SHARE

(A free translation of the original in Portuguese)

Corporate Legislation
March 31, 2011

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

01.01 – IDENTIFICATION

1 - CVM CODE	2 - COMPANY NAME	3 – Federal Corporate Taxpayers' Registration Number – CNPJ

01.09 - SUBSCRIBED CAPITAL AND CHANGES IN THE CURRENT YEAR

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

01.10 - INVESTOR RELATIONS OFFICER

1 – DATE	2 – SIGNATURE

06.01 – NOTES TO THE QUARTERLY INFORMATION

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

Account Code	Account Description	03/31/11	12/31/10
1	Total Assets	11.071.532	10.857.138
1.01	Current Assets	513.610	516.815
1.01.01	Cash and Cash Equivalents	2.015	6.025
1.01.01.01	Cash and Cash Equivalents	2.001	6.016
1.01.01.02	Marketable Securities	14	9
1.01.02	Receivables	-	-
1.01.02.01	Trade Accounts Receivable	-	-
1.01.02.02	Sundry Receivables	-	-
1.01.03	Inventories	-	-
1.01.04	Other	511.595	510.790
1.01.04.01	Taxes and Contributions Recoverable	32	381
1.01.04.01.01	Taxes and Contributions Recoverable - Direct	30	379
1.01.04.01.02	Taxes and Contributions Recoverable - Indirect	2	2
1.01.04.02	Dividends and interests on own capital receivable	509.235	509.235
1.01.04.03	Other	2.328	1.174
1.02	Non-Current Assets	10.557.922	10.340.323
1.02.01	Long-Term Assets	8.632	8.372
1.02.01.01	Sundry Receivables	8.632	8.372
1.02.01.01.01	Taxes and Contributions Recoverable	8.632	8.372
1.02.01.01.01.01	Taxes and Contributions Recoverable - Direct	8.632	8.372
1.02.01.01.01.02	Taxes and Contributions Recoverable - Indirect	-	-
1.02.01.02	Intercompany Receivables	-	-
1.02.01.02.01	Affiliates and Equivalent	-	-
1.02.01.02.02	Subsidiaries	-	-
1.02.01.02.03	Other Related Parties	-	-
1.02.01.03	Other	22.611	21.157
1.02.01.03.01	Escrow Deposits	22.221	20741
1.02.01.03.02	Marketable Securities	390	416
1.02.02	Permanent Assets	10.526.679	10.310.794
1.02.02.01	Investments	-	-
1.02.02.01.01	Affiliates /Equivalent	-	-
1.02.02.01.02	Affiliates /Equivalent - Goodwill	-	-
1.02.02.01.03	Subsidiaries	-	-
1.02.02.01.04	Subsidiaries - Goodwill	-	-
1.02.02.01.05	Other Investments	-	-
1.02.02.02	Property, Plant and Equipment	10.369.123	10.153.238
1.02.02.03	Intangible Assets	157.556	157.556
1.02.02.04	Deferred Charges	-	-

06.01 – NOTES TO THE QUARTERLY INFORMATION

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

Account Code	Account Description	03/31/11	12/31/10
2	Total Liabilities	11.071.532	10.857.138
2.01	Current Liabilities	515.932	515.011
2.01.01	Loans and Financing	-	-
2.01.02	Debentures	-	-
2.01.03	Suppliers - Trade Payable	2.399	1.296
2.01.04	Taxes, rates and contributions	26	164
2.01.04.01	Taxes, rates and contributions - Direct	6	150
2.01.04.02	Taxes, rates and contributions - Indirect	20	14
2.01.05	Dividends payable	511.676	511.738
2.01.06	Provisions	-	-
2.01.07	Intercompany Payables	-	-
2.01.08	Other	1.831	1.813
2.01.08.01	Labor Obligations	113	102
2.01.08.02	Other Liabilities	1.718	1.711
2.02	Non-Current Liabilities	36.343	36.124
2.02.01	Long-Term Liabilities	36.343	36.124
2.02.01.01	Loans and Financing	-	-
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	9.496	9.277
2.02.01.03.01	Provision for Contingencies	4.303	4.021
2.02.01.03.02	Actuarial Liabilities	5.193	5.256
2.02.01.04	Intercompany Payables	-	-
2.02.01.05	Advances for Future Capital Increase	-	-
2.02.01.06	Other	26.847	26.847
2.03	Deferred Income	-	-
2.05	Shareholders' Equity	10.519.257	10.306.003
2.05.01	Paid up Capital	8.149.096	8.149.096
2.05.02	Capital Reserves	396.129	396.129
2.05.03	Revaluation Reserve	-	-
2.05.03.01	Own Assets	-	-
2.05.03.02	Subsidiaries/Affiliates and Equivalent	-	-
2.05.04	Revenue Reserves	1.760.778	1.760.778
2.05.04.01	Legal	1.760.778	1.760.778
2.05.04.02	Statutory	-	-
2.05.04.03	For Contingencies	-	-
2.05.04.04	For Unearned Income	-	-
2.05.04.05	Profit Retention	-	-
2.05.04.06	Special for Undistributed Dividends	-	-
2.05.04.07	Other Revenue Reserves	-	-
2.05.05	Equity Valuation Adjustments	-	-
2.05.05.01	Marketable Securities Adjustments	-	-
2.05.05.02	Accumulated Translation Adjustments	-	-
2.05.05.03	Business Combination Adjustments	-	-
2.05.06	Accumulated Income (Loss)	213.254	-
2.05.07	Advances for Future Capital Increase	-	-

06.01 – NOTES TO THE QUARTERLY INFORMATION

03.01 Parent Company Statements of Operations (in thousands of reais)

Account Code	Account Description	Amount for Current Quarter 01/01/2011 to 03/31/2011	Year-to-Date -current year 01/01/2011 to 03/31/2011	Amount for Prior Year Quarter 01/01/2010 to 03/31/2010	Year-to-date - prior year 01/01/2010 to 03/31/2010
3.01	Gross Revenues from Goods Sold and/or Services Rendered	-	-	-	-
3.02	Deductions from Gross Revenue	-	-	-	-
3.03	Net Operating Revenues from Goods Sold and/or Services Rendered	-	-	-	-
3.04	Cost of Goods Sold and/or Services Rendered	-	-	-	-
3.05	Gross Income	-	-	-	-
3.06	Operating Revenues (Expenses)	213.254	213.254	60.156	60.156
3.06.01	Sales			-	-
3.06.02	General and Administrative	(2.794)	(2.794)	(649)	(649)
3.06.03	Financial	307	307	750	750
3.06.03.01	Financial Income	386	386	840	840
3.06.03.02	Financial Expenses	(79)	(79)	(90)	(90)
3.06.04	Other Operating Revenues			-	-
3.06.05	Other Operating Expenses	(144)	(144)	14	14
3.06.06	Equity Pick Up	215.885	215.885	60.041	60.041
3.07	Operating Income (Loss)			-	-
3.08	Non-operating Result	386	307	750	750
3.08.01	Revenues	386	386	839	839
3.08.02	Expenses	-79	-79	(89)	(89)
3.09	Income (Loss) Before Taxes /Profit Sharing	213.254	213.254	60.156	60.156
3.10	Income Tax and Social Contribution			(3)	(3)
3.11	Deferred Income Tax			-	-
3.12	Profit Sharing /Statutory Contributions	-	-	-	-
3.12.01	Profit Sharing			-	-
3.12.02	Contributions			-	-
3.13	Reversal of Interest on own capital			-	-
3.15	Profit (Loss) for the Period	213.254	213.254	60.153	60.153
	NUMBER OF SHARES, EXCEPT TREASURY (Thousands)	2.475.735	2.475.735	2.475.735	2.475.735
	NET INCOME PER SHARE (REAIS)	0,09	0,09	0,02	0,02
	LOSS PER SHARE (REAIS)	-	-	-	-

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FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
ITR – Quarterly Information — Corporation Law
COMMERCIAL, INDUSTRIAL & OTHER — As of - 03/31/2010

01763-9 TIM PARTICIPAÇÕES S.A. — 02.558.115/0001-21

06.01 – NOTES TO THE QUARTERLY INFORMATION

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

Account Code	Account Description	Amount for Current Quarter 01/01/2011 to 03/31/2011	Year-to-Date -current year 01/01/2011 to 03/31/2011	Amount for Prior Year Quarter 01/01/2010 to 03/31/2010	Year-to-date - prior year 01/01/2010 to 03/31/2010
4.01	Net cash and cash equivalents generated (used) by operating activities	(4.085)	(4.085)	(12.777)	(12.777)
4.01.01	Cash and cash equivalents generated by operating activities	(2.956)	(2.956)	(573)	(573)
4.01.01.01	Profit (Loss) for the period	213.254	213.254	60.156	60.156
4.01.01.03	Equity pick up	(215.885)	(215.885)	(60.041)	(60.041)
4.01.01.04	Income Tax and Social Contribution	-	-	(3)	(3)
4.01.01.05	Actuarial liabilities	(63)	(63)	(63)	(63)
4.01.01.06	Monet. rest., oblig. discount asset, DJ, cont.	(153)	(153)	8	8
4.01.01.07	Interest on marketable securities	(109)	(109)	(630)	(630)
4.01.02	Variations in assets and liabilities	(1.128)	(1.128)	(12.204)	(12.204)
4.01.02.01	Taxes and contributions recoverable	89	89	(78)	(78)
4.01.02.02	Escrow Deposits	(1.377)	(1.377)	(7.458)	(7.458)
4.01.02.03	Other current and non-current assets	(1.154)	(1.154)	(11)	(11)
4.01.02.04	Labor obligations	11	11	(34)	(34)
4.01.02.05	Suppliers - trade payable	1.103	1.103	(4.710)	(4.710)
4.01.02.06	Taxes, rates and contributions	(138)	(138)	152	152
4.01.02.07	Provision for contingencies	332	332	(46)	(46)
4.01.02.08	Other current and non-current assets liabilities	6	6	(19)	(19)
4.01.03	Others	-	-		-
4.02	Net cash and cash equivalents generated by investment activities	131	131	575	575
4.02.01	Marketable securities	131	131	575	575
4.03	Net cash and cash equivalents generated (used) by financing activities	(61)	(61)	(51)	(51)
4.03.01	Dividends paid	(61)	(61)	(51)	(51)
4.04	Exchange variation on cash and cash equivalents	-	-	-	-
4.05	Increase (decrease) on cash and cash equivalents	(4.015)	(4.015)	12.253	12.253
4.05.01	Beginning cash and cash equivalents balance	6.016	6.016	35.958	35.958
4.05.02	Ending cash and cash equivalents balance	2.001	2.001	23.705	23.705

06.01 – NOTES TO THE QUARTERLY INFORMATION

05.01 PARENT COMPANY STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2011 a 03/31/2011 (in thousands of Reais)

Account Code	Account Description	Capital	Capital Reserves	Revaluation Reserves	Revenues Reserves	Retained Losses	Equity Valuation Adjustments	TOTAL SHAREHOLDERS' EQUITY
5.01	Beginning balance	8.149.096	396.129	-	1.760.778	-	-	10.306.003
5.02	Prior year adjustments	-	-	-	-	-	-	-
5.03	Adjusted balance	-	-	-	-	-	-	-
5.04	Income (loss) for the period	-	-	-	-	213.254	-	213.254
5.05	Allocations	-	-	-	-	-	-	-
5.05.01	Dividends	-	-	-	-	-	-	-
5.05.02	Interest on Own Capital	-	-	-	-	-	-	-
5.05.03	Other Allocations	-	-	-	-	-	-	-
5.06	Realization of Income Reserves	-	-	-	-	-	-	-
5.07	Equity Valuation Adjustments	-	-	-	-	-	-	-
5.07.01	Marketable Securities Adjustments	-	-	-		-	-	-
5.07.02	Accumulated Translation Adjustments	-		-	-	-	-	-
5.07.03	Business Combination Adjustments	-	-	-	-	-	-	-
5.08	Capital increase (decrease)	-	-	-	-	-	-	-
5.09	Constitution/Realization of Capital Reserves	-	-	-	-	-	-	-
5.10	Treasury Stock	-	-	-	-	-	-	-
5.11	Other Capital Transactions	-	-	-		-	-	-
5.12	Other	-	-	-	-	-	-	-
5.13	Ending balance	8.149.096	396.129	-	1.760.778	213.254	-	10.519.257

06.01 – NOTES TO THE QUARTERLY INFORMATION

08.01 CONSOLIDATED BALANCE SHEET ASSETS (in thousands of Reais)

Account Code	Account Description	03/31/11	12/31/10
1	Total Assets	18.852.890	19.370.852
1.01	Current Assets	6.110.877	6.425.920
1.01.01	Cash and Cash Equivalents	1.587.092	2.394.409
1.01.01.01	Cash and Cash Equivalents	1.580.009	2.376.232
1.01.01.02	Marketable Securities	7.083	18.177
1.01.02	Receivables	2.732.850	2.748.411
1.01.02.01	Trade Accounts Receivable	2.732.850	2.748.411
1.01.02.02	Sundry Receivables	-	-
1.01.02.02.01	Accounts Receivable	-	-
1.01.03	Inventories	302.467	228.654
1.01.04	Other	1.488.468	1.054.446
1.01.04.01	Taxes and Contributions Recoverable	783.984	855.965
1.01.04.01.01	Taxes and Contributions Recoverable - Direct	232.906	361.929
1.01.04.01.02	Taxes and Contributions Recoverable - Indirect	551.078	494.036
1.01.04.02	Deferred Income Tax and Social Contribution	-	-
1.01.04.03	Prepaid Expenses	606.165	93.768
1.01.04.04	Operations with derivatives	5.920	6.122
1.01.04.05	Other assets	92.399	98.591
1.02	Non-Current Assets	12.742.013	12.944.932
1.02.01	Long-Term Assets	2.731.749	2.545.361
1.02.01.01	Sundry Receivables	2.100.979	2.097.021
1.02.01.01.01	Trade Accounts Receivable	39.066	36.812
1.02.01.01.02	Taxes and Contributions Recoverable	366.942	327.477
1.02.01.01.01.01	Taxes and Contributions Recoverable - Direct	158.951	139.366
1.02.01.01.01.02	Taxes and Contributions Recoverable - Indirect	207.991	188.111
1.02.01.01.03	Deferred Income Tax and Social Contribution	1.694.971	1.732.732
1.02.01.02	Intercompany Receivables	-	-
1.02.01.02.01	Affiliates and Equivalent	-	-
1.02.01.02.02	Subsidiaries	-	-
1.02.01.02.03	Other Related Parties	-	-
1.02.01.03	Other	630.770	448.340
1.02.01.03.01	Escrow Deposits	493.252	385.519
1.02.01.03.02	Marketable Securities	14.338	13.692
1.02.01.03.03	Prepaid Expenses	87.100	14.620
1.02.01.03.04	Operations with derivatives	18.303	16.746
1.02.01.03.05	Other assets	17.777	17.763
1.02.02	Permanent Assets	10.010.264	10.399.571
1.02.02.01	Investments	-	-
1.02.02.01.01	Affiliates/Equivalent	-	-
1.02.02.01.02	Subsidiaries	-	-
1.02.02.01.03	Other investments	-	-
1.02.02.02	Property, Plant and Equipment	5.576.244	5.863.723
1.02.02.03	Intangible Assets	4.434.020	4.535.848
1.02.02.04	Deferred Charges	-	-

06.01 – NOTES TO THE QUARTERLY INFORMATION

08.01 CONSOLIDATED BALANCE SHEET LIABILITIES (in thousands of Reais)

Account Code	Account Description	03/31/11	12/31/10
2	Total Liabilities	18.852.890	19.370.852
2.01	Current Liabilities	5.048.115	5.691.089
2.01.01	Loans and Financing	996.400	957.549
2.01.02	Debentures	-	-
2.01.03	Suppliers - Trade Payable	2.552.396	3.103.469
2.01.04	Taxes, rates and contributions	661.499	809.703
2.01.04.01	Taxes, rates and contributions - Direct	141.006	265.328
2.01.04.02	Taxes, rates and contributions - Indirect	520.493	544.375
2.01.05	Dividends payable	511.676	511.737
2.01.06	Provisions	-	-
2.01.07	Intercompany Payables	-	-
2.01.08	Other	326.144	308.631
2.01.08.01	Operations with derivatives	1.769	2.071
2.01.08.02	Labor obligations	142.213	125.292
2.01.08.03	Other liabilities	182.162	181.268
2.02	Non-Current Liabilities	3.208.711	3.295.246
2.02.01	Long-Term Liabilities	3.208.711	3.295.246
2.02.01.01	Loans and Financing	2.121.239	2.277.121
2.02.01.02	Debentures	-	-
2.02.01.03	Provisions	271.951	258.223
2.02.01.03.01	Provision for Contingencies	262.848	249.057
2.02.01.03.02	Actuarial liabilities	9.103	9.166
2.02.01.04	Intercompany Payables	-	-
2.02.01.05	Advances for Future Capital Increase	-	-
2.02.01.06	Other	815.521	759.902
2.02.01.06.01	Operations with derivatives	163.359	164.482
2.02.01.06.02	Assets retirement obligation	247.371	255.737
2.02.01.06.03	Taxes, rates and contributions	264.946	196.701
2.02.01.06.03.01	Taxes, rates and contributions - Direct	138.982	138.981
2.02.01.06.03.02	Taxes, rates and contributions - Indirect	125.964	57.720
2.02.01.06.04	Other liabilities	139.845	142.982
2.03	Deferred Income	81.799	83.708
2.04	Minority Interest	-	-
2.05	Shareholders' Equity	10.514.265	10.300.809
2.05.01	Paid up Capital	8.149.096	8.149.096
2.05.02	Capital Reserves	396.129	396.129
2.05.03	Revaluation Reserve	-	-
2.05.03.01	Own Assets	-	-
2.05.03.02	Subsidiaries /Affiliates and Equivalent	-	-
2.05.04	Revenue Reserves	1.755.584	1.755.584
2.05.04.01	Legal	1.755.584	1.755.584
2.05.04.02	Statutory	-	-
2.05.04.03	For Contingencies	-	-
2.05.04.04	Unearned Income	-	-
2.05.04.05	Profit Retention	-	-
2.05.04.06	Special for Undistributed Dividends	-	-
2.05.04.07	Other Revenue Reserves	-	-
2.05.05	Equity Valuation Adjustments	-	-
2.05.05.01	Marketable Securities Adjustments	-	-
2.05.05.02	Accumulated Translation Adjustments	-	-
2.05.05.03	Business Combination Adjustments	-	-
2.05.06	Accumulated Income (Loss)	213.456	-
2.05.07	Advances for Future Capital Increase	-	-

06.01 – NOTES TO THE QUARTERLY INFORMATION

09.01 Consolidated Statements of Income Operations (in thousands of reais)

Account Code	Account Description	Amount for Current Quarter 01/01/2011 to 03/31/2011	Year-to-Date -current year 01/01/2011 to 03/31/2011	Amount for Prior Year Quarter 01/01/2010 to 03/31/2010	Year-to-date - prior year 01/01/2010 to 03/31/2010
3.01	Gross Revenues from Goods Sold and/or Services Rendered	3.752.264	3.752.264	3.296.039	3.296.039
3.02	Deductions from Gross Revenue	(1.910.359)	(1.910.359)	(1.694.634)	(1.694.634)
3.03	Net Operating Revenues from Goods Sold and/or Services Rendered	1.841.905	1.841.905	1.601.405	1.601.405
3.04	Cost of Goods Sold and/or Services Rendered				
3.05	Gross Income				
3.06	Operating Revenues (Expenses)	(1.354.720)	(1.354.720)	(1.315.474)	(1.315.474)
3.06.01	Sales	(1.112.955)	(1.112.955)	(1.061.552)	(1.061.552)
3.06.02	General and Administrative	(241.765)	(241.765)	(253.922)	(253.922)
3.06.03	Financial	-	-	-	-
3.06.03.01	Financial Income				
3.06.03.02	Financial Expenses				
3.06.04	Other Operating Revenues				
3.06.05	Other Operating Expenses	(137.432)	(137.432)	(118.518)	(118.518)
3.06.06	Equity Pick Up				
3.07	Operating Income (Loss)				
3.08	Non-operating Result	(20.919)	(20.919)	(43.013)	(43.013)
3.08.01	Revenues	68.641	68.641	55.944	55.944
3.08.02	Expenses	(89.560)	(89.560)	(98.957)	(98.957)
3.09	Income (Loss) before taxes /profit sharing	(11.697)	(11.697)	(27.903)	(27.903)
3.10	Income Tax and Social Contribution				
3.11	Deferred Income Tax				
3.12	Profit Sharing /Statutory Contributions	-	-	-	-
3.12.01	Profit Sharing				
3.12.02	Contributions				
3.13	Reversal of Interests on own capital				
3.14	Minority Interest				
3.15	Profit (Loss) for the Period	213.456	213.456	54.581	54.581
	NUMBER OF SHARES, EXCEPT TREASURY (Thousands)	2.475.735	2.475.735	2.475.735	2.475.735
	NET INCOME PER SHARE (REAIS)	0,09	0,09	0,02	0,02
	LOSS PER SHARE (REAIS)				

(A free translation of the original in Portuguese)

FEDERAL PUBLIC SERVICE
BRAZILIAN SECURITIES COMMISSION (CVM)
ITR – Quarterly Information | Corporation Law
COMMERCIAL, INDUSTRIAL & OTHER | As of - 03/31/2010

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06.01 – NOTES TO THE QUARTERLY INFORMATION

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

Account Code	Account Description	Amount for Current Quarter 01/01/2011 to 03/31/2011	Year-to-Date -current year 01/01/2011 to 03/31/2011	Amount for Prior Year Quarter 01/01/2010 to 03/31/2010	Year-to-date - prior year 01/01/2010 to 03/31/2010
4.01	Net cash and cash equivalents generated (used) by operating activities	(1.058.707)	(1.058.707)	153.469	153.469
4.01.01	Cash and cash equivalents generated by operating activities	1.088.546	1.088.546	1.016.291	1.016.291
4.01.01.01	Profit (Loss) for the period	317.137	317.137	96.497	96.497
4.01.01.02	Depreciation and amortization	682.800	682.800	779.670	779.670
4.01.01.03	Deferred income tax and social contribution	(67.829)	(67.829)	(26.034)	(26.034)
4.01.01.04	Actuarial obligation	(63)	(63)	(63)	(63)
4.01.01.05	Loss and disposal of fixed assets	3.037	3.037	-	-
4.01.02.10	Provision for contingencies	19.097	19.097	(3.499)	(3.499)
4.01.01.06	Monet. rest., oblig. discount asset, DJ, cont.	5.604	5.604	713	713
4.01.01.07	Interest and monetary and exchange variation on loans	137.534	137.534	106.485	106.485
4.01.01.09	Interest on marketable securities	(50.751)	(50.751)	(32.340)	(32.340)
4.01.01.10	Allowance for doubtful accounts	41.979	41.979	92.627	92.627
4.01.01.11	Other	-	-	2.235	2.235
4.01.02	Variations in assets and liabilities	(2.147.253)	(2.147.253)	(842.507)	(842.507)
4.01.02.01	Accounts receivable - trade receivable	(28.673)	(28.673)	58.971	58.971
4.01.02.02	Taxes and contributions recoverable	(32.516)	(32.516)	27.352	27.352
4.01.02.03	Inventories	(73.813)	(73.813)	129.501	129.501
4.01.02.04	Prepaid expenses	(584.878)	(584.878)	(426.963)	(426.963)
4.01.02.05	Escrow Deposits	(101.789)	(101.789)	(77.565)	(77.565)
4.01.02.06	Other current and non-current assets	-	-	-	-
4.01.02.07	Labor obligations	16.921	16.921	10.482	10.482
4.01.02.08	Suppliers - trade payable	(1.245.463)	(1.245.463)	(560.243)	(560.243)
4.01.02.09	Taxes, rates and contributions	(79.960)	(79.960)	(4.042)	(4.042)
4.01.02.11	Other current and non-current assets liabilities	(17.082)	(17.082)	(20.315)	(20.315)
4.01.03	Other	-	-	-	-
4.02	Net cash and cash equivalents generated (used) by investment activities	459.059	459.059	(790.460)	(790.460)
4.02.01	Marketable securities	61.199	61.199	163.951	163.951
4.02.02	Additions to property, plant and equipment and intangibles	397.860	397.860	(954.991)	(954.991)
4.02.03	Property, plant and equipment sold	-	-	580	580
4.03	Net cash and cash equivalents generated (used) by financing activities	(196.574)	(196.574)	(270.638)	(270.638)

06.01 – NOTES TO THE QUARTERLY INFORMATION

4.03.01	New loans	-	-	-	-
4.03.02	Loans amortization	(196.513)	(196.513)	(270.587)	(270.587)
4.03.03	Dividends paid	(61)	(61)	(51)	(51)
4.04	Exchange variation on cash and cash equivalents	-	-	-	-
4.05	Increase (decrease) on cash and cash equivalents	796.223	796.223	907.629	907.629
4.05.01	Beginning cash and cash equivalents balance	2.376.232	2.376.232	2.413.024	2.413.024
4.05.02	Ending cash and cash equivalents balance	1.580.009	1.580.009	1.505.395	1.505.395

06.01 – NOTES TO THE QUARTERLY INFORMATION

05.01 CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY FROM 01/01/2011 a 03/31/2011 (in thousands of Reais)

Account Code	Account Description	Capital	Capital Reserves	Revaluation Reserves	Revenues Reserves	Retained Losses	Equity Valuation Adjustments	TOTAL SHAREHOLDERS' EQUITY
5.01	Beginning balance	8.149.096	396.129	-	1.755.584	-	-	10.300.809
5.02	Prior year adjustments	-	-	-	-	-	-	-
5.03	Adjusted balance	-	-	-	-	-	-	-
5.04	Income (loss) for the period	-	-	-	-	213.456	-	213.456
5.05	Allocations	-	-	-	-	-	-	-
5.05.01	Dividends	-	-	-	-	-	-	-
5.05.02	interests on Own Capital	-	-	-	-	-	-	-
5.05.03	Other Allocations	-	-	-	-	-	-	-
5.06	Realization of Income Reserves	-	-	-	-	-	-	-
5.07	Equity Valuation Adjustments	-	-	-	-	-	-	-
5.07.01	Marketable Securities Adjustments	-	-	-	-	-	-	-
5.07.02	Accumulated Translation Adjustments	-	-	-	-	-	-	-
5.07.03	Business Combination Adjustments	-	-	-	-		-	-
5.08	Capital increase (decrease)	-	-	-	-	-	-	-
5.09	Constitution/Realization of Capital Reserves	-	-	-	-	-	-	-
5.10	Treasury Stock	-	-	-	-	-	-	-
5.11	Other Capital Transactions	-	-	-	-	-	-	-
5.12	Other	-	-	-	-	-	-	-
5.13	Ending balance	8.149.096	396.129	-	1.755.584	213.456	-	10.514.265

TIM PARTICIPAÇÕES S.A.

NOTES TO THE QUARTERLY INFORMATION
As of March 31, 2011
(All amounts In thousands of *Reais*, unless otherwise indicated)

1. Operations

TIM Participações S.A. ("TIM Participações", "Company") is a publicly-held company with head office in Rio de Janeiro, controlled by TIM Brasil Serviços e Participações S.A. ("TIM Brasil") - a company of the Telecom Italia Group, which owns 77.14% of its voting capital and 66.27% of its total capital.

The Company's shares are traded on BM&F/Bovespa. Additionally, TIM Participações has Level II American Depositary Receipts (ADR) traded on the New York Stock Exchange - USA. Consequently, the Company is also subject to the rules of the U.S. Securities and Exchange Commission ("SEC") and, to meet market needs, adopts the principle of simultaneous disclosure of financial information prepared in accordance with accounting practices adopted in Brazil and in accordance with IFRS, in the two markets, in *Reais* and in Portuguese and English.

The Company's main purpose is to control companies which offer telecommunications services, especially personal mobile and land line telephone services in its concession areas.

The Company owns the entire share capital of TIM Celular S.A. ("TIM Celular") and of Intelig Telecomunicações Ltda. ("Intelig"). TIM Celular and Intelig act as providers of Landline Telephone Services (locally, STFC) in the Local, Domestic Long Distance and International Long Distance modalities in all Brazilian states. Additionally, TIM Celular also acts as a Multimedia Communications Service (locally, SCM) provider and as a Personal Mobile Service (locally, SMP) provider in all Brazilian states.

06.01 – NOTES TO THE QUARTERLY INFORMATION

Licenses for radio frequency use maintained by the Company are for a fixed period and have the following expiration dates, with possibility of renewal for a further 15 years, as appropriate:

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

2. Basis for preparation and submission of Quarterly Information

a. Preparation and disclosure criteria

The accounting policies applied in preparing this consolidated quarterly information are set forth below. These policies have been applied consistently in all the periods presented.

The Company's consolidated quarterly information has been prepared and is presented in accordance with International Financial Reporting Standards - IFRS as defined by the IASB.

The quarterly information has been prepared taking historical cost as the value basis, and derivative instruments measured at fair value through income.

The preparation of financial statements in accordance with the CPCs/IFRS requires the use of certain critical accounting estimates and also the exercise of judgment by the Company's management in the process of applying the Company's accounting policies. Those areas that require a higher level of judgment and have greater complexity, as well as areas where assumptions and estimates are significant for the consolidated financial statements, are disclosed in Note 4.

a.1. Presentation of Quarterly Information

This quarterly information was approved by the Board of Directors of the Company on May 2, 2011.

a.2. Consolidated Quarterly Information

Subsidiaries are all entities whose financial and operating policies can be conducted by the Group and in which there is usually a shareholding of more than half of voting rights. The existence and effect of potential voting rights, that are currently exercisable or convertible, are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is transferred to the Company and are no longer consolidated from the date that control ceases.

The purchase method of accounting is used to account for the acquisition of subsidiaries by the Group. The cost of an acquisition is measured as the fair value of assets offered, equity instruments (eg.: shares) issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired, contingencies and liabilities assumed in a business combination are initially measured at their fair value at the acquisition date, irrespective of the proportion of any minority interest. The excess of acquisition cost that exceeds the fair value of the Group's share of the identifiable net assets acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of net assets of the subsidiary acquired, the difference is recognized directly in the income statement.

Transactions between Group companies, as well as balances, gains and losses unrealized in these transactions, have been eliminated. Accounting policies of subsidiaries have been adjusted to ensure consistency with the accounting policies adopted by the Group.

The reconciliation of differences between the Company and consolidated results are as follows:

	03/2011	03/2010
Parent company	**213.254**	**60.153**
Elimination of services between subsidiaries	202	(5.572)
Consolidated	**213.456**	**54.581**

a.3. Individual quarterly information of the parent company

The individual quarterly information has been prepared in accordance with accounting practices adopted in Brazil ("BRGAAP"), which are based on the Brazilian Corporate Law and on accounting rules and procedures established by the CVM, which include new provisions introduced, amended and revoked by Law No. 11,638, of December 28, 2007, and Law No. 11941, of May 27, 2009, on the standards applicable to concessionaires and authorized providers of public telecommunications services and on pronouncements issued by the Committee on Accounting Pronouncements (CPC).

The pronouncements, interpretations and guidelines of the CPC, as approved by CFC resolutions and CVM rules, are convergent with International Financial Reporting Standards (IFRS) issued by the IASB. Some adjustments were performed in the individual quarterly information with the aim of aligning and reconciling them with consolidated quarterly information under IFRS, as required by the CVM Resolution No. 610/09 (CPC 43 - Initial Adoption of Technical Pronouncements). Thus, the individual financial statements do not show accounting practice differences in relation to the consolidated statements.

In the individual quarterly information, subsidiaries are accounted for by the equity method. In the case of the Company, the accounting practices adopted in Brazil and applied to the individual quarterly information differ from the IFRS applicable to separate quarterly statements only with respect to the valuation of investments in subsidiaries on the equity method, while according to IFRS they would be recorded at cost or fair value.

a.4. Information by segment

The chief operating decision maker, responsible for allocation of funds and performance evaluation of the operational segments, is the Executive Board, also responsible for making strategic decisions for the Group, which analyzes the Group as a single mobile telephony segment, which represents over 90% of Company operations.

3. Summary of significant accounting policies

The accounting practices presented below are equally applicable to the quarterly information of the parent company (BRGAAP) and the consolidated statements (BRGAAP/IFRS).

a. Cash and cash equivalents

Cash and cash equivalents include cash, bank deposits, other short-term high liquidity investments, with original maturities of three months or less, and cash overdraft balances.

b. Financial investments

Financial investments have maturities greater than three months from the balance sheet date and are recorded at fair value as current and non-current assets at the balance sheet date.

c. Financial assets and liabilities

c.1 Financial Assets

c.1.1 Classification

The Group classifies its financial assets in the following categories: measured at fair value through income and loans and receivables. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

(a) Financial assets valued at fair value through income

Financial assets measured at fair value through income are financial assets held for trading. A financial asset is classified in this category if it was acquired primarily for sale in the short term. Derivatives are also categorized as held for trading. These assets are classified as current assets. The Company does not use hedge accounting.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments, and not quoted in an active market. They are included in current assets, except those with maturities greater than 12 months after the date of issue of the balance sheet (which are classified as non-current assets). Loans and receivables include accounts receivable from clients and other receivables.

c.1.2 Recognition and measurement

The normal purchases and sales of financial assets are recognized on the trade date - the date on which the Company undertakes to buy or sell the asset. Investments are initially recognized at fair value plus transaction costs for all financial assets not measured at fair value through income. Financial assets measured at fair value through income are, initially, recognized at fair value, and transaction costs are charged to the income statement. Financial assets are written off when the rights to receive cash flows from the investments have expired or have been transferred; in the latter case, provided that the Company has transferred, substantially, all risks and benefits of ownership. Financial assets measured at fair value through income are subsequently carried at fair value. Loans and receivables are carried at amortized cost using the effective interest rate method.

Gains or losses arising from changes in fair value of financial assets measured at fair value through income are presented in the income statement in "other gains (losses), net" in the period in which they occur. Dividend revenues from financial assets measured at fair value through income are included in the income statement as part of other income, once the right of the Group to receive dividends has been established.

The fair values of investments with publicly quoted prices are based on current purchase price. If the market for a financial asset (and securities not registered on the Stock Exchange) is not active, the Company establishes fair value by using valuation techniques. These techniques include the use of recent transactions with third parties, reference to other instruments that are substantially similar, analysis of discounted cash flow models and option pricing models which make maximum use of information generated by the market and depend on the minimum possible information generated by management of the entity itself.

c.1.3 Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported on the balance sheet when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle them on a net basis or realize the asset and settle the liability simultaneously.

c.1.4 Impairment of financial assets

Assets measured at amortized cost

The Company evaluates at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets is impaired. An asset or group of financial assets is impaired and impairment losses are incurred only if there is objective evidence of impairment as a result of one or more events occurring after the initial recognition of the assets (a "loss event") and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be estimated reliably.

The criteria which the Company uses to determine whether there is objective evidence of an impairment loss include:

- Significant financial difficulties of the issuer or borrower;
- A breach of contract such as default or late payment of interest or principal;
- The Company, for economic or legal reasons relating to the financial difficulty of the borrower, grants the borrower a concession that the lender would not consider;
- It is likely that the borrower will declare bankruptcy or other financial reorganization;
- The disappearance of an active market for that financial asset because of financial difficulties, or
- Observable data indicating that there is a measurable reduction in the estimated future cash flows from a portfolio of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial assets in the portfolio, including:

(i) adverse changes in the payment status of borrowers in the portfolio;
(ii) national or local economic conditions that correlate with defaults on assets in the portfolio.

The Company assesses, first, whether there is objective evidence of impairment.

The loss amount is measured as the difference between the book value of the assets and the present value of estimated future cash flows (excluding future credit losses that have not been incurred) discounted at the applicable original interest rate of the financial assets. The book value of the asset is reduced and the loss is recognized in the consolidated income statement. If a loan or investment held to maturity has a variable interest rate, the discount rate to measure an impairment loss is the current effective interest rate determined in accordance with the contract. As a practical expedient, the Company may measure impairment based on the fair value of an instrument using an observable market price.

If, in a subsequent period, the value of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment being recognized (such as an improvement in the borrower's creditworthiness), the reversal of the previously recognized impairment loss will be recognized in the consolidated income statement.

c.2 Financial liabilities

Financial liabilities: the main financial liabilities recognized by the Company and its subsidiaries are: supplier accounts payable, unrealized losses on derivative transactions and loans and financing. They are classified into the categories below according to the nature of the financial instruments contracted:

Financial liabilities measured at fair value through income, including financial liabilities usually negotiated before maturity, liabilities designated upon initial recognition at fair value through income and derivatives. At each balance sheet date they are measured at fair value. Interest, monetary restatement, exchange rate variations and variations arising from measurement at fair value, if any, are recognized in income when incurred, in the line of financial revenues or expenses. This category is composed basically of derivative financial instruments.

Financial liabilities not measured at fair value: non-derivative financial liabilities that are not usually traded before maturity. After initial recognition, they are measured at amortized cost using the method of effective interest rate. Interest, monetary correction, exchange rate variations and variations arising from measurement at fair value, if any, are recognized in income, when incurred, in the line of financial revenues or expenses.

d. Accounts receivable

Accounts receivable from users of telecommunications services are recorded at the price charged at the time of service performance. It also includes services provided and not billed by the balance sheet date, receivables from network use (interconnect) and receivables arising from sales of handsets and accessories.

e. Inventories

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

f. Prepaid expenses

These are stated at actual amounts disbursed and not yet incurred. They are allocated to income as incurred.

g. Investments

Equity interests in subsidiaries are recorded on the equity method only in the parent company quarterly information.

h. Property, plant and equipment

Property, plant and equipment are stated at acquisition or construction cost, less accumulated depreciation, and impairment if applicable. Depreciation is calculated on the straight line method, using terms that take into account the expected useful lives of assets and their residual value (note 16). The Company recognizes its assets by individual item.

The estimated costs of disassembling towers and equipment in rented properties are capitalized and amortized over the useful life of these assets. The Company recognizes, as a provision for future asset retirement, the present value of estimated costs to be incurred for the disassembly and removal of cell phone towers and equipment in rented buildings. The contra-entry of this provision is recognized in property, plant and equipment, and depreciation is calculated on the useful lives of the related assets. Interest incurred on updating the provision is classified as financial expenses. The accounting for this obligation is in accordance with ICPC 12 - Changes in liabilities for decommissioning, restoration and other similar liabilities (equivalent to IFRIC 1).

Gains and losses from disposals are determined by comparing the results with the carrying value and are recognized in "Other revenues/expenses, net" in the income statement.

i. Intangible assets

Intangible assets are measured at historical cost less accumulated amortization and impairment, if applicable, and reflect: (i) the purchase of licenses and rights to use radio frequency bands, (ii) software in use and/or development, and (iii) subsidies on the sale of handsets and mini modems. Intangible assets also include goodwill.

Amortization charges are calculated on the straight-line method over the useful life of assets, equal to fifteen years for radio frequency bands, five years for software and fifteen years for licenses.

The useful life estimates of intangible assets are reviewed regularly to reflect technological changes.

Goodwill

Goodwill is represented by the positive difference between the amount paid or payable and the net fair value of assets and liabilities of the acquired entity. Goodwill from acquisitions of subsidiaries is recorded as "intangible assets". If the purchaser identifies negative goodwill, it should be recorded as a gain in the income statement for the period, at the date of acquisition. Goodwill is tested annually to identify probable impairment and accounted for at its cost value less accumulated impairment losses, which are not reversed. Gains and losses from the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

Goodwill is allocated to the Cash Generating Units (CGUs) for purposes of impairment testing. The allocation is made to the Cash Generating Units or groups of Cash Generating Units that should benefit from the business combination which generated the goodwill, properly segregated by operating segment.

Software

The costs associated with maintaining software are recognized as expenses, as incurred. Identifiable and unique development costs that are directly attributable to the design and testing of software products, controlled by the Group, are recognized as intangible assets when the following criteria are met:

- it is technically feasible to complete the software to make it available for use;

- management plans to complete the software and use it or sell it;

- the software can be sold or used;

- the software will generate probable future economic benefits, that can be demonstrated;

- technical, financial and other resources are available to conclude development and use or sell the software, and

- the expenditure attributable to the software during its development can be measured reliably.

Directly attributable costs, which are capitalized as part of the software product, include costs with employees allocated to software development and an appropriate share of relevant direct expenses.

Other development expenditures that do not meet these criteria are recognized as expense as incurred. Development costs previously recognized as an expense are not recognized as assets in the subsequent period.

Software development costs recognized as assets are amortized over their estimated useful lives.

Subsidies on the sale of handsets and mini modems

The Company offers a subsidy on the sale of handsets and mini modems to postpaid customers, formalized through contracts. Resources thus expended are recorded as intangible assets in accordance with IAS 38/CPC 04.

The subsidy on the sale of handsets and mini modems to postpaid subscribers is deferred and amortized over the minimum service agreement term signed by clients (12 months). The contractual penalty for customers who cancel subscriptions or migrate to a pre-paid plan before the expiration of the contract is invariably higher than the allowance granted on the sale of handsets and mini modems.

j. Impairment of non-financial assets

Assets that have an indefinite life, such as goodwill, are not subject to amortization and are tested at least annually for impairment. Assets subject to amortization are tested for impairment whenever events or changes in circumstances indicate that the carrying value may not be recoverable. An impairment loss is recognized at the amount by which the carrying value of the asset exceeds its recoverable value. The latter is the higher between the fair value of an asset less costs to sell and the value in use. For purposes of impairment assessment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (Cash Generating Units - CGUs). Non-financial assets, except goodwill, which have been impaired, are reviewed to verify a possible reversal of impairment on the date of reporting.

k. Accounts payable to suppliers

Accounts payable to suppliers are obligations to pay for goods or services that were purchased from suppliers in the ordinary course of business and are classified as current liabilities if the payment is due in the period up to one year. They are initially recognized at fair value and subsequently measured at amortized cost using the effective interest rate method. In practice, they are usually recognized at invoice value.

l. Loans and financing

Loans and financing are initially recognized at fair value, net of transaction costs incurred, and are subsequently stated at amortized cost. Any difference between the amounts raised (net of transaction costs) and the redemption amount is recognized in the income statement during the loan period, using the effective interest rate method.

Fees paid to obtain the loan are recognized as loan transaction costs, since it is likely that some or all of the loan will be drawn. In this case, the fee is deferred until the drawing occurs. When there is no evidence of the likelihood of withdrawal of all or part of the loan, the fee is capitalized as a prepaid liquidity service and amortized over the loan period to which it relates.

Loans are classified as current liabilities, unless the Company has an unconditional right to defer settlement of the liability for at least 12 months after the balance sheet date.

m. Provisions

Recognized in the balance sheet when the Company has a legal or agreed obligation as a result of a past event, and it is probable that an outflow will be required to settle it. Some liabilities, involving uncertainty concerning the timing and amount, are estimated as they are incurred and recorded as a provision. Provisions are recorded based on the best estimates of risk involved.

n. Income and social contribution taxes - current and deferred

Tax expenses for the period includes current and deferred income and social contribution taxes and are recognized in the income statement. Income and social contribution taxes were not recognized in comprehensive income.

The current income and social contribution tax charges are calculated based on the tax laws enacted or substantially enacted at the balance sheet date. Management periodically reviews the positions taken by the Company in income tax returns with respect to situations in which applicable tax regulations give rise to interpretations. Provisions are set up, where appropriate, based on the amounts that should be paid to the tax authorities.

Income and social contribution taxes are recognized using the liability method on temporary differences arising from differences between the tax bases of assets and liabilities and their carrying values in the consolidated quarterly information. Deferred income tax is determined using enacted tax rates (and tax laws), or those substantially enacted, at the balance sheet date, and which should be applied when the respective deferred income tax asset is realized or when the deferred income tax liability is settled.

Deferred income and social contribution tax assets are recognized only in proportion to the probability that future taxable income and the basis of social contributions will be available and against which the temporary differences may be used.

Deferred income and social contribution taxes are recognized on the temporary differences arising from investments in subsidiaries, except where the timing of the reversal of temporary differences is controlled by the Group, provided it is probable that the temporary difference will not be reversed in the foreseeable future.

Deferred income and social contribution tax assets and liabilities are offset when there is a legally enforceable right to offset current tax credits against current tax liabilities and when the deferred income and social contribution tax assets and liabilities relate to income and social contribution taxes of the same tax authority on the same taxable entity, or on different taxable entities where there is an intention to settle balances on a net basis.

TIM Celular, through Constitutive Reports 0144/2003 and 0232/2003, issued on March 31, 2003 by ADENE - Northeast Development Agency, became the beneficiary of tax incentives which constitute: (i) reduction of 75% of income tax and additional non-refundable taxes for a period of ten (10) years from fiscal year 2002 through 2011, calculated on operating income resulting from implementation of its installed capacity to provide digital cellular mobile telephony services and (ii) reduction of 37.5%, 25% and 12.5% of income tax and additional non-refundable taxes, for fiscal years 2003, 2004 to 2008 and 2009 to 2013, respectively, calculated on operational income arising from its capacity to provide analog mobile telephone services.

o. Provision for contingencies

This is set up, based on analyses of internal and external legal consultants and Company management, in amounts sufficient to cover losses and risks considered probable, with possible losses subject to disclosure and improbable losses not disclosed.

p. Revenue recognition

Revenues from mobile telephone services basically comprise monthly subscriptions, use of minutes, roaming charges and long distance calls and are recognized to the extent that it is probable that economic benefits will flow to the Company and their value can be measured reliably.

- Revenues from services rendered

Revenues on mobile telephone services are recognized based on usage minutes processed, net of credits and adjustments related to discounts granted on services. These revenues are recognized only when the income from services rendered can be estimated reliably. Billings are recognized monthly and billable revenues between the billing date and the end of the month are identified, processed and recognized in the month in which the service was rendered.

Interconnection and roaming traffic revenues are recorded gross of the amounts owed to other telecom operators. Revenues from services of the prepaid system are recognized when the services are provided to customers based on minutes used. The minutes not used by customers in the prepaid service system are recorded as deferred revenues and allocated to income when these services are used by customers.

- Revenues from product sales

Revenues from product sales (telephones, mini-modems and other equipment) are recognized when the significant risks and benefits of ownership are transferred to the buyer. A portion of these sales relates to contracts with a minimum 12-month contractual period and an early termination penalty. For these contracts, the subsidized equipment acquisition cost is capitalized as "Intangible Assets".

q. Pension and other post-employment benefits

The Company and its subsidiaries have defined benefit plans in place. In general, defined benefit plans establish a retirement benefit amount that an employee will receive upon retirement, usually dependent on one or more factors such as age, length of service and remuneration.

The liability recognized in the balance sheet with respect to defined benefit pension plans is the present value of the defined benefit liability at the balance sheet date, less the fair value of plan assets and unamortized past service cost adjustments. The defined benefit obligation is calculated annually by independent actuaries, using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting estimated future cash outflows, using interest rates consistent with market yields, which are denominated in the currency in which benefits will be paid and which have maturities close to those of the respective pension plan liability.

The actuarial gains and losses resulting from adjustments based on experience and changes in actuarial assumptions, which exceed 10% of the value of plan assets, or 10% of plan liabilities, are charged or credited to income in the expected remaining period of service of the employees.

Past service costs are recognized immediately in income, unless the changes to the pension plan are conditional upon employees remaining in employment for a specific time period (the period in which the right is acquired). In this case, past service costs are amortized on the straight-line method over the period in which the right was acquired.

r. Foreign currency transactions

Foreign currency transactions are recognized at the exchange rate on the transaction date. Monetary assets and liabilities in foreign currencies are converted to R$ at the exchange rate on the balance sheet date, informed by the Central Bank of Brazil.

Foreign exchange gains and losses related to loans and cash and cash equivalents are presented in the income statement as financial revenues or expenses. All other exchange gains and losses are presented in the income statement as "other gains/(losses), net".

s. Profit sharing

The Company and its subsidiaries accrue, on a monthly basis, employee profit sharing, based on goals disclosed to its employees and approved by the Board of Directors, and such amounts are recorded as personnel expenses, allocated to the income accounts in accordance with the employee's original cost center.

t. Distribution of dividends

The distribution of dividends to shareholders is stated as a liability in the balance sheet at the end of the year, based on the Company's bylaws. Any amount exceeding the minimum dividend provided for in the bylaws is provisioned on the date of its approval by the Shareholders' Meeting.

u. *New pronouncements, changes and IFRS interpretations*

The following standards and changes in existing standards have been issued, and their use is mandatory for the Group's accounting periods beginning January 1, 2011, or subsequent periods. However, such standards and changes in standards were not subject to early adoption by the Group.

- IFRS 9, "Financial instruments", issued in November 2009. This standard is the first step in the process to replace IAS 39 "Financial Instruments: Recognition and Measurement". IFRS 9 includes a new requirement regarding the classification and measurement of the financial assets, which shall probably affect the Group's accounting for financial assets. This standard shall come into force as of January 1, 2013, but it is already available for early adoption.

4 Critical accounting estimates

Accounting estimates and decisions are continuously evaluated, and they are based on our historical experience and factors such as expectations of future events deemed reasonable considering the circumstances.

The Company's future estimates are based on assumptions. By definition, the accounting estimates resulting from such assumptions rarely equal the actual outcome. Below are the estimates and assumptions that include significant risk and may probably result in relevant adjustments in the book value of assets and liabilities for the next fiscal year:

(a) Loss from impairment of non-financial assets

Losses from impairment take place when the book value of assets or cash generating units exceeds their recoverable value, which is considered as the fair value less selling costs, or the value in use, whichever is greater. The calculation of the fair value less selling costs is based on the information available from sale transactions involving similar assets or market prices, less the additional costs incurred to dispose of such assets. The value in use is based on the discounted cash flow model. Cash flows derive from the budget for the next ten years, and do not include any reorganization activity to which the company has not yet committed, nor any material future investments aimed at improving the base of assets of the cash generating unit being tested. The recoverable value changes in accordance with the discount rates used in the discounted cash flow method, as well as with expected cash receipts and the growth rate used for extrapolation purposes.

(b) Income and social contribution taxes (current and deferred)

Income and social contribution taxes (current and deferred) are calculated in accordance with prudent interpretations of the regulations currently in force. This process normally includes complex estimates in order to define the taxable income and temporary differences that are deductible or taxable. In particular, deferred tax assets on income tax losses, social contribution losses, and temporary differences are recognized according to the expected availability and possible use of actual profit in the future. Together, the recoverability of the deferred income tax on tax losses, social contribution losses, and temporary differences takes into account estimates of future taxable income and is based on conservative tax assumptions.

(c) Provision for doubtful debts

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

(d) Provision for contingencies

Contingencies are analyzed by the Company's management and legal advisors. The Company's analyses take into account factors such as the hierarchy of laws, case law available, recent court decisions and their relevance in the legal order. Such reviews involve management judgment.

(e) Fair value of financial instruments

For disclosure purposes, the fair value of financial assets and liabilities is estimated based on discounting future cash flows at the interest rate currently in force and available for similar financial instruments of the Company.

The Company uses the change in IFRS 7 for financial instruments measured at the fair value in the balance sheet, which requires the disclosure of measurements in accordance with the following measurement hierarchy:

- Prices quoted (not adjusted) on active markets for identical assets and liabilities (level 1).
- Information, other than the prices quoted, included in level 1 and adopted by the market for a given asset or liability in a direct (that is, as prices) or indirect (that is, deriving from prices) manner (level 2).
- Assets or liabilities that are not based on market data (that is, non-observable data) (level 3).

5 Cash and cash equivalents

	Parent Company		Consolidated	
	03/2011	12/2010	03/2011	12/2010
Cash and banks	393	240	70.611	104.024
Financial investments:				
CDB	1.608	5.776	1.509.398	2.272.208
	2.001	6.016	1.580.009	2.376.232

Bank Deposit Certificates ("CDBs") are nominative instruments issued by banks and sold to the public as a mean of funding. CDBs are negotiated based on a gross rate of annual interest and do not take into account taxation or inflation. Additionally, they can be traded at any time during the contracted period.

6 Financial investments

	Parent Company		Consolidated	
	03/2011	**12/2010**	**03/2011**	**12/2010**
CDB	115	117	21.132	31.561
Federal public securities	289	308	289	308
	404	425	21.421	31.869
Current portion	(14)	(9)	(7.083)	(18.177)
Long-term portion	390	416	14.338	13.692

The average return on TIM Participações' consolidated investments was 100.98% of the Interbank Deposit Certificate (CDI) variation.

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

7 Accounts receivable

	Consolidated	
	03/2011	**12/2010**
Billed services	923.259	887.138
Unbilled services	591.788	624.962
Network use	634.431	596.166
Sale of goods	866.171	935.105
Other accounts receivable	121.011	110.895
	3.136.660	3.154.266
Provision for doubtful debts	(364.744)	(369.043)
	2.771.916	2.785.223
Current portion	(2.732.850)	(2.748.411)
Long-term portion	39.066	36.812

06.01 – NOTES TO THE QUARTERLY INFORMATION

Variation in the provision for doubtful debts is as follows:

	Consolidated	
	03/2011	12/2010
Initial balance	369.043	408.606
Provision recording	41.979	310.497
Provision write-offs	(46.278)	(350.060)
Final balance	364.744	369.043

The fair values of accounts receivable are as follows:

	Consolidated	
	03/2011	12/2010
Telephony services	3.015.649	3.043.371
Other accounts receivable	121.011	110.895
	3.136.660	3.154.266

Maturity of accounts receivable is as follows:

	Consolidated	
	03/2011	12/2010
To be due	2.154.468	2.237.402
Overdue up to 30 days	153.269	160.621
Overdue up to 60 days	70.700	58.678
Overdue up to days	354.697	343.810
Overdue for more than 90 days	403.526	353.755
	3.136.660	3.154.266

8 Inventories

	Consolidated	
	03/2011	12/2010
Cell phone sets	268.035	205.381
Accessories and pre-paid cards	14.196	12.887
TIM chips	28.705	21.516
	310.936	239.784
Provision for adjustment to realization amount	(8.469)	(11.130)
	302.467	228.654

9 Indirect taxes and contributions recoverable

	Parent Company		Consolidated	
	03/2011	12/2010	03/2011	12/2010
ICMS	-	-	743.597	679.350
Other	2	1	15.472	2.797
	2	1	759.069	682.147
Current portion	(2)	(1)	(551.078)	(494.036)
Long-term portion	-	-	207.991	188.111

Long term portion refers basically to ICMS on the subsidiaries' fixed assets.

10 Direct taxes and contributions recoverable

	Parent Company		Consolidated	
	03/2011	12/2010	03/2011	12/2010
Income tax	8.635	8.375	152.385	262.647
PIS/COFINS	-	-	221.431	211.255
Other	27	377	18.041	27.393
	8.662	8.752	391.857	501.295
Current portion	(30)	(380)	(232.906)	(361.929)
Long-term portion	8.632	8.372	158.951	139.366

The Company and TIM Celular have filed suits arguing the alleged unconstitutionality of Law No. 9718/98 regarding the expansion of the basis for calculation of taxes addressed therein, and demanding relief from collection of PIS and COFINS on revenues other than those arising from the Company's sales. However, as no final favorable sentence has been rendered yet, no PIS and COFINS credits have been recorded. According to management, the chances of a favorable ruling for the Companies are probable. The amounts involved are respectively R$6,571 and R$57,526, monetarily restated.

11 Deferred income and social security taxes

Deferred income and social contribution taxes are calculated on income tax losses, social contribution losses, and respective temporary differences between the bases for calculation of income and social contribution taxes on assets and liabilities and the book values included in the quarterly financial statements. The rates of said taxes, currently defined for determining said deferred taxes, are 25% for income tax and 9% for social contribution tax.

Deferred income and social contribution tax assets are recognized to the extent which it is probable that the future taxable income will be available to be used in offsetting the temporary differences, based on projections of future income using internal assumptions and future economic scenarios, which may therefore suffer changes.

Amounts available for offsetting are as follows:

	Parent Company		Consolidated	
	03/2011	12/2010	03/2011	12/2010
Tax losses	9.367	8.764	1.651.044	1.669.112
Negative social contribution base	3.437	3.220	594.363	600.852
Temporary differences				
Provision for doubtful debts	-	-	124.571	126.003
Derivative transactions	-	-	47.908	48.853
Provision for contingencies	1.463	1.367	89.368	84.679
Accelerated depreciation of TDMA equipment	-	-	10.163	11.419
Adjustment to present value – 3G licensing		-	24.174	24.660
Deferred income tax with no CPC adjustments	53.569	53.569	187.807	193.674
FISTEL court deposit	-	-	19.069	19.069
Income and social contribution taxes on the fair value of property, plant and equipment deriving from business combination	-	-	(81.799)	(83.708)
Other	1.766	1.787	23.749	18.431
	69.602	68.707	2.690.417	2.713.044
Provision for devaluation of tax credits	(69.602)	(68.707)	(1.077.245)	(1.064.020)
	-	-	1.613.172	1.649.024
Portion of deferred tax assets	-	-	1.694.971	1.732.732
Portion of deferred tax liabilities	-	-	(81.799)	(83.708)

TIM Celular

The subsidiary TIM Celular, based on the expectation of generating future taxable income, determined on the basis of a technical study approved by Management and reviewed by the fiscal council, recognized deferred tax assets on tax losses, social contribution losses and temporary differences, which do not expire.

Based on this technical study of generation of future taxable profits, TIM Celular estimates recovering these deferred tax assets in the following years:

2011	362.035
2012	274.580
2013	277.114
2014	252.119
2015	244.312
2016 onwards	284.811
	1.694.971

The estimates for recovery of deferred tax assets were based on projections of taxable profits, taking into account various financial and business assumptions considered in the closing of 2010. Consequently, these estimates may not occur in the future, due to the uncertainties inherent in these forecasts.

Intelig

Based on estimates of future taxable income and taking into account the history of tax losses and social contribution losses, our Intelig subsidiary is uncertain about the recoverability of income and social contribution tax credits. As result, the subsidiary did not recognize the respective deferred tax asset. The amounts of this potential asset are R$936,239 on March 31, 2011 and R$ 923,907 on December 31, 2010.

12 Prepaid expenses

	Consolidated	
	03/2011	**12/2010**
Fistel Fee (*)	521.109	-
Rentals and insurance	30.054	26.930
Advertising not released	61.593	80.293
Other	80.509	1.165
	693.265	108.388
Current portion	(606.165)	(93.768)
Long-term portion	87.100	14.620

13 Court deposits

	Parent Company		Consolidated	
	03/2011	12/2010	03/2011	12/2010
Civil	4.297	9.430	121.584	112.175
Labor	17.917	11.304	118.862	103.092
Tax (*)	7	7	252.702	170.148
Regulatory	-	-	104	104
	22.221	20.741	493.252	385.519

(*) In April 2008, Federal Law No. 11.652 was published related to the payment of the contribution for Development of the Public Radio Service to EBC (*Empresa Brasil de Comunicação*). It is the understanding of the company that this Law is unconstitutional since the contribution lacks the necessary characteristics for the valid creation of any taxes in accordance with the Federal Constitution. An injunction was filed in court to protect the interests of TIM Celular, and in March 2010 and March 2011 court deposits were made related to the contribution for 2010 and 2011 in the amounts, respectively, of R$56,086 and R$ 69,445, totaling R$ 125,531. A provision for this court deposit was recorded at this same amount under the item "Indirect taxes and contributions payable", under Long-Term Liabilities. The writ of mandamus is pending a decision from the lower court, and, in the opinion of the Company's internal and external legal counsel, the risk of loss is possible.

14 Other assets

	Parent Company		Consolidated	
	03/2011	12/2010	03/2011	12/2010
Advances to suppliers	-	-	47.620	61.403
Advance to employees	-	2	14.889	4.879
Fiscal incentives	-	-	14.387	13.533
Other rights	2.328	1.172	33.280	36.539
	2.328	1.174	110.176	116.354
Current portion	(2.328)	(1.174)	(92.399)	(98.591)
Long-term portion	-	-	17.777	17.763

15 Investiments – Parent company

(a) Interest in subsidiaries:

	03/2011		
	TIM Celular	**Intelig**	**Total**
Number of shares/quotas held	31.506.833.561	3.279.157.266	
Interest in total capital	100%	100%	
Shareholders' equity	9.682.786	686.337	
Net income (loss) for the period	246.921	(31.036)	215.885
Equity pick-up	246.921	(31.036)	215.885
Investment amount	9.666.905	686.337	10.353.242
Special goodwill reserve	15.881	-	15.881
Investment amount	9.682.786	686.337	10.369.123

	12/2010		
	TIM Celular	**Intelig**	**Total**
Number of shares/quotas held	31.506.833.561	3.279.157.266	
Interest in total capital	100%	100%	
Shareholders' equity	9.435.865	717.373	
Net income (loss) for the period	2.243.627	(22.356)	2.221.271
Equity pick-up	2.243.627	(22.356)	2.221.271
Investment amount	9.419.984	717.373	10.137.357
Special goodwill reserve	15.881	-	15.881
Investment amount	9.435.865	717.373	10.153.238

(b) Changes in investment in subsidiaries:

	TIM Celular	**Intelig**	**Total**
Balance of investments as of December 31, 2010	9.435.865	717.373	10.153.238
Equity pick-up	246.921	(31.036)	215.885
Balance of investments as of March 31, 2011	9.682.786	686.337	10.369.123

16 Property, Plant and Equipment

(a) Variation in property, plant and equipment

	Consolidated				
	Balance as of December 31, 2010	**Additions**	**Write-offs**	**Transfer**	**Balance as of March 31, 2011**
Cost of property, plant and equipment, gross					
Commutation / transmission equipment	**9.428.829**	-	(46)	373.775	**9.802.558**
Fiber optic cables	**466.438**	-	-	1.645	**468.083**
Loaned hand sets	**1.326.068**	-	(7.342)	34.258	**1.352.984**
Infrastructure	**2.211.729**	-	-	82.391	**2.294.120**
Computer assets	**1.156.631**	-	-	27.902	**1.184.533**
General use assets	**457.828**	-	(210)	10.420	**468.038**
Land	**38.175**	-	-	416	**38.591**
Construction work in progress	**1.078.304**	59.280	-	(530.807)	**606.777**
Total property, plant and equipment, gross	**16.164.002**	**59.280**	**(7.598)**	**(0)**	**16.215.684**
Accumulated depreciation					
Commutation / transmission equipment	**(6.619.862)**	(215.309)	15	(60)	**(6.835.216)**
Fiber optic cables	**(30.934)**	(7.820)	-	-	**(38.754)**
Loaned hand sets	**(1.112.108)**	(59.120)	4.525	-	**(1.166.703)**
Infrastructure	**(1.282.715)**	(35.122)	-	-	**(1.317.837)**
Computer assets	**(1.029.609)**	(15.435)	-	-	**(1.045.044)**
General use assets	**(225.051)**	(10.916)	21	60	**(235.886)**
Total accumulated depreciation	**(10.300.279)**	**(343.722)**	**4.561**	**-**	**(10.639.440)**
Property, plant and equipment, net					
Commutation / transmission equipment	**2.808.967**	(215.309)	(31)	373.715	**2.967.342**
Fiber optic cables	**435.504**	(7.820)	-	1.645	**429.329**
Loaned hand sets	**213.960**	(59.120)	(2.817)	34.258	**186.281**
Infrastructure	**929.014**	(35.122)	-	82.391	**976.283**
Computer assets	**127.022**	(15.435)	-	27.902	**139.489**
General use assets	**232.777**	(10.916)	(189)	10.480	**232.152**
Land	**38.175**	-	-	416	**38.591**
Construction work in progress	**1.078.304**	59.280	-	(530.807)	**606.777**
Total property, plant and equipment, net	**5.863.723**	**(284.442)**	**(3.037)**	**-**	**5.576.244**

(b) Depreciation rates

	Average annual rate %
Commutation / transmission equipment	8 à 14,29
Fiber optic cables	4 à 10
Loaned hand sets	50
Infrastructure	4 à 10
Computer assets	20
General use assets	4 à 10

In 2010 in conformity with ICPC 10, the Company and its subsidiaries carried out an evaluation of the useful life of their property, plant and equipment and concluded that no material change or alteration occurred in the circumstances underlying the estimates that would justify changes in the useful life currently used.

Operating technologies

The subsidiaries operate their service network using GSM and 3G technologies. As of March 31, 2011, no provision for impairment of property, plant and equipment was deemed necessary

17 Intangible assets

The authorizations for SMP operation and radio frequency rights, as well as software, goodwill and other items, were recorded as follows:

(a) Variation in intangible assets

	Consolidated			
	Balance at 12/31/2010	Additions	Transfer	**Balance at 03/31/2011**
Cost of intangible assets, gross				
Software rights	**6.861.798**	-	232.765	**7.094.563**
Concession licenses	**4.266.301**	-	-	**4.266.301**
Subsidies on sales of handsets and mini modems	**1.811.580**	-	7.870	**1.819.450**
Goods and facilities in progress	**69.773**	237.250	(240.635)	**66.388**
Goodwill	**367.571**	-	-	**367.571**
Other assets	**33.181**	-	-	**33.181**
Intangible assets, gross	**13.410.204**	**237.250**	**(0)**	**13.647.454**
Accumulated amortization				
Software rights	**(4.870.255)**	(191.773)	-	**(5.062.028)**
Concession licenses	**(2.246.144)**	(75.629)	-	**(2.321.773)**
Subsidies on sales of handsets and mini modems	**(1.749.030)**	(70.159)	-	**(1.819.189)**
Other assets	**(8.927)**	(1.517)	-	**(10.444)**
Total accumulated amortization	**(8.874.356)**	**(339.078)**	**-**	**(9.213.434)**
Intangible assets, net				
Software rights	**1.991.543**	(191.773)	232.765	**2.032.535**
Concession licenses	**2.020.157**	(75.629)	-	**1.944.528**
Subsidies on sales of handsets and mini modems	**62.550**	(70.159)	7.870	**261**
Goods and facilities in progress	**69.773**	237.250	(240.635)	**66.388**
Goodwill	**367.571**	-	-	**367.571**
Other assets	**24.254**	(1.517)	-	**22.737**
Intangible assets, net	**4.535.848**	**(101.828)**	**(0)**	**4.434.020**

(b) Amortization Rates

	Annual average rate %
Software rights	20
Concession licenses	5 a 20
Other assets	20

Subsidies on the sale of handsets and mini modems are amortized in 12 months.

Impairment test of intangible assets with indefinite useful life.

Every year, the Company tests the recoverability of goodwill based on expectations of future profitability. The calculations are based on the discounted cash flow, the parameters of which were the assumptions of the Company's 10-year Industrial Plan, and discount rates of 10% p.a.. The growth rates used are compatible with the market in which the Company operates. The results of such tests indicated no need for an accounting provision.

18 Suppliers

	Parent Company		Consolidated	
	03/2011	**12/2010**	**03/2011**	**12/2010**
Local currency				
Suppliers of materials and services	2.399	1.296	2.131.866	2.673.885
Interconnection (a)	-	-	230.419	210.307
Roaming (b)	-	-	147	240
Co-billing (c)	-	-	76.146	91.870
	2.399	1.296	2.438.578	2.976.302
Foreign currency				
Suppliers of materials and services	-	-	51.357	71.994
Roaming (b)	-	-	62.461	55.173
	-	-	113.818	127.167
Current portion	2.399	1.296	2.552.396	3.103.469

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

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

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

19 Loans and financing

Description:	Currency	Charges	Maturity	Guarantees	Consolidated 03/2011	12/2010
BNDES	URTJLP	URTJLP+1,72% to 4,8% p.a.	Oct/11 to Jul/18	TIM Participações surety and receivables from TIM Celular	1.676.185	1.787.897
BNDES	UMIPCA	UMIPCA+ 2,62% p.a.	Jul/17	TIM Participações surety .and receivables from TIM Celular	171.150	163.339
BNDES (PSI)	R$	4,5% p.a.	Jul/18	TIM Participações surety and receivables from TIM Celular	70.052	70.098
BNB	R$	10% p.a.	Jun/12 to Jan/16	Bank guarantee and TIM Participações surety	107.213	118.250
Santander (CCB)	R$	109,6% to 110% of CDI	Apr/11	-	210.914	204.957
Santander (Res. 2770)	R$	108,0% of CDI	Jun/11	-	170.638	165.901
Banco BNP (SACE)	USD	Libor+ 2,53% p.a.	Dec/17	TIM Participações surety	239.139	244.891
Banco Europeu de Investimento (BEI)	USD	Libor+ 0,57% to 0,673% p.a.	Sep/16 to Jun/17	Bank guarantee and TIM Participações surety	472.348	479.337
Total:					**3.117.639**	**3.234.670**
Current					(996.400)	(957.549)
Non Current:					2.121.239	2.277.121

The foreign currency loan taken out with Banco BNP Paribas, with a guarantee provided by the SACE group and CCB (Bank Credit Notes) for working capital contracted with Banco ABN AMRO Real S.A., currently Banco Santander Brasil S.A., has the same restrictive clauses under which that company has to comply with certain financial indices effective for syndicated loans. Our subsidiary TIM Celular is in compliance with all the required financial indices.

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

In August 2010, resources related to the financing from BNDES (Program for Investment Support – BNDES PSI) were released in the amount of R$92,000. These resources are being used for the acquisition of machinery and equipment in projects for the expansion of the network capacity. As this is financing subsidized by BNDES, i.e., with an interest rate (4.5% p.a.) lower than that practiced in the market, this transaction fits in the scope of IAS 20/CPC 07 Governmental Subvention and Assistance. Accordingly, using the effective interest method defined by IAS39/CPC 38 Financial Instruments, Recognition and Measurement, the following considerations were made; a comparison between i) total debt amount calculated based on rates fixed in contract and ii) total debt amount calculated based on the rates practiced in the market (fair value). Based on this comparison, the subvention granted by BNDES adjusted to present value resulted in R$22,772, which was recorded in the caption “Other liabilities”, and will be deferred over the useful life of the asset that is being financed and appropriated to the caption “Other Subvention Revenues”.

The Company’s subsidiaries entered into swap transactions as hedges against the devaluation of the *real* currency vis-à-vis foreign currencies and changes in the fair value of their loans, which were pegged to fixed interest rates and the TJLP (long-term interest rate).

The long-term portions of loans and financing as of March 31, 2011 mature as follows:

	Consolidated
2012	474.638
2013	365.065
2014	215.114
2015	215.114
2016 onwards	851.308
	2.121.239

Transactions with liability financial instruments did not indicate material differences between the fair value and the book value, principally because these instruments are contracted with development banks, such as the BNDES. In Brazil, there is not a consolidated long-term debt market with the characteristics of BNDES’ financing, so the supply of long-term credit to companies in general is limited to this financial institution, as well as other development banks. These financing agreements have specific characteristics and conditions, and use interest rates that are applicable to any entity and adjusted in accordance with specific credit risks of the entities and projects involved.

20 Labor obligations

	Parent Company		**Consolidated**	
	03/2011	**12/2010**	**03/2011**	**12/2010**
Payroll taxes	25	10	29.663	31.522
Salaries and provisions payable	-	-	107.235	85.337
Employees’ withholding	88	92	5.315	8.433
	113	102	142.213	125.292

21 Indirect taxes, fees and contributions payable

	Parent Company		Consolidated	
	03/2011	12/2010	03/2011	12/2010
ICMS		-	416.651	419.294
ANATEL taxes and fees		-	172.967	128.870
ISS	20	14	51.758	46.539
Other	-	-	5.083	7.392
	20	14	646.459	602.095
Current portion	(20)	(14)	(520.494)	(544.375)
Long-term portion	-	-	125.965	57.720

22 Direct taxes, fees and contributions payable

	Parent Company		Consolidated	
	03/2011	12/2010	03/2011	12/2010
Income and social contribution taxes	-	-	166.837	289.659
PIS / COFINS	-	-	97.486	100.779
Other	6	150	15.663	13.871
	6	150	279.986	404.309
Current portion	(6)	(150)	(141.005)	(265.328)
Long-term portion	-	-	138.981	138.981

23 Other liabilities

	Parent Company		Consolidated	
	03/2011	12/2010	03/2011	12/2010
Pre-paid services to be provided	-	-	263.844	264.147
Combination of shares (*)	20.347	20.347	20.347	20.347
Governmental subventions (note 19)	-	-	22.772	22.772
Other liabilities	8.218	8.211	15.044	16.894
	28.565	28.558	322.007	324.160
Current portion	(1.718)	(1.711)	(182.162)	(181.268)
Long-term portion	26.847	26.847	139.845	142.982

(*)On May 30, 2007, the Extraordinary Shareholders' Meeting of the Company approved the reverse split of all the shares issued by the Company in the proportion of one thousand (1,000) existing shares for each one (1) share of the related type. From June 1, 2007 to July 2, 2007, shareholders adjusted their equity holdings in lots of one thousand (1,000) shares, per type, through private negotiation, on the OTC market or on the São Paulo Stock Exchange (BOVESPA) at their free and sole discretion.

(**) In August 2010, the resources related to the financing from BNDES (Program for Investment Support – BNDES PSI) were released in the amount of R$92,000. This transaction fits in the scope of CPC 07 Governmental Subvention and Assistance. The subvention granted by BNDES adjusted to present value resulted in R$22,772 and will be deferred over the useful life of the assets that are being financed and appropriated to the caption "Other Subvention Revenues" (note 19).

24 Provision for contingencies

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

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

	Parent Company		Consolidated	
	03/2011	**12/2010**	**03/2011**	**12/2010**
Civil	-	-	53.169	40.531
Labor	4.303	4.021	54.394	53.162
Tax	-	-	145.752	145.099
Regulatory	-	-	9.533	10.265
	4.303	4.021	262.848	249.057

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

	12/2010	Additions, net of reversals	Payments	Monetary restatement	03/2011
Civil	40.531	31.009	(20.161)	1.791	53.169
Labor	53.162	1.060	(16)	188	54.394
Tax	145.099	445	(445)	652	145.752
Regulatory	10.265	(199)	(1.076)	543	9.533
	249.057	32.315	(21.698)	3.174	262.848

Civil Contingencies

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

Consumer lawsuits

The subsidiaries are parties to roughly 75,730 lawsuits (versus 69,890 as of December 31, 2010), which are mostly claims that have been filed by consumers. The aforementioned lawsuits relate to questions regarding the relationship between the subsidiaries and their clients, with highlight going to alleged undue collections, contract cancellation, deficiencies and failures in equipment delivery, and unjustified inclusion in credit report services. Regarding the matters related to INTELIG, we highlight allegations of fraud, undue collection and undue interruption.

Class Actions

There are four main class actions against subsidiaries where the risk of loss is regarded as being probable: (i) a lawsuit against TIM Celular in the State of Bahia with the aim of obtaining a ban on charging long-distance rates for calls originating and received between the towns of Petrolina, in the State of Pernambuco, and Juazeiro, in the State of Bahia, due to the existence of “state border areas”; and (ii) a lawsuit against TIM Celular in the State of Rio de Janeiro, involving the impossibility of charging a contract termination penalty in the case of theft of handsets.; (iii) lawsuit brought by the Municipal Consumer Defense agency (Procon) of Chapecó, state of Santa Catarina, against INTELIG, alleging non-compliance with ANATEL Resolution 85 art. 61 (retroactive collections) and (iv) lawsuit brought by the Government Attorney’s Office of Uberlândia, alleging the non-compliance with Anatel Resolution 85, art. 61(retroactive collection).

Due to the fact that said lawsuits entail positive and negative obligations and, taking into account the impossibility of accurately quantifying possible losses at the current stage of the legal proceedings, no provisions have been set up by Management regarding the above described contingencies.

<u>Labor Contingencies</u>

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

Labor Claims

Out of the total 6,852 labor claims as of March 31, 2011(6,382 as of December 31, 2010) filed against the Company and its subsidiaries, more than 79% relate to claims that involve service providers, with the great majority of these claims being concentrated in certain companies, which for the most part are located in the cities of São Paulo, Belo Horizonte, Rio de Janeiro, Curitiba and Recife. As a result of the merger of Holdco into TIM Participações, that took place in December 2009, there are 169 labor claims involving TIM/Intelig and Grupo Docas.

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

Any assessment of the chances of loss regarding these actions and the contingent amounts is subject to revision at periodic intervals, taking into account the legal decisions made during the course of the aforementioned processes, on account of regulatory changes or changes in case law guidelines and precedents issued by Superior Courts.

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

<u>Tax Contingencies</u>

IR and CSLL

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

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

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

The subsidiary continues to challenge these assessment notices before the tax authorities. At present the total amount assessed comes to a figure of R$209,805, while the company has set up a provision for the sum of R$24,203, the amount considered as probable loss by the management.

Regulatory Contingencies

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

The subsidiaries have exerted best efforts and presented all arguments to avoid sanctions. These arguments, which are mostly of a technical and legal nature, may help significantly reduce the initial fine charged or lead to the definitive dismissal of PADO, without any sanctions being applied. The provision set up by the Company considers this assessment.

Contingencies involving possible losses

Civil, labor, tax and regulatory actions have been filed against the company and its subsidiaries involving risk of loss that is classified as possible by the management and the company's legal advisors. No provisions have been set up for these contingencies, as shown below:

	Consolidated	
	03/2011	**12/2010**
Civil	384.936	364.550
Labor	306.671	262.330
Tax	3.819.161	2.397.408
Regulatory	88.702	79.803
	4.599.470	3.134.091

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

Civil

Class Actions

There are some class actions against subsidiaries where the risk of loss is regarded as being possible. They are summarized as follows: (i) a lawsuit against TIM Celular in the State of Pernambuco, challenging the company's policy of exchanging defective handsets, which is allegedly in disagreement with the manufacturer´s warranty terms; (ii) a lawsuit against TIM Celular in the State of Rio Grande do Norte (Natal), challenging the quality of the service provided by the network in the mentioned state; (iii) a lawsuit against TIM Celular in the State of Pará, challenging the quality of the service provided by the network in São Felix do Xingu; (iv) a lawsuit against TIM Celular in the State of Maranhão, challenging the quality of the service provided by the network in the municipalities of Balsas, Grajaú, Coelho Neto ; and (v) a lawsuit filed against TIM Celular, challenging the long-distance charges levied on calls made in the municipality of Bertioga – State of São Paulo and in the surrounding region, and (vi) lawsuit filed against TIM Celular in the State of Rio de Janeiro challenging the remittance of SMS without the previous consent of the consumer.

Other Actions and Proceedings

TIM Celular is a defendant, together with other telecommunications companies, in a lawsuit that has been brought by GVT in the 4th Lower Federal Court of the Federal District. The lawsuit is aimed at getting a declaration considering as null and void the contractual clause which provides for the VU-M amount used by the Defendants as interconnection, which is deemed by the plaintiff to be illegal and abusive, and as such requiring the refunding of all amounts allegedly charged in excess since July 2004. The judge granted an injunction determining the provisional payment of VU-M at a figure of R$ 0.2899 per minute, and ordered that GVT make court deposits equal to the amount of the difference between this amount and the amount indicated by the defendants. Currently, the parties are pending a statement on ANATEL's information about the arbitration proceeding between VIVO and GVT, through which the 2004 adjustment of VU-M was confirmed. In addition to the lawsuit, GVT has also filed a representation before the SDE (Secretariat of Economic Law), which agreed to file an Administrative Proceeding against the Company and other mobile telephone operators, on the grounds of an alleged infraction of economic principles, which was judged in March 2010.

The SDE ruled against the alleged practice of Price Squeeze and forwarded the proceeding to CADE for judgment, also voting for the dismissal of the charge of uniform conduct ("cartel").

TIM Celular is a defendant in a lawsuit for damages that has been filed by the services provider GLÓRIA SOUZA & CIA LTDA. before the 9th Lower Court of the municipality of Belém, in the State of Pará, where it is claiming the sum of R$6,119. Said company provided TIM with outsourced labor in Northern Brazil. Given TIM's decision to terminate the contract, the other party, disagreeing, brought a lawsuit claiming moral damages, alleging losses as a result of claims for severance payments brought by its employees. Case records were sent to the judge in August 2009. The outcome is pending the judge's decision about TIM's defense and the reply from Gloria Souza & Cia.

A legal action for collection was filed against TIM Celular by Mattos & Calumby Lisboa Advogados Associados, which is in progress at the 29th Lower Court of the Judicial District of Rio de Janeiro. The plaintiff asserts that it is owed money as a result of the contractual relationship that was entered into with TIM (Contract for the Provision of Professional Legal Services).The claim was accepted and the the report was approved by the judge. TIM filed an appeal challenging the expertise and the Court has recently ordered a new expert investigation.

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

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

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

SECIT filed an indemnification lawsuit against TIM arguing that TIM had not complied with the executed agreement. Said company was contracted by TIM to carry out infrastructure work to install ERBs in area 4 (Minas Gerais). TIM presented a defense and the action in its initial phase, pending judgment. The amount of the lawsuit is R$9,758.

In December 2010, TIM Celular S/A filed an ordinary collection action against ANATEL, with request of legal protection, in order to recognize and declare the annulment of PADO n.53500.025648/2005 and of Act n.62.985/07. Said Pado applied by ANATEL prevented the company participation in the bidding of “H” Band. The legal protection was not granted by courts that authorized TIM to deposit the amount of R$3,595,061.85 in Courts, to make the debt suspension feasible and the consequent participation of the company in the bidding. The judge granted the suspension of the collection until decision.

Labor Claims

Labor Claims

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

Case records 01102-2006-024-03-00-0 refer to a public civil action filed by the Labor Public Prosecutor's Office of the 3rd Region, in the State of Minas Gerais, which alleged irregular outsourcing practices and contained a formal request for collective moral damages. A judgment was rendered and published on April 16, 2008, in which the first degree acting judge ruled the Labor Public Prosecutors' Office claims as partially valid, recognizing irregular outsourcing and collective moral damages. An appeal was filed against this decision, and was dismissed on July 13, 2009. Prior to filing the aforementioned appeal, TIM Celular filed a writ of mandamus to prevent immediate compliance of the coercive acts imposed by the sentence. In view of the appeal filed, the writ of mandamus lost its purpose.

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

As a result of the above mentioned Public Civil Action in Minas Gerais, the Labor Public Prosecutor's Office of the Federal District filed case number 1218-2009-007-10-00-8 (Public Civil Action), alleging irregular outsourcing practices and a formal request for collective moral damages. The action was ruled groundless, establishing that, as a result of the General Telecommunications Law, all outsourcing in the telecommunications sector is legal. The Labor Public Prosecutor's Office filed an Ordinary Appeal in March/2010, being maintained the first level decision which dismissed the claim of the Ministry of Labor. Dissatisfied with the decision of the Ministry of Labor, the Labor Public Prosecutor filed an appeal, which is awaiting a hearing by the TST

A group of actions have been filed in the state of Paraná, involving claims for damages in connection with contractual provisions stamped in the employees` work cards. According to an internal rule, TELEPAR undertook to supplement the retirement benefits of employees hired up until 1982. Prior to privatization, TELEPAR had proposed to implement this benefit by means of the payment of a certain amount in cash. However, some of the company's former employees have questioned this transaction, and in some cases have obtained favorable decisions. It should also be pointed out that there is a group of labor claims, particularly in São Paulo, from former Gazeta Mercantil employees who have filed claims requesting inclusion of Holdco or TIM Participações as defendants, with later payment of damages. We point out that the plaintiffs were employees of the company Gazeta Mercantil, without any employment ties with Holdco or TIM Participações. It should be stressed that prior to the merger with TIM Participações, Holdco belonged to the Docas economic group, of which Gazeta Mercantil is part.

Social Security

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

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

Intelig received in Rio de Janeiro Debit Assessment Notices, related to alleged irregularity in the payment of social security contributions in connection with the following: (i) profit sharing; (ii) retention of 11% on service rendering contracts; (iii) lack of payment on management pró-labore; and (iv) lack of appropriate completion of the GFIP. An administrative defense was presented, with a negative result. Intelig appealed to the Taxpayers Council of the Finance Ministry, which is pending judgment.

<u>Tax Claims</u>

IR and CSLL

On October 30, 2006, TIM Celular received tax assessment notices in the total amount of R$331,171. In March 2007, the Federal Revenue Secretariat in Recife, State of Pernambuco, notified the subsidiary by means of a Tax Information Report, which informed the company that the amounts in connection with income and social contribution taxes and a separate fine, which added up to a total of R$73,027 (principal and separate fine) had been excluded from the assessment notice. So, the final value assessed was R$ 258.144.

These tax assessment notices make up the same administrative proceeding, and include demands in connection with income and social contribution taxes, together with a separate unrelated fine for various reasons. Most of the assessment relates to the amortization of goodwill resulting from the privatization auction of the Telebrás System and related tax deductions. Under Law No. 9532/97, Article 7, the proceeds of goodwill amortization can be included in the taxable income (*lucro real*) of a subsidiary created as a result of a merger, spin-off or consolidation, whereby one company has a stake in the other, with said stake being acquired based on the future profitability of the investee. It should be stressed that this is a normal market transaction and is in accordance with CVM (Brazilian Securities Commission) Instruction No. 319/99.

The Information Report Fiscal mentioned, promoted, in fact, a shift of part of the violations contained in the assessment that discussed the suitability timing of deductibility of goodwill to 159 specific federal tax cases, totaling the amount of R$ 85,771arising from compensation related to such recognition. In September 2009, a decision was rendered partially in favor of TIM Celular on one of the offsetting proceedings, reducing part of the credit offset by the subsidiary. At present, the subsidiary continues to challenge the remainder of the offsetting proceedings, which total R$73,074 in the administrative system and R$ 9,193 in the judicial system.

From May to July 2008, TIM Celular received 49 assessment notices issued by the Brazilian Federal Revenue in connection with income and social contribution taxes offset by the subsidiary in the years 2002, 2003 and 2004, totaling R$10,883. The aforementioned assessments were all timely challenged by the subsidiary, which is now awaiting a decision at the administrative level.

In December 2010, TIM Celular received tax assessment notices from the Federal Revenue Secretariat of São Paulo, in the amount of R$ 164,102 related to (i) alleged non-addition in the IRPJ and CSLL calculation basis of the amount related to goodwill amortization on the acquisition of Tele Nordeste Celular Participações shares; (ii) exclusion of the amortized goodwill; and (iii) deduction from IRPJ of tax incentives and other allegedly non-reimbursable items, in view of the alleged lack of formalization with the Federal Revenue Service of the incentive granted by Sudene. Said tax assessment notice was timely challenged by the subsidiary and is pending decision in the administrative level.

In March 2011, TIM Celular, as successor of TIM Nordeste (new name of Maxitel after the merger of TIM Nordeste Telecomunicações), received a tax assessment notice from the Federal Revenue Secretariat of Pernambuco, in the amount of R$ 1,265,346 related to IRPJ and CSLLL: (i) deduction of goodwill amortization expenses; (ii) exclusion of goodwill reversal of former BITEL; (iii), offset of tax losses and negative basis for not considering the merger of TIM Nordeste Telecomunicações by Maxitel;(iv) undue use of tax benefit for IR reduction (Sudene) in 2006, for alleged lack of formalization of the benefit before the Federal Revenue Service; (v) IRRF deduction without evidence of payment;(vi) deduction of estimates without evidence of payment; (vii) fine for payments less than estimates; (viii) regulatory fine for omission of information and non-delivery of digital files; and (ix) supplementary entry to the Administrative Process mentioned in the paragraph above. Said assessment was timely challenged by the subsidiary and is pending decision in the administrative level.

IRRF

In December 2006, the subsidiary Intelig was assessed by the Federal Revenue Secretariat in the amount of R$49,652, arising from alleged lack of payment of IRF and CIDE on remittance abroad as compensation for leaving traffic. Such assessment was challenged in the administrative level and had a favorable outcome in view of the final decision of the Writ of Mandamus that discussed the matter.

In May 2010, TIM Celular received 03 tax assessments from the Federal Revenue Secretariat in São Paulo, in the amount of R$50,026 relating to: (i) lack of IRRF payment on earnings of residents abroad remitted as international *roaming* and payment of non identified beneficiaries; (ii) lack of CIDE payment on *royalties* in remittances abroad as well as remittances related to international roaming ; and (iii) reduction of tax loss (IRPJ/CSLL) related to deduction of non evidenced expenses as technical services. Said assessments were timely challenged by the subsidiary and wait for decision in the administrative level.

PIS and COFINS

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

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

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

ICMS

TIM Celular received assessment notices from the tax authorities of the State of Santa Catarina in 2003 and 2004, mainly relating to disputes regarding the levying of ICMS on telecommunication services provided by the Parent Company and allegedly not paid, as well as in connection with the sale of phone sets. As a result of various favorable decisions in relation to the administrative proceedings the amount that is now being disputed is R$41,576 (the original tax assessment was for the sum of R$95,449). The subsidiary is currently challenging these assessments with the tax authorities at both the administrative as well as judicial levels. Based on the opinions both of the company's own lawyers as well as of law firms that provide the company with legal advice, management concluded that the processes still in progress may result in a possible loss for the subsidiary.

06.01 – NOTES TO THE QUARTERLY INFORMATION

Over the past few years, the subsidiary TIM Celular has received tax assessment notices drawn up by the tax authorities in various Brazilian States in connection with the payment of ICMS regarding operating aspects of the company's activity of provision of telecommunications services, as well as the sale of goods. Some grounds or reasons for tax assessments in connection with alleged failure to pay the tax, according to the allegations of the inspection agents include: (i) discussion regarding the requirement to pay the difference between the intrastate and interstate ICMS rate on the purchase of property, plant and equipment items for use and consumption and the determination of the ICMS basis of calculation for acquisition of goods intended for sale; (ii) recording of the taxed services (according to the understanding of the tax authorities) as not taxed by the subsidiary in the Transfer Register; (iii) alleged underpayment due to usage of the incorrect rate and the entry of telecommunications services as not taxed; (iv) alleged failure to make payment due to differences between the amount actually paid and the amount declared; and (v) payment of tax outside the term established by the state legislation, among others. The aforementioned assessments are being challenged in a timely fashion at both the administrative as well as the judicial level. The sum involved in those cases under discussion where the amount is in excess of R$5,000, comes to a total of R$105,661.

The subsidiary TIM Celular received tax assessment notices for ICMS drawn up by the tax authorities in the States of Rio de Janeiro and Bahia, for allegedly defaulting on payment of the tax, as well as the additional contribution regarding the "Fundo de Combate à Pobreza e às Desigualdades Sociais" (Fund for Fighting Poverty and Social Inequalities) allegedly due on: (i) the provision of international roaming services; and (ii) the provision of services in the pre-paid modality. The aforementioned assessments are being challenged at the administrative level and add up to a total sum of R$46,107.

The subsidiary TIM Celular received tax assessment notices drawn up by the tax authorities of the States of Paraíba, Rio de Janeiro , Paraná, Bahia, São Paulo and Goiás for the respective sums of R$8,247, R$38,274 and R$8,476, R$ 19,938, R$ 46,923 and R$7,410 in connection with the failure to proportionally reverse ICMS credits on shipment of exempt and non-taxed goods. The aforementioned assessments are being challenged at the administrative level and add up to a total sum of R$72,199.

The subsidiary TIM Celular received assessment notices from the tax authorities of the State of São Paulo and the State of Minas Gerais for the respective sums of R$329,471 and R$24,771, for allegedly having failed to include conditional discounts offered to clients in the ICMS basis of calculation. This subsidiary intends to challenge the aforementioned collection at the higher court.

In 2008, 2009 and 2010 the subsidiary TIM Celular received tax assessment notices for the total sum of R$161,698 drawn up by the tax authorities of the States of Ceará, São Paulo, Pernambuco, Paraná and Minas Gerais in connection with a debit arising from taking ICMS credit on the purchase of electric energy. The aforementioned assessments are being challenged at the administrative level.

On November 19, 2002, the subsidiary Intelig was assessed by the State of Minas Gerais' tax authorities for the sum of R$8,564, for allegedly having taken undue ICMS credit on the acquisition of property, plant and equipment items and materials intended for utilization and consumption by the company. This assessment is being challenged at the judicial level.

In November 2005, the subsidiary Intelig was assessed by the State of Mato Grosso's tax authorities for the sum of R$11,723, for allegedly having taken undue ICMS credit on the acquisition of property, plant and equipment items without the support of the respective Invoice and of the difference in the rate of ICMS. This assessment is being challenged at the judicial level.

In December 2007 and December 2008, the subsidiary Intelig received three assessment notices from the State of São Paulo's tax authorities for the amounts of R$5,204 and R$11,385 and R$5,804 for allegedly having taken undue ICMS credit in the years 2002 ,2003 and 2004 by means of the reversal of debits in connection with the cancellation of telecommunications services that were not actually provided. The Company's attempt to reverse the assessment relating to the year 2002 was unsuccessful at the administrative level, and the discussion of the debit was initiated at the judicial level. The assessments in relation to 2003 and 2004 are being challenged at the administrative level.

TIM Celular received tax assessment notices from tax authorities form the States of Paraná and Paraíba, in the amounts of R$27,188 and R$29,266 respectively, related to an alleged lack of ICMS payment on rendering of telecommunication services (prepaid service) - shipments of prepaid telephone cards. Said assessment notices are being challenged in the administrative level.

In April 2010 TIM Celular received 03 tax assessment notices from the Finance Secretariat of the State of Ceará in the amount of R$17,558 related to alleged: (i) lack of ICMS ST payment for not transferring to property and equipment certain goods acquired for inventories but loaned to customers, and (ii) lack of ICMS payment arising from the issuance of tax documents with a price lower than the acquisition cost. Said assessment notices are being challenged in the administrative level.

In November 2010 TIM Celular received 02 tax assessment notices from the Finance Secretariat of the State of São Paulo in the amount of R$ 18,444 related to the alleged undue credit of ICMS for telecommunication services not rendered due to fraud by recording and allegedly crediting ICMS relating to 2005 in duplicate. Said assessment notices are being challenged in the administrative level.

In November 2010 TIM Celular received 03 tax assessment notices from the tax authorities of the States of São Paulo and Rio Grande do Sul in the total amount of R$ 67,958 related to reversal of ICMS credit related to acquisition of permanent asset allegedly without evidence of the propriety of such entries in the CIAP – Control of ICMS Credits in Permanent Asset. Said assessment notices are being challenged in the administrative level.In March 2011 TIM Celular received tax assessment notices from the State of Tocantins in the amount of R$ 9,512 related to the alleged undue use of ICMS credit relating to 2006 to 2010, due to the lack of presentation of documents and legal justification supporting the reversal of debits made, which is classified as possible loss for the company. Said assessment notice is being challenged in the administrative level.

ISS

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

FUST -– Telecommunications Services Universalization Fund

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

Since October 2006, ANATEL has issued a number of assessment notices against the subsidiary TIM Celular, in connection with FUST charges that are allegedly due on interconnection revenues for the years from 2001 to 2005, together with a fine for arrears, on account of Abstract No. 07/05. The assessments for this period add up to a total amount of R$194,726.

The subsidiary Intelig has received a number of assessment notices from ANATEL, which add up to a total amount of R$45,645 in connection with FUST charges that are allegedly due on interconnection revenues for the periods from January to December 2001, 2002 and 2003, respectively. The aforementioned assessments are being challenged at the administrative level.

FUNTTEL – Telecommunications Technological Development Fund

The Ministry of Communications drew up assessment notices against the subsidiary TIM Celular in the amount of R$166,943, in connection with FUNTTEL amounts allegedly due on interconnection revenues for the years from 2001 to 2005, as well as a fine for arrears. It is the continued understanding of the Company that the above mentioned revenues are not subject to FUNTTEL. A writ of mandamus was filed to safeguard the Company's interests in relation to the non-payment of FUNTTEL on interconnection revenues, on the same grounds as those used for the FUST process. The intention to charge FUNTTEL on interconnection revenues is under suspension, due to a favorable ruling obtained in relation to the writ of mandamus that was filed by the subsidiary.

The subsidiary Intelig has received a number of assessment notices from the Ministry of Communications, which add up to a total amount of R$14,587 in connection with FUNTTEL charges that are allegedly due on interconnection revenues for the periods from January to December 2002, March to December 2003, April to December 2004 and January to November 2005, respectively. The aforementioned assessments are being challenged at the administrative level.

Regulatory proceedings

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

ANATEL, by orders issued in July 2010, officialized the staying effect associated with the recovery of 2% of interconnection revenues for payment of renewals of radio frequencies. There is no impact on the Company's provision, as at no time did the Company understand that there was a regulatory requirement associated with this payment.

ANATEL, by orders issued in February 2011, determined the recovery of 2% of interconnection revenues for payment of renewals of radio frequencies which are subject to administrative appeals submitted by TIM

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

State	Instrument of authorization	Expiry Date	Act	Amount
Paraná (except the municipalities of Londrina and Tamarana)	002/2006/PVCP/SPV	03/09/2022	57.551 de 13/04/2006	R$80.066
Santa Catarina	074/2008/PVCP/SPV	30/09/2023	5.520 de 18/09/2008	R$54.026
Municipality and region of Pelotas in Rio Grande do Sul	001/2009/PVCP/SPV	14/04//2024	1.848 de 13/04/2009	R$333
Ceará	089/2008/PVCP/SPV	28/11/2023	7.385 de 27/11/2008	R$41.728
Alagoas	045/2008/PVCP/SPV	15/12/2023	7.383 de 27/11/2008	R$20.038
Rio Grande do Norte	050/2008/PVCP/SPV	31/12/2023	7.390 de 27/11/2008	R$15.021
Paraíba	047/2008/PVCP/SPV	31/12/2023	7.386 de 27/11/2008	R$19.844
Piauí	049/2008/PVCP/SPV	27/03/2024	7.389 de 27/11/2008	R$13.497
Pernambuco	089/2008/PVCP/SPV	15/05/2024	7.388 de 27/11/2008	R$54.000

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

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

ANATEL has brought administrative proceedings against the subsidiaries for: (i) noncompliance with certain quality service indicators; and (ii) default on certain obligations assumed under the Instruments of Authorization and relevant regulations.
The subsidiaries submitted to ANATEL administrative defenses and filed administrative appeals, explaining that the reasons for default were due to several factors, most of them involuntary and not related to the companies' activities and actions. The provision for regulatory contingencies shown in the balance sheet reflects the amount of losses expected, that is, those deemed as probable by management.

25 Asset retirement obligations

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

	Consolidated	
	03/2011	**12/2010**
	(3 months)	**(12 months)**
Opening balance	255.737	239.635
Additions recorded throughout the period, net of write-offs	2.220	17.159
Monetary adjustment in the period	(10.586)	(1.057)
Closing balance	247.371	255.737

Provision is based on the estimated costs to be incurred on disassembly of towers and equipment at leased sites, discounted at present value so as to reflect the best current estimate.

26 Shareholders' equity

a. Capital stock

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

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

	03/2011	12/2010
Number of common shares	843.281.477	843.281.477
Number of preferred shares	1.632.453.583	1.632.453.583
	2.475.735.060	2.475.735.060

b. Capital reserves

Special goodwill reserve

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

c. Profit reserves

Legal reserve

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

Reserve for expansion

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

d. Dividends

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

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

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

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

27 Net operating revenue

	Consolidated	
	03/2011	03/2010
Telecommunications service revenue – Mobile		
Subscription and Use	2.371.264	2.038.988
Network use	896.620	918.789
Long distance	690.159	570.508
VAS - Additional services	640.353	484.153
Others	46.079	70.680
	4.644.475	4.083.118
Telecommunications service revenue – Landline	362.692	269.112
Telecommunications service revenue – Mobile and Landline	5.007.167	4.352.230
Goods sold	432.928	286.221
Gross operating revenue	5.440.095	4.638.451
Deductions from gross revenue		
Taxes	(1.221.029)	(1.056.052)
Discounts given	(414.713)	(184.079)
Returns and other	(52.089)	(102.281)
	(1.687.831)	(1.342.412)
Total net revenue	3.752.264	3.296.039

28 Cost of services provided and goods sold

	Consolidated	
	03/2011	03/2010
Personnel	(7.731)	(21.509)
Third party services	(90.529)	(91.397)
Interconnection	(939.762)	(860.659)
Depreciation and amortization	(460.657)	(515.219)
ANATEL fees	(7.470)	(7.568)
Rentals and insurance	(67.461)	(58.197)
Others	(4.166)	(4.440)
Cost of services provided	(1.557.776)	(1.558.989)
Cost of goods sold	(332.583)	(135.645)
Total cost of services provided and good sold	(1.910.359)	(1.694.634)

29 Selling expenses

	Consolidated	
	03/2011	03/2010
Personnel	(110.586)	(93.436)
Third party services	(532.724)	(483.850)
Advertising and publicity	(122.236)	(117.534)
Loss and allowance for doubtful accounts	(41.979)	(92.627)
ANATEL fees	(223.223)	(172.230)
Depreciation and amortization	(64.182)	(85.333)
Rentals and insurance	(8.702)	(8.721)
Other	(9.323)	(7.821)
	(1.112.955)	(1.061.552)

30 General and administrative expenses

	Parent Company		Consolidated	
	03/2011	03/2010	03/2011	03/2010
Personnel	(674)	(338)	(35.126)	(38.255)
Third party services	(1.822)	(62)	(99.863)	(93.424)
Depreciation and amortization	-	-	(82.332)	(103.489)
Rentals and insurance	(32)	(27)	(15.971)	(10.920)
Other	(266)	(222)	(8.473)	(7.834)
	(2.794)	(649)	(241.765)	(253.922)

31 Other operating revenues (expenses), net

	Parent Company		Consolidated	
	03/2011	03/2010	03/2011	03/2010
Revenues				
Fines on telecommunications services	-	-	7.868	7.598
Other operating revenue	-	-	1.921	1.029
	-	-	9.789	8.627
Expenses				
FUST/FUNTTEL	-	-	(34.063)	(26.596)
Taxes, fees and contributions	-	-	(690)	(2.474)
Provision for contingencies – Reversal settlement	(144)	16	(33.665)	(18.106)
Other operating expenses	-	(2)	(3.174)	(4.340)
	(144)	14	(71.592)	(51.516)
Amortization of concessions	-	-	(75.629)	(75.629)
	(144)	14	(147.221)	(127.145)
Other operating revenues (expenses), net	(144)	14	(137.432)	(118.518)

32 Financial revenue

	Parent Company		Consolidated	
	03/2011	03/2010	03/2011	03/2010
Interest on financial investments	109	630	50.751	32.340
Interest received from clients	-	-	9.807	9.982
Monetary adjustment	277	129	7.687	12.761
Exchange rate variations	-	1	50.792	160.496
Other revenue	-	80	396	861
	386	840	119.433	216.440

33 Financial expenses

	Parent Company		Consolidated	
	03/2011	03/2010	03/2011	03/2010
Interest on loans and financing	-	-	(63.357)	(77.238)
Interest paid to suppliers	-	-	(1.757)	(4.706)
Interest on taxes and fees	(18)	-	(2.588)	(103)
Monetary adjustment	(50)	12	(8.702)	(5.422)
Discounts given	-	-	(4.980)	(4.973)
Exchange rate variations	-	(78)	(62.489)	(188.398)
Other expenses	(11)	(24)	(8.176)	(6.516)
	(79)	(90)	(152.049)	(287.356)

34 Income and social contribution tax expenses

	Consolidated	
	03/2011	03/2010
Current tax		
Income tax for the period	(59.980)	(19.095)
Social contribution for the period	(22.126)	(6.939)
Tax incentive - ADENE	14.277	-
	(67.829)	(26.034)
Deferred income tax		
Deferred income tax	(26.362)	(11.679)
Deferred social contribution	(9.490)	(4.204)
	(35.852)	(15.882)
	(103.681)	(41.916)

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

	Consolidated	
	03/2011	03/2010
Income (loss) before income tax and social contribution	317.137	96.497
Combined tax rate	34%	34%
Income and social contribution taxes at the combined tax rate	(107.827)	(32.809)
(Additions)/exclusions:		
Unrecognized tax losses and temporary differences	(11.828)	(26.567)
Recognized tax losses and temporary differences	-	(15.882)
Permanent (additions)/exclusions	(1.589)	(1.750)
Tax incentive - ADENE	14.277	-
Difference in calculation of tax loss from previous years	338	36.809
Other amounts	2.948	(1.717)
	(4.146)	(9.107)
Income and social contribution taxes charged to income for the period	(103.681)	(41.916)

35 Earnings per share

(a) Basic

Basic earnings per share are calculated by dividing income attributable to shareholders of the company by the weighted average number of shares issued during the year.

	03/2011	03/2010
Income (loss) attributable to shareholders of the company	213.456	54.581
Weighted average number of common and preferred shares in issue (thousands)*	2.475.735	2.475.735
Basic earnings per share	0,08622	0,02205

(b) Diluted

Diluted earnings per share are calculated by adjusting the weighted average number of shares outstanding to assume conversion of all potential dilutive shares. The Company does not have potential shares.

36 Transactions with Telecom Italia Group

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

	Assets	
	03/2011	12/2010
Telecom Personel Argentina (1)	2.067	1.043
Telecom Italia Sparkle (1)	12.331	12.578
Telecom Italia S.p.A. (2)	7.269	3.251
Other	1.768	1.102
Total	23.435	17.974

	Liabilities	
	03/2011	12/2010
Telecom Italia S.p.A. (2)	5.257	21.643
Telecom Personel Argentina (1)	1.771	1.849
Telecom Italia Sparkle (1)	7.215	4.225
Italtel (3)	15.222	15.361
Other	1.732	1.470
Total	31.197	44.548

	Revenue	
	03/2011	03/2010
Telecom Italia S.p.A. (2)	4.149	4.960
Telecom Personel Argentina (1)	1.425	1.663
Telecom Italia Sparkle (1)	5.758	4.556
Other	452	325
Total	11.784	11.504

	Cost/Expense	
	03/2011	03/2010
Telecom Italia S.p.A. (2)	2.628	2.003
Telecom Italia Sparkle (1)	3.990	11.280
Telecom Personel Argentina (1)	1.699	1.975
Lan Group (4)	3.267	-
Other	612	419
Total	12.196	15.677

(1) These amounts refer to roaming, value-added services (VAS) and assignment of means.

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

(3) These amounts refer to the development and maintenance of software used in the billing of telecommunication services.

(4) These amounts refer to rental of links, rental of EILD and sign service.

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

Transactions with related parties are carried out at usual market conditions.

37 Financial instruments and risk management

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

The Company's financial instruments are presented, through its subsidiaries, in compliance with IAS 32/CPC 39.

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

(i) Exchange variation risks

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

As of March 31, 2011, the subsidiaries' financing indexed to foreign currency was fully covered by swap contracts in terms of time and amount. Any gains or losses arising from these swap contracts are charged to earnings of the subsidiaries.

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

(ii) Interest rate risks

Interest rate risks relate to:

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

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

- the possibility of unfavorable changes in interest rates, which would result in higher financial expenses for the subsidiaries due to the indebtedness and the obligations assumed by the subsidiaries under the swap contracts indexed to floating interest rates (CDI percentage). However, as of March 31, 2011, the subsidiaries' financial funds were invested in Interbank Deposit Certificates (CDI), and this considerably reduces such risk.

(iii) Credit risk inherent in the provision of services

This risk is related to the possibility of the subsidiaries incurring losses from the difficulty in collecting amounts billed to customers. In order to mitigate this risk, the subsidiaries perform credit analysis that assists management of risks related to collection problems, and monitor accounts receivable from subscribers, blocking the use of services by customers in the event that they default on payment of their bills. As of

March 31, 2011 and 2010, no customers accounted for more than 10% of net receivables from services provided or of revenue from services rendered in the periods then ended.

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

The policy adopted by the subsidiaries for the sale of phone sets and distribution of prepaid telephone cards is directly related to credit risk levels accepted in the regular course of business. The choice of partners, the diversification of the accounts receivable portfolio, the monitoring of loan conditions, the positions and limits defined for orders placed by traders, and the adoption of guarantees are procedures adopted by the subsidiaries to minimize possible collection problems with their business partners. As of March 31, 2010 and 2011, no customers accounted for more than 10% of net receivables from the sale of goods or of revenue from the sale of goods in the periods then ended.

(v) Financial credit risk

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

Fair value of derivative financial instruments

The consolidated derivative financial instruments are as follows:

	03/2011			**12/2010**		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Derivative transactions	24.223	(165.128)	(140.905)	22.868	(166.553)	(143.685)
Current portion	5.920	(1.769)	4.151	6.122	(2.071)	4.051
Non-current portion	18.303	(163.359)	(145.056)	16.746	(164.482)	(147.736)

As of March 31, 2011, the long-term consolidated financial derivative instruments matured as follows:

	Assets	**Liabilities**
2012	1.951	(93)
2013	1.024	-
2014	-	-
2015	-	-
2016 onwards	15.328	(163.266)
	18.303	**(163.359)**

Consolidated assets and liabilities measured at fair value:

March 31, 2011	Level 1	Level 2	Total
Assets			
Financial assets at fair value through income			
- Trading securities	1.530.819		1.530.819
- Derivatives used for hedging purposes		24.223	24.223
Total assets	**1.530.819**	**24.223**	**1.555.042**
Liabilities			
Financial liabilities at fair value through income			
- Derivatives used for hedging purposes		165.128	165.128
Total liabilities		**165.128**	**165.128**

December 31, 2010	Level 1	Level 2	Total
Assets			
Financial assets at fair value through income			
- Trading securities	2.304.077		2.304.077
- Derivatives used for hedging purposes		22.868	22.868
Total assets	**2.304.077**	**22.868**	**2.326.945**
Liabilities			
Financial liabilities at fair value through income			
- Derivatives used for hedging purposes		166.553	166.553
Total liabilities		**166.553**	**166.553**

The fair value of financial instruments traded on active markets (such as trading and available-for-sale securities) is based on quoted market prices at the balance sheet date. A market is regarded as active if quoted prices are readily and regularly available from an exchange, dealer, broker, industry group, pricing service, or regulatory agency, and those prices represent actual and regularly occurring market transactions on an arm's length basis. These instruments are included in Level 1. The instruments included in Level 1 comprise, mainly, investments in Bank Deposit Certificates classified as trading securities.

The fair value of financial instruments that are not traded on an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximize the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2.

If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3.

Specific valuation techniques used to value financial instruments include:

- Quoted market prices of financial institutions or dealer quotes for similar instruments.
- The fair value of interest rate swaps is calculated as the present value of the estimated future cash flows based on observable yield curves.
- Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

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

Capital management

The Group manages its capital with a view to maintaining its ability to continue offering a return to shareholders and benefits to the other interested parties, in addition to preserving a capital structure which is best able to reduce the cost thereof.

In order to maintain or to amend its capital structure, the Company can review its dividend payment policy or return capital to the shareholders; or it can issue new shares or sell assets if it should be necessary, for example, to reduce the level of indebtedness.

The Company's hedging policy against financial risks - Summary

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

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

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

As of March 31, 2011 and 2010, no type of margin or guarantee applied to transactions with derivative instruments were entered into by the Company and its subsidiaries.

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

The table below shows the derivative instruments transactions contracted by the subsidiaries and effective as of March 31, 2011 and December 31, 2010:

	Object	Currency	Reference (Notional) Amount 03/2011	Reference (Notional) Amount 12/2010	Fair Value 03/2011	Fair Value 12/2010
Fixed interest risk vs. CDI	Part of financing obtained from BNB	BRL	29.120	34.501		
Active position					54.123	62.700
Passive position					(47.704)	(55.415)
Net balance					6.419	7.285
TJLP risk vs. CDI	Part of financing obtained from BNDES	BRL	206.883	230.665		
Active position					206.217	228.578
Passive position					(205.604)	(228.990)
Net balance					614	(412)
USD exchange risk vs. CDI	Full protection against exchange variation risk of Res.2770 Lines granted by Santander, Bancos BNP Paribas and BEI	USD	840.940	840.940		
Active position					667.233	673.770
Passive position					(815.171)	(824.328)
Net balance					(147.938)	(150.558)
TOTAL			**1.076.943**	**1.106.106**	**(140.905)**	**(143.685)**

Fixed interest swap vs. CDI

The subsidiary TIM Celular has debts contracted at fixed rates with Banco Nordeste do Brasil (BNB) and BNDES. With the purpose of protecting against possible loss in the case of falling interest rates, part of the financing transactions contracted in 2004 and 2005 with the BNB was hedged. Said derivative instruments mature every month through April 2013 and protect approximately 51.01% of all the financing obtained from BNB by TIM Celular.

Based on BNB's current reference rate of 10% p.a., the financing obtained by the subsidiary TIM Celular and the respective derivative instruments contracted as part of these financing transactions average 11.10% p.a. as a receivable item and 72.79% of the CDI as a payable item. These derivative instruments were contracted from Santander and Itaú BBA S.A.

TJLP Swaps vs. CDI

These derivative instrument transactions are intended to protect the subsidiary TIM Celular against possible loss due to an increase in BNDES's reference rate (TJLP) for financing contracted with this institution in 2005. Its payable portion is contracted at an average cost equivalent to 91.09% of the CDI. These transactions currently protect 12.36% of the total financing taken from BNDES. As of March 31, 2011, the subsidiary TIM Celular recorded a positive result from this transaction, having the following banks as counterparties: Santander and Itaú BBA S.A.

Exchange Swaps vs. CDI

The derivative instruments of this type are intended to protect the subsidiary TIM Celular against exchange risks involved in the contracts in foreign currency, contracted from BNP Paribas with guarantee of SACE and BEI.

The loan from BNP Paribas is protected at an average cost of 95.01% of the CDI and the loan from BEI at a cost of 95.42% of CDI. As a receivable item, a swap is contracted using the same coupon as that of the drawn line. In this case, the exchange variation on financing is fully offset by the variation on contracted swaps. In addition, these swaps fall due at the same date as the debt settlement, which will occur up to the end of 2017.

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

Sensitivity Analysis Table – Effects of the variation in fair value of the swaps

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

Description	03/2011	Probable Scenario	Possible Scenario	Remote Scenario
Fixed-rate debt (partial amount)	54.123	54.123	52.921	51.788
Fair value of swaps receivable	54.123	54.123	52.921	51.788
Fair value of swaps payable	47.703	47.703	47.407	47.121
Net swap exposure	**6.420**	**6.420**	**5.514**	**4.667**
TJLP-indexed debt (partial amount)	206.217	206.217	200.241	194.659
Fair value of swaps receivable	206.217	206.217	200.241	194.659
Fair value of swaps payable	205.603	205.603	205.362	205.146
Net swap exposure	**614**	**614**	**(5.121)**	**(10.487)**
USD-indexed debit (BNP Paribas and BEI)	667.232	667.232	859.477	1.061.895
Fair value of swap receivable	667.232	667.232	859.477	1.061.895
Fair value of swap payable	815.170	815.170	816.919	818.965
Net swap exposure	**(147.938)**	**(147.938)**	**(42.558)**	**(242.930)**

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

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

Our sensitivity analyses referring to the derivative instruments in effect as of March 31, 2011 basically rely on assumptions relating to variations of the market interest rate and TJLP, as well as variations of foreign currencies underlying the swap contracts. These assumptions were chosen solely because of the characteristics of our derivative instruments, which are exposed only to interest rate and exchange rate variations.

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

Risk variable	Probable Scenario	Possible Scenario	Remote Scenario
CDI	11,66%	14,58%	17,49%
TJLP	6,00%	7,50%	9,00%
USD	1,6546	2,0683	2,4819

<u>Gains and losses in the period</u>

	03/2011
Fixed interest risk vs. CDI	180
TJLP risk vs. CDI	1.412
USD exchange risk vs. CDI	(21.876)
JPY exchange risk vs. CDI	(20.284)
Net gains (losses)	180

38 Pension plans and other post-employment benefits

	Parent company	
	03/2011	12/2010
Term of atypical contractual relationship (TRCA)	4.299	4.362
PAMA	894	894
	5.193	5.256
	Consolidated	

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	03/2011	12/2010
Term of atypical contractual relationship (TRCA)	4.299	4.362
PAMA	4.486	4.486
PAMEC/active participants' policy	318	318
	9.103	9.166

Supplementary Pension Plan

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

Term of atypical contractual relationship

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

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

As a result of the Telebrás spin-off in June 1998, the Company opted for extinguishing this supplementary pension plan. Accordingly, the participants were entitled to payment in cash of accumulated benefits or transfer of the obligations assumed under this plan to the PBT-SISTEL plan. Most of the participants opted for payment in cash or enrollment in the PBT-SISTEL plan. The remainder, duly provided for, will be used to cover benefits due to the employees who have not made their option (4 employees as of March 31, 2010 and 2009).

SISTEL and TIMPREV

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

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

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

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

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

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

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

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

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

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

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

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

On January 29, 2007 and April 9, 2007, through the Brazilian Secretariat for Supplementary Pension Plans - SPC, the Ministry of Social Security approved the transfer of the management of the benefits plans PBS–Tele Celular Sul, TIM Prev Sul, PBT–TIM, Convênio de

Administração, PBS–Telenordeste Celular and TIM Prev Nordeste (according to SPC/DETEC/CGAT Communications Nos. 169, 167, 168, 912, 171 and 170, respectively) from SISTEL to HSBC – Fundo de Pensão.

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

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

In the quarter ended March 31, 2011, contributions to pension plans and other post-employment benefits amounted to R$34 (R$34 in the same period of 2010).

39 Management's Fees

Salaries and benefits paid to the Company's and its subsidiaries' management in the quarter ended March 31, 2011, totaled R$2,005 (R$788 in the same period of 2010).

40 Insurance

The Company and its subsidiaries maintain a policy for monitoring the risks inherent to their operations. Thus, as of March 31, 2010, the Company and its subsidiaries had insurance coverage against operating risks, third party liability, and health, among others. The management of the Company and its subsidiaries consider the insurance coverage sufficient to cover eventual losses. The table below shows the main assets, liabilities or interests insured and their respective amounts:

Types	Amounts Insured
Operating Risks	R$19.750.698
General Third Party Liability - RCG	R$50.000
Vehicles (Executive and Operational Fleets)	100% of the Reference Fipe Table. R$1,000,000.00 for civil liability (Property Damages and Personal Injury) and R$100,000.00 for Pain and Suffering.

41 Commitments

Rentals

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

2012	358.941
2013	375.093
2014	391.972
2015	409.611
2016	428.043
	1.963.660

42 Transactions with Telefónica Group

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

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

The agreements between the operators of the TIM group controlled by TIM Participações and the operators of the Telefónica group in Brazil, in force at March 31, 2010, refer solely to telecommunications services covering interconnection, roaming, site-sharing and co-billing procedures, as well as contracts relating to CSP (operator code) at regular price and conditions, in accordance with applicable legislation. As of March 31, 2011, the receivables and payables arising from these agreements amounted to R$122,006 and R$94,414 respectively (R$129,249 and R$92,649 as at December 31, 2010). The amounts charged to income by the Company after approval of the transaction represent operating revenue and expenses totaling R$320,109 and R$222,112 (R$321,208 and R$212,988 as at March 31, 2010) respectively.

43 Expenses by type

	03/2011	03/2010
Expenses by type:		
Cost of services provided and good sold	(1.910.359)	(1.694.634)
Selling expenses	(1.112.955)	(1.061.552)
General and administrative expenses	(241.765)	(253.922)
Other operating revenue (expense), net	(137.432)	(118.518)
	(3.402.511)	(3.128.626)
Classified as:		
Personnel	(153.443)	(153.200)
Advertising and publicity	(122.236)	(117.534)
Third party services	(723.116)	(668.671)
Interconnection	(939.762)	(860.659)
Cost of goods sold	(332.583)	(135.645)
Depreciation and amortization	(682.800)	(779.670)
Allowance for doubtful accounts	(41.979)	(92.627)
Taxes, fees and contributions	(265.446)	(208.868)
Others	(141.146)	(111.752)
	(3.402.511)	(3.128.626)

44 Consolidated statement of comprehensive income

	03/2011	03/2010
Net income (loss) for the period	213.456	54.581
Other components of comprehensive income for the period	-	-
Total comprehensive income for the period	213.456	54.581
Attributable to: Shareholders of the Company	213.456	54.581

45 Supplementary disclosure about consolidated cash flow

	31/03/2011	31/03/2010
Interest paid	49.201	69.445
Income and social contribution taxes paid	52.733	4.533

46 Subsequent events

On April 11, 2011, the shareholders of TIM Participações in a General Meeting approved the renewal of the cooperation and support agreement between Telecom Itália S.p.A and TIM Celular with the participation of the Company, valid for the period January 3, 2011 to January 2, 2012, for an amount of approximately R$22,791 (note 36).

Report on Review of Quarterly Information

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

Introduction

We have reviewed the accompanying parent company and consolidated interim accounting information of TIM Participações S.A., included in the Quarterly Information (ITR) Form for the quarter ended March 31, 2011, comprising the balance sheet and the statements of income, changes in equity and cash flows, for the quarter then ended, including a summary of significant accounting policies and other explanatory information.

Management is responsible for the preparation of the parent company interim accounting information in accordance with the accounting standard CPC 21 - Interim Financial Reporting, of the Brazilian Accounting Pronouncements Committee (CPC), and of the consolidated interim accounting information in accordance with accounting standard CPC 21 and International Accounting Standard (IAS) 34 –Interim Financial Reporting, issued by the International Accounting Standards Board (IASB), as well as for the presentation of this information in accordance with the standards issued by the Brazilian Securities Commission (CVM), applicable to the preparation of the Quarterly Information (ITR). Our responsibility is to express a conclusion on this interim accounting information based on our review.

Scope of review

We conducted our review in accordance with Brazilian and International Standards on Reviews ofIinterim Financial Information (NBC TR 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity and ISRE 2410 – Review of Interim Financial Information Performed by the Independent Auditor of the Entity, respectively). A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Brazilian and International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all the significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion on the parent company interim information

Based on our review, nothing has come to our attention that causes us to believe that the accompanying parent company interim accounting information included in the quarterly information referred to above has not been prepared, in all material aspects, in accordance with CPC 21 applicable to the elaboration of Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securties Commission (CVM).

Conclusion on the consolidated interim information

Based on our review, nothing has come to our attention that causes us to believe that the consolidated interim accounting information included in the quarterly information referred to above has not been prepared, in all material respects, in accordance with CPC 21 and IAS 34 applicable to the preparation of Quarterly Information, and presented in accordance with the standards issued by the Brazilian Securities Commission (CVM).

Other matters

Interim statement of value added

We have also reviewed the parent company and consolidated interim statements of value added for the quarter ended March 31, 2011, which are required to be presented in accordance with standards issued by the Brazilian Securities Commission (CVM) applicable to the elaboration of Quarterly Information (ITR) and are considered supplementary information for IFRS, which does not require the presentation of the statement of value added. These statements have been submitted to the same review procedures described above and, based on our review, nothing has come to our attention that causes us to believe that they have not been prepared, in all material respects, in relation to the parent company and consolidated interim accounting information taken as a whole.

São Paulo, May 2, 2011

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