

TIM Brasil - Meeting with Investors

February, 2013



Blue Man Group

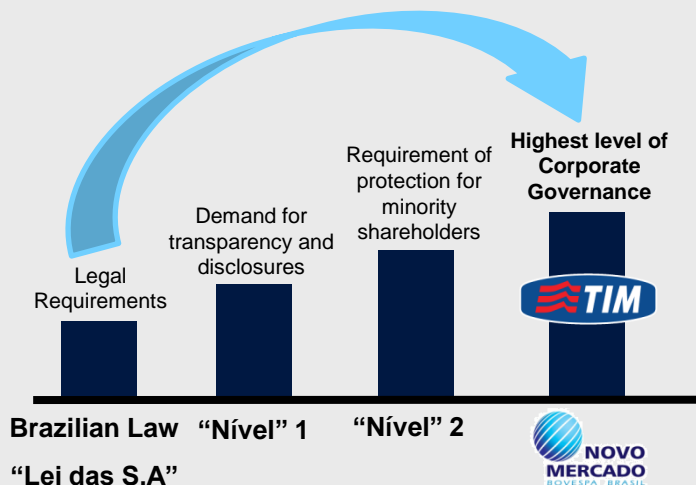
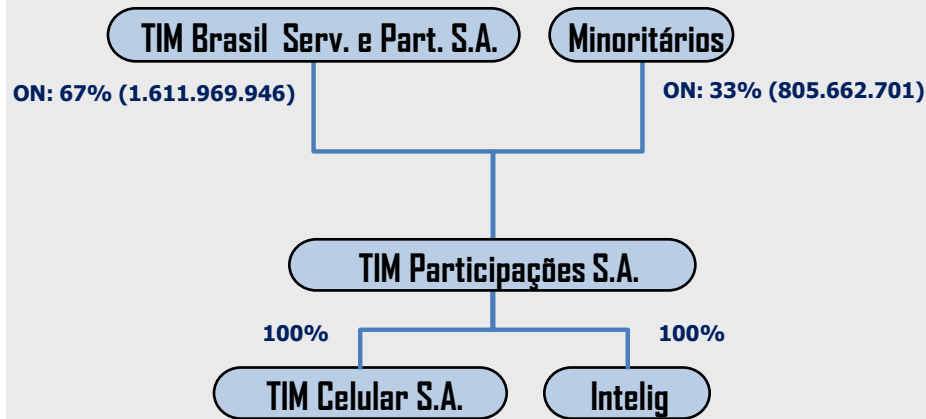
TIMP3



Você, sem fronteiras.



Shareholders Structure



TIM: A Huge Brazilian Company

- ✓ Presence in Brazil since 1998
- ✓ **Unique** Telco company listed on the Novo Mercado:
 - . 100% Tag Along and equal dividend rights
 - . One single class of shares
 - . Independent Board members
 - . A more strict disclosure policy
- ✓ ~ **11,000** direct employees
- ✓ + **21,000** indirect jobs
- ✓ +**400,000** Points of Sales (Top-up and SIM cards)
- ✓ + **130** own stores
- ✓ > **70 million** costumers. **The 2nd** player.
- ✓ **11 Customer Care Centers** with **14,000 consultants**
- ✓ ~ **11,500** antennas in **3,383** cities, covering **+94%** urban population
- ✓ **Exclusive attendance of 391 municipalities** and 1.64 million customers
- ✓ Payment of **R\$7.3 billion** in taxes and contributions in 2011
- ✓ Investment: **R\$3.8 billion** in 2012



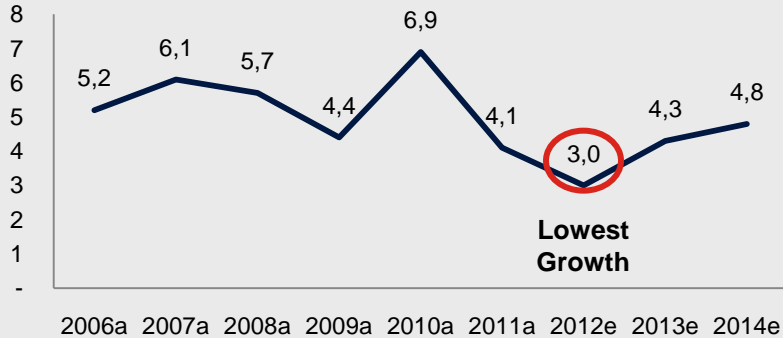
Strategy

Macro-Economic Fundamentals Remain Solid



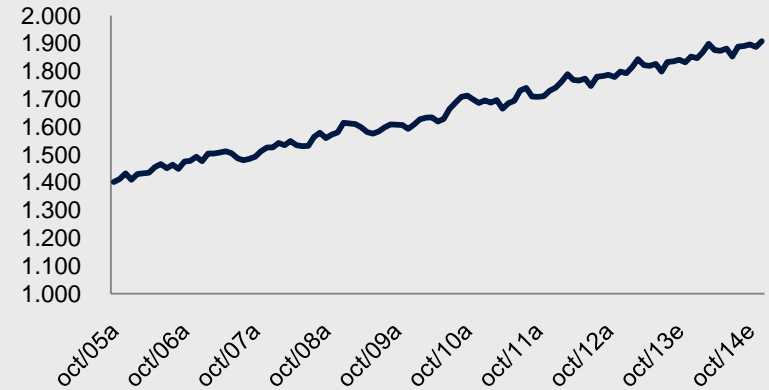
Brazilian families consumption is growing every year

Families consumption on Brazilian GDP demand side - %YoY growth



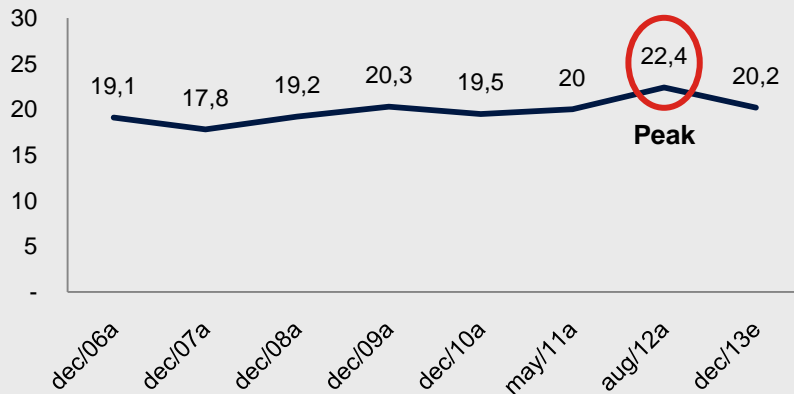
Families Income is increasing continually

Average Real Salary (R\$)



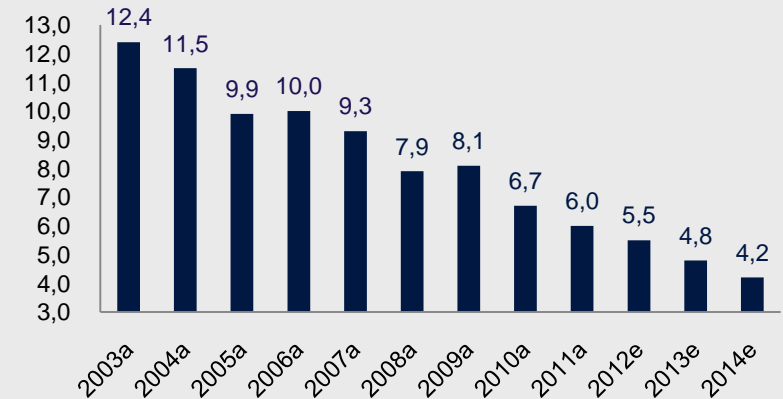
Family Indebtness will probably drop

% debt service/families income



Unemployment rate is reaching a low record constantly

Unemployment Rate(%)

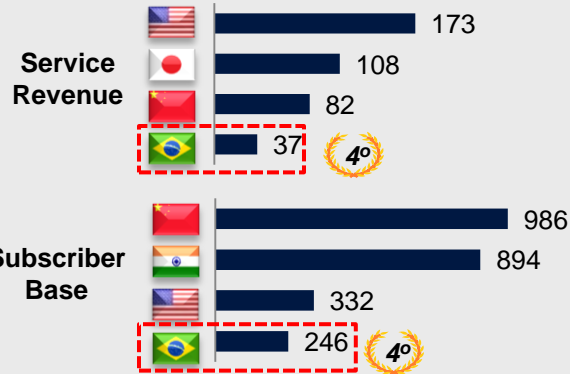


Mobile Business in Brazil is driving sector growth



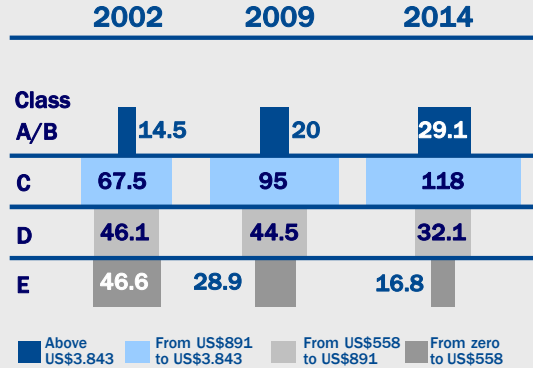
A huge market....

Serv.Rev. US\$ Bln; Mln subs; 2011



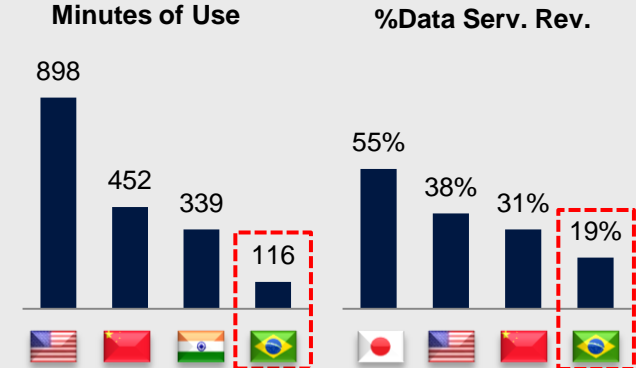
...with demographic bonus

Mln of people



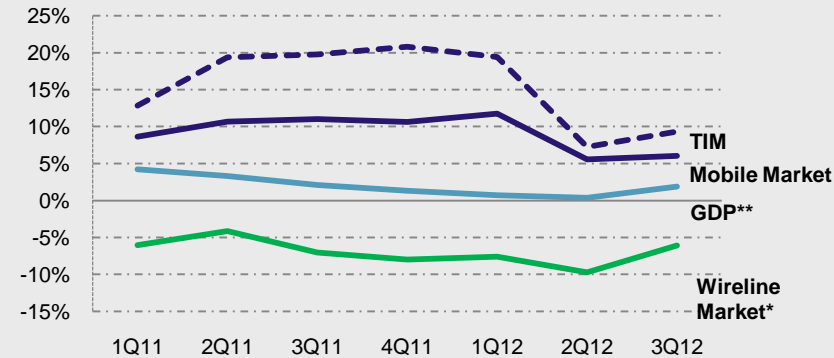
... and still low Voice and Data usage

MoU (minutes); Data as a % of Serv. Rev.; 2011



Brazil: GDP vs. Telecom Revenues Growth

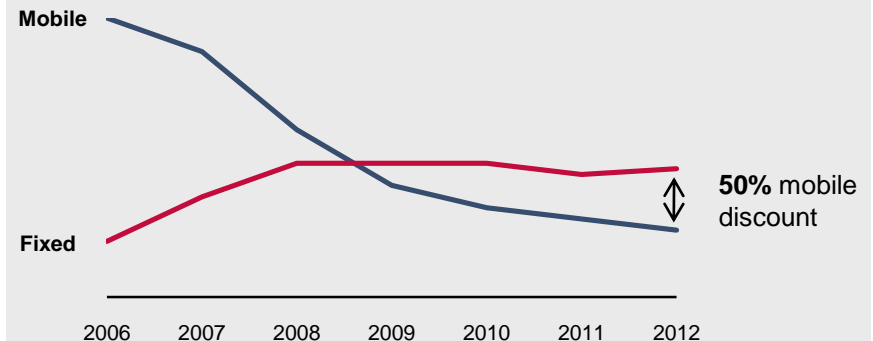
% Growth YoY



**BaCen estimates for 3Q12

ARPM Fixed vs. Mobile

R\$

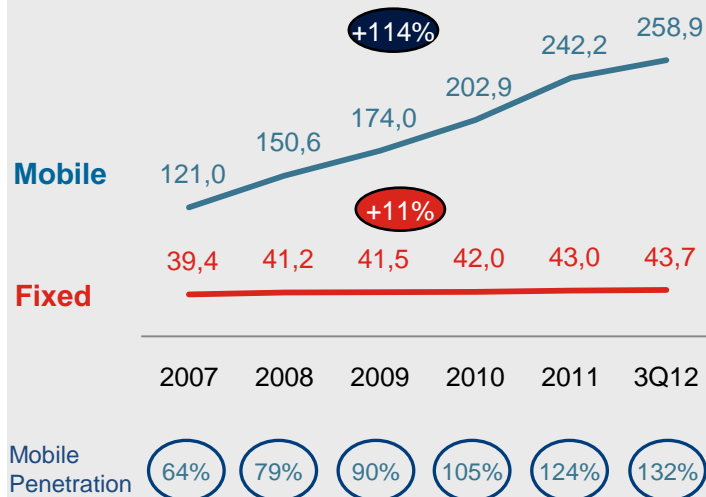


Mobile Segment to Support Universalization



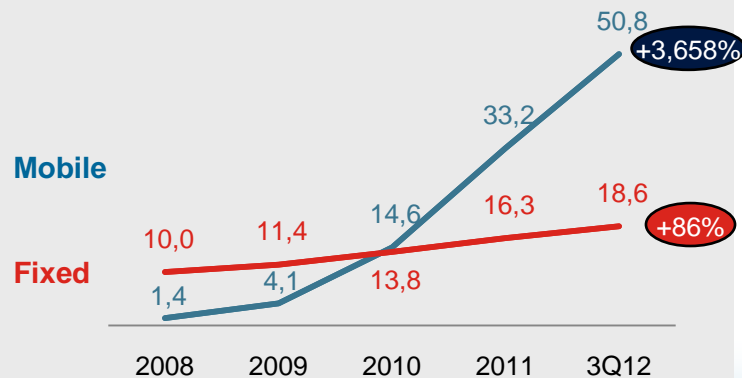
Customers Growth - Telecom

(Mln customers)



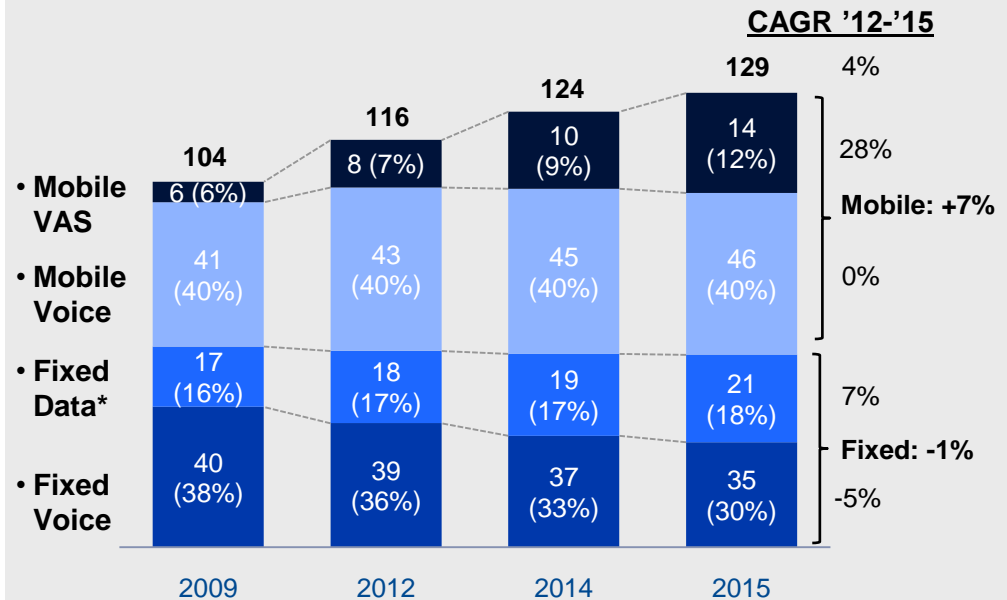
Customers Growth - Broadband

(Mln customers)

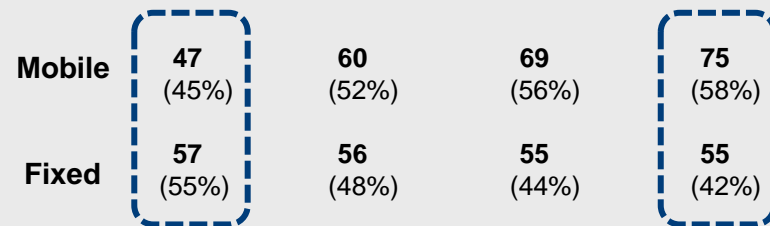


Market Transformation

Total Revenues- R\$ Bln



Market split between:



Mobile Segment as the Growth Driver and Sector Universalization

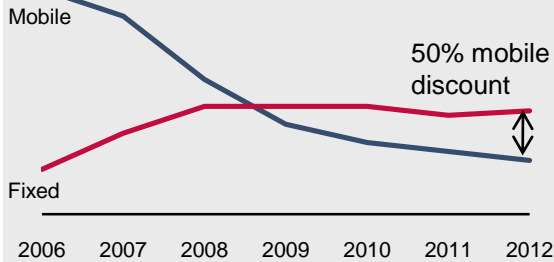
FMS Secular Trend Remains on Play



Fixed to Mobile Substitution...

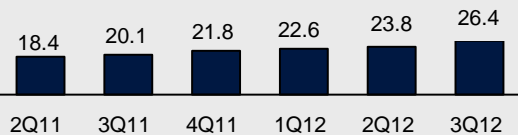
Fixed Tariff Premium over Mobile

ARPM (R\$/min)



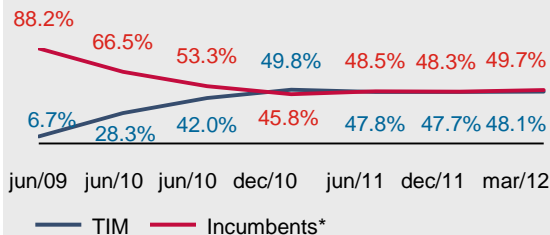
Leading Traffic to a Sharp Increase

(Bln Minutes)



Leadership in LD Market Share

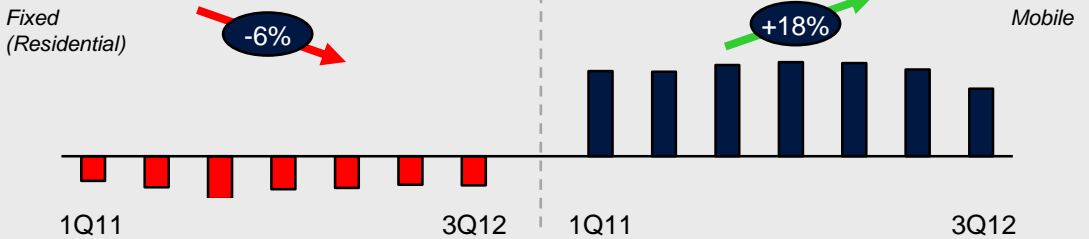
(% Minutes)



...impacting Fixed Incumbents

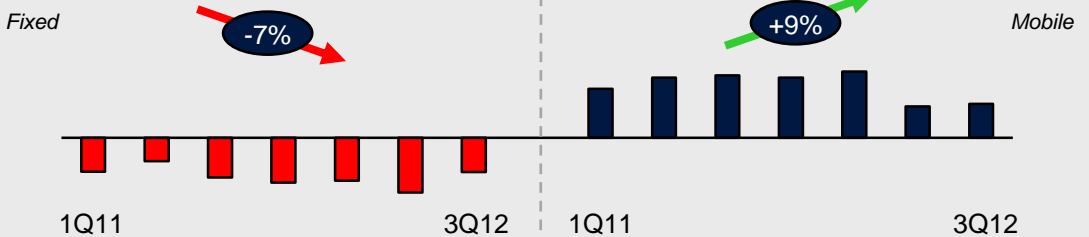
Lines in Service

(Fixed - Residential, Mobile, $\Delta\%$ yoy, $\Delta\%$ yoy growth average)



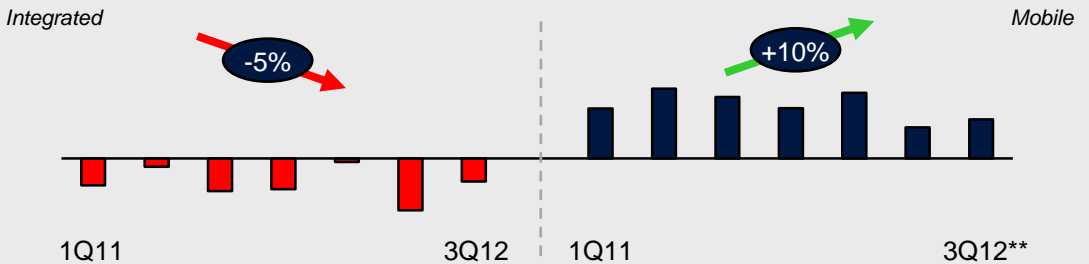
Revenues

(Fixed, Mobile, $\Delta\%$ yoy, $\Delta\%$ yoy growth average)



EBITDA

(Integrated, Mobile as TIM, $\Delta\%$ yoy, $\Delta\%$ yoy growth average)





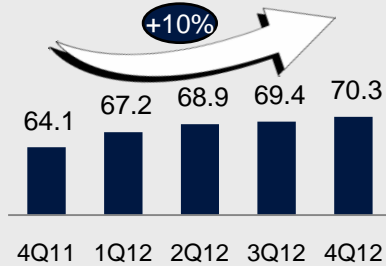
4Q12 Results

Business Resilience Against a Strong Headwind

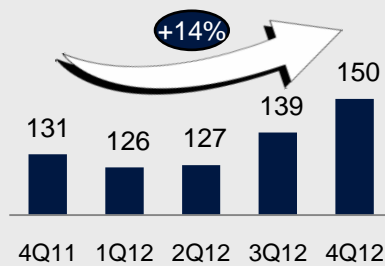


Operational Improvement

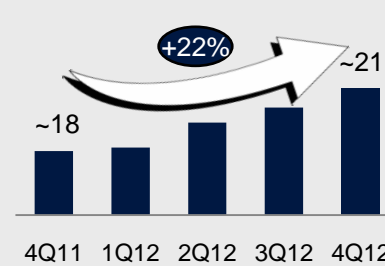
Users, Minutes, Unique Users, %YoY



Customer Base – Mln



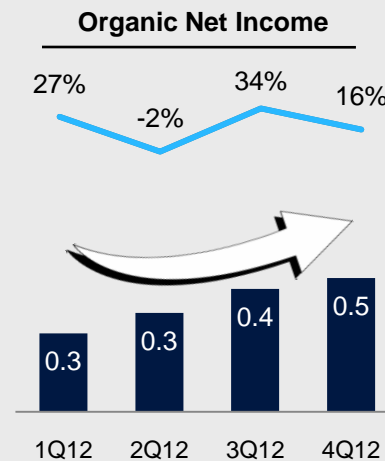
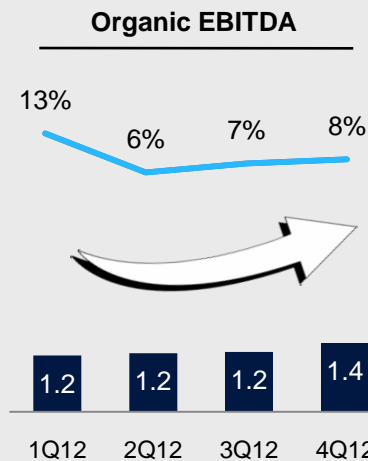
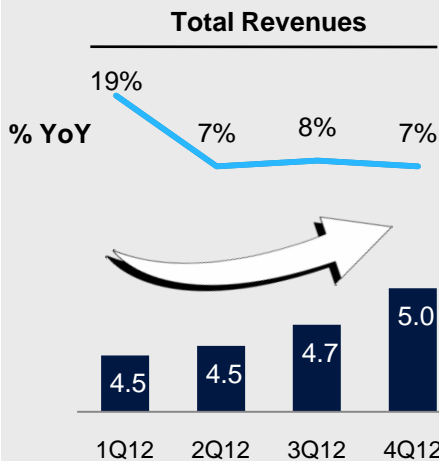
Minutes of Usage



Data Monthly Unique Users - Mln

Financials

R\$ Bln, %YoY



% Margin (26.2) (26.7) (26.3) (28.4)

% Margin (6.1) (7.5) (9.0) (9.2)

- ✓ **Leader in customer base growth** for the 10th consecutive quarter
- ✓ **Leader in pre-paid**
- ✓ **#2 in post-paid voice** (ex - M2M and Dongles)
- ✓ **Record of MoU at 150 min**
- ✓ **Smartphone penetration reached 43%** of total base
- ✓ **Increasing investment to R\$3.4 Bln (+12% YoY)** ex-licenses
- ✓ **Organic Net Income FY12 = R\$1.5 Bln (+17.4% YoY)**
- ✓ **EBITDA – Capex = R\$1.6 Bln** (ex-licenses)
- ✓ **Proposed dividends of ~R\$743 mln (+39% YoY)**



<i>R\$ billion</i>	2011	2012	Guidance	% Achievement
Total Net Revenues	17.1	18.8	18.8 (+10%)	100%
Organic EBITDA	4.7	5.1	5.1 (+10%)	100%
Organic Capex	3.0	3.4	3.0	113%

Tough Year Underscored by Solid Business Foundation

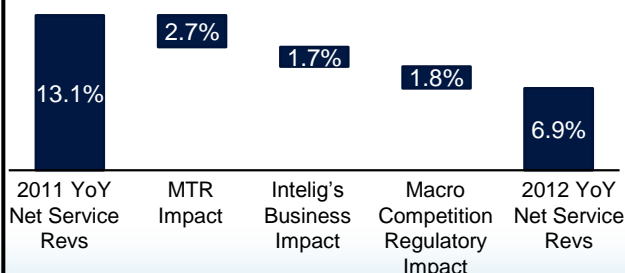


- **Resilience** of customer base growth and usage (especially data)
- **ARPU** sequentially improving
- Good **cost control** (ITX / network costs up 9% while traffic +34%)
- **More investments** in infrastructure



- **Macroeconomic** slowdown
- **Regulatory** scrutiny
- **Image** damage
- Increased **competition**
- **Intelig's business** performance below expectations

Net Service Revenue Evolution

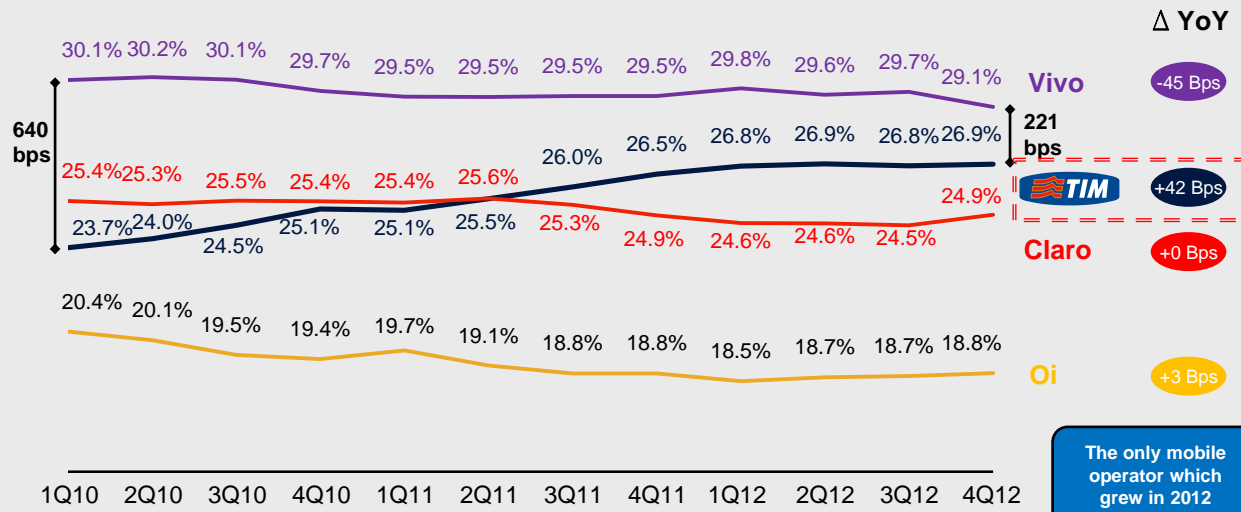


The only company to gain market share

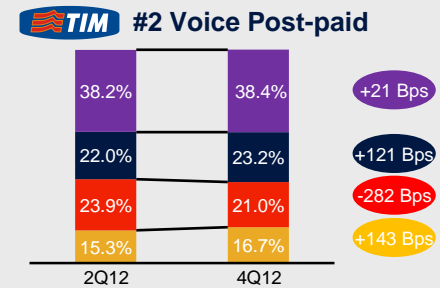
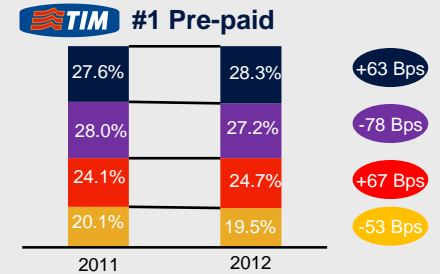


Total Market Share Growth

(% of total lines)

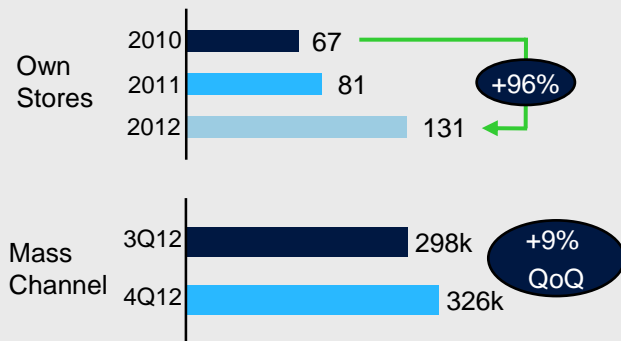


Source: Anatel



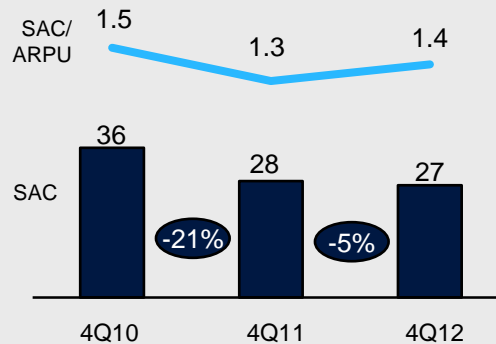
Sales Force

(Points of sale EoP)



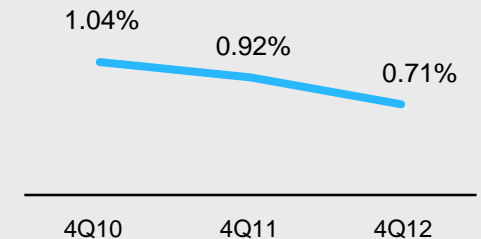
Focus on Efficiency

(R\$; months)



Bad Debt Trend

(as % of Gross Revenues)

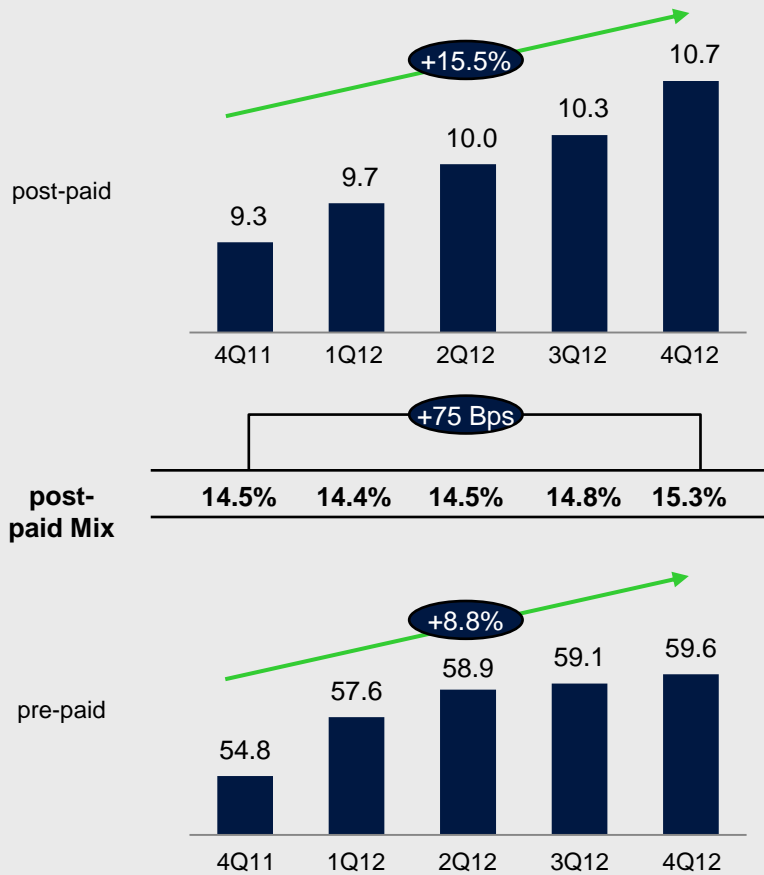


Customer Base Evolution



Customer Base Growth

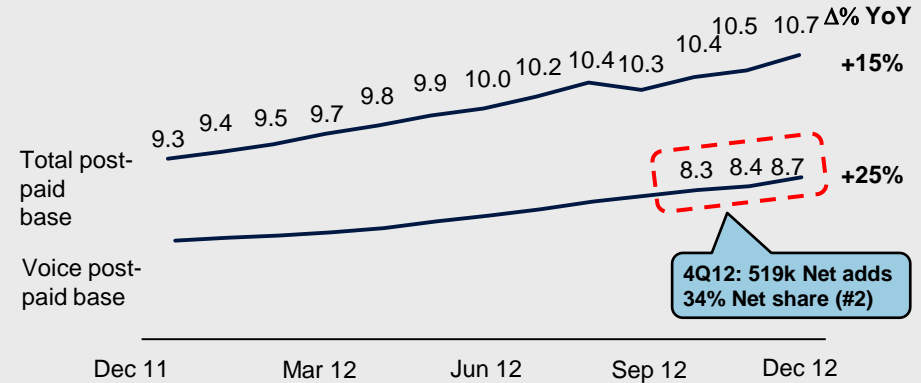
(% YoY)



Source: Anatel

Voice post-paid Base Analysis (ex-M2M and broadband)

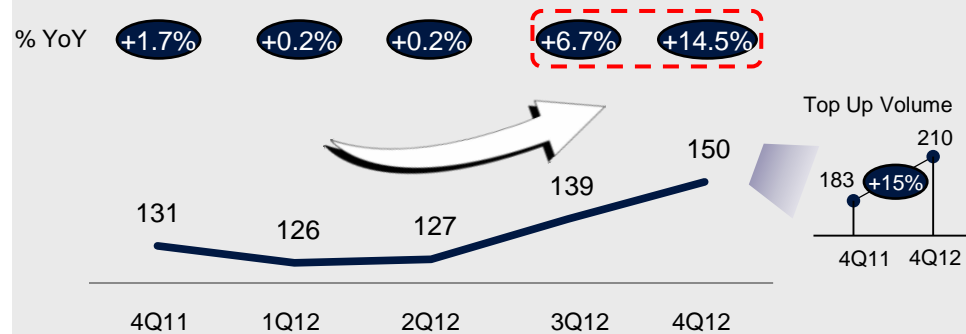
(Million lines)



Source: Anatel

Voice Growth (MOU)

(Minutes; % YoY; Top Up)

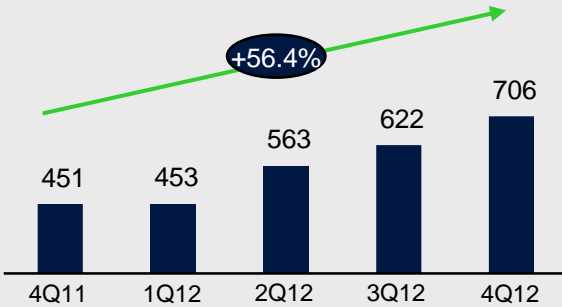


Data as Key Driver for Growth



Products Net Revenues

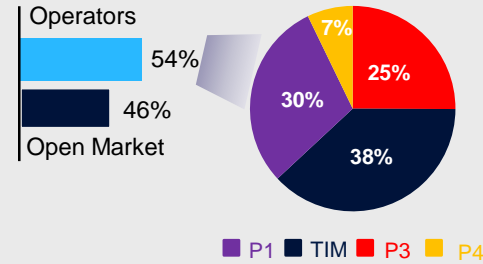
(R\$ Million)



Sales of web/smartphones represented 65%

Handset Sales Market Share

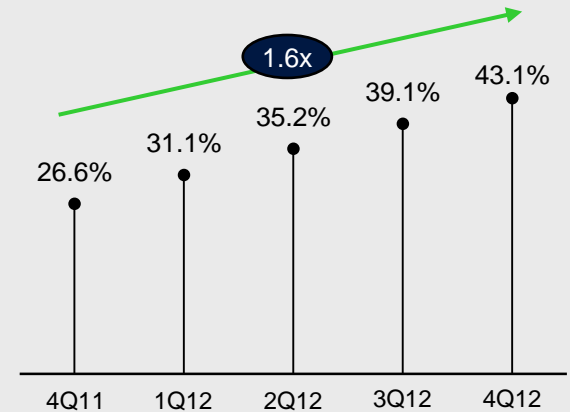
(% of handset revenues from Jan/12 to Nov/12)



Source: Company estimates

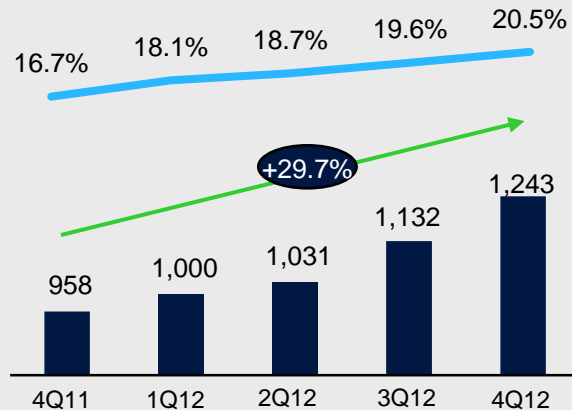
Smart/Web phone Penetration

(% over total base of lines)



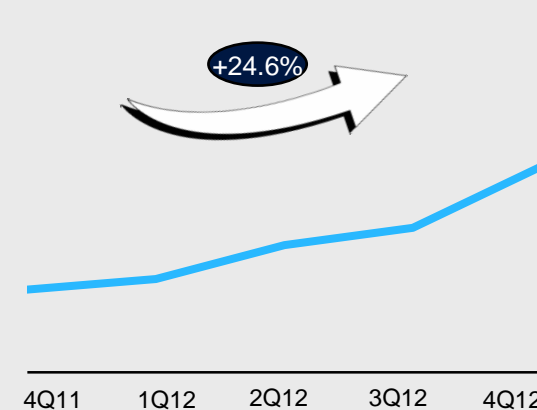
VAS Gross Revenues

(R\$ Million; % of Gross Mobile Services Revenues)



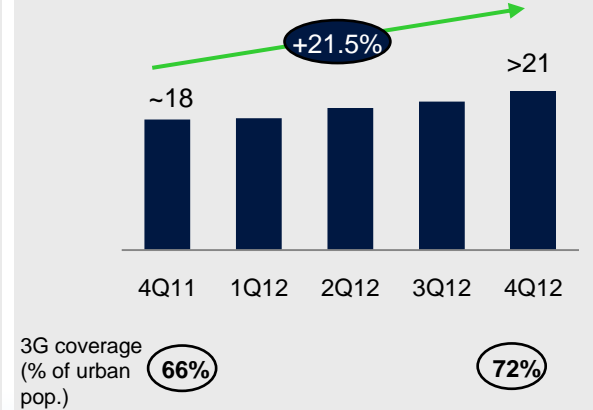
SMS unique users growth

(Million Monthly unique users)



Data users

(Million monthly unique users)

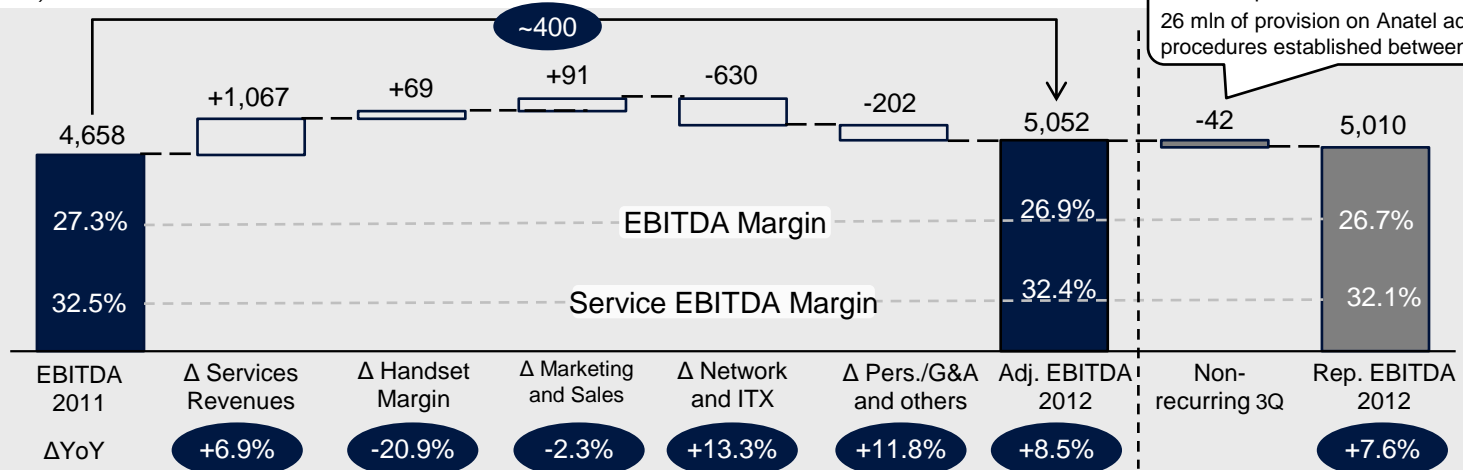


EBITDA & Efficiency



EBITDA Evolution

(R\$ Million)

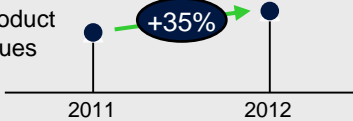


Handset Business and Commercial Efficiency

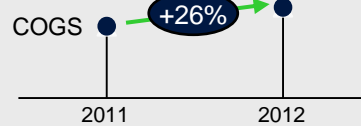
(%YoY)

Handset Business

Net Product Revenues

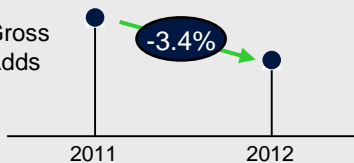


COGS

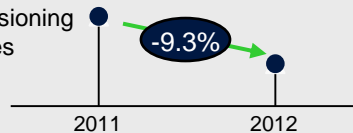


Commercial Efficiency

Gross Adds



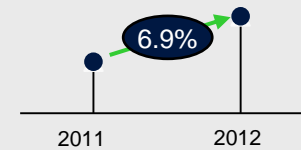
Commissioning Expenses



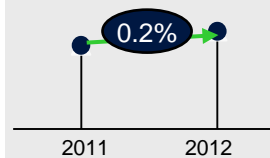
Leased Lines, Traffic and ITX Costs

(Compound Growth Rate - Quarterly)

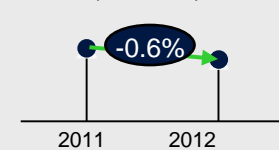
Traffic



Leased Lines costs



ITX costs (ex-SMS)

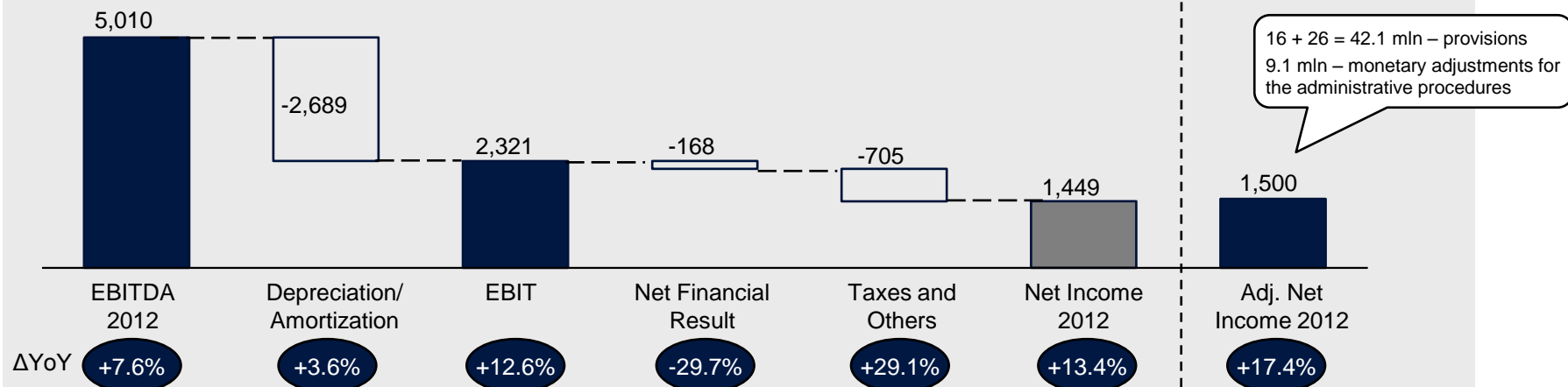


Net Income & Dividend



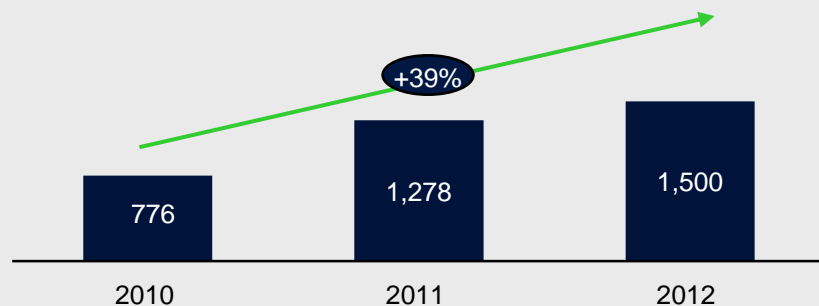
From EBITDA to Net Income

(R\$ Million)



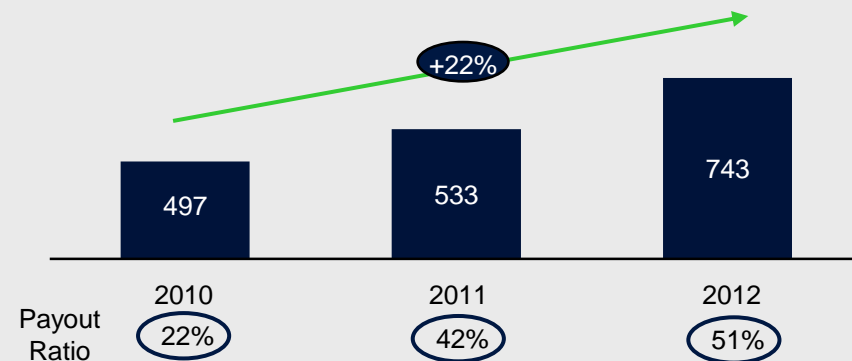
Organic Net Income

(R\$ Million, CAGR)



Dividend Evolution

(R\$ Million, CAGR, Reported Payout)

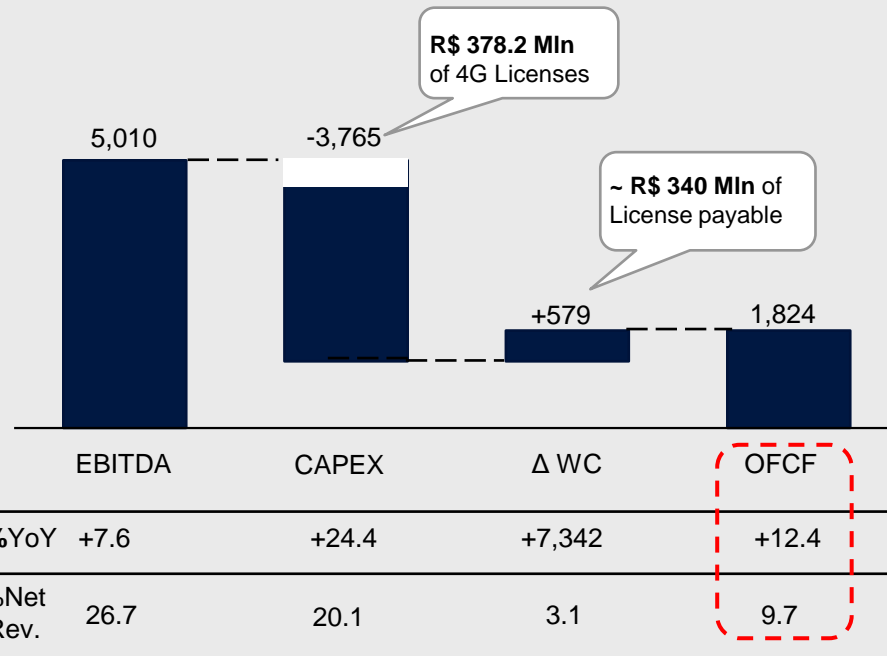


Cash Generation



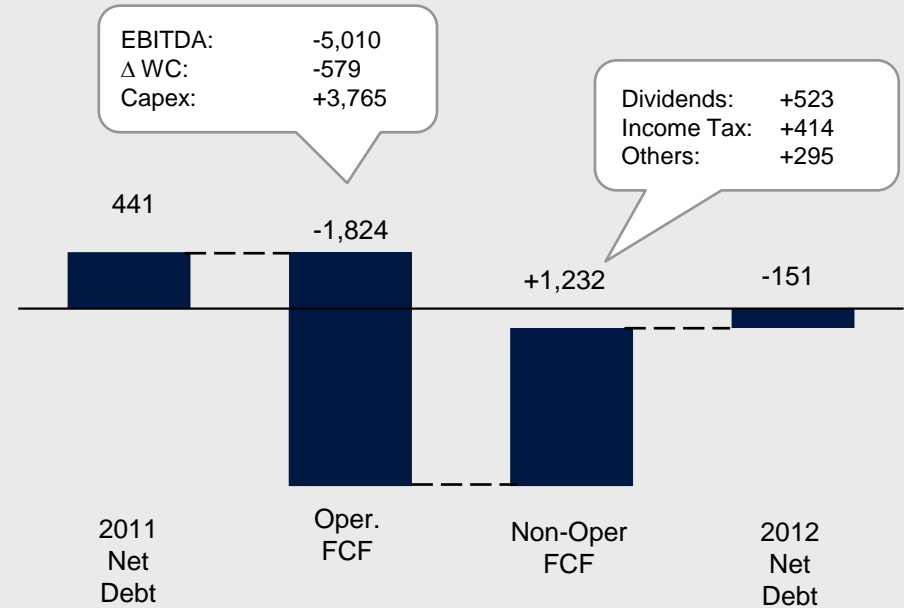
2012 Operational Free Cash Flow

(R\$ Mln)



Net Debt

(R\$ Mln)



5.1 Bln for Organic EBITDA in 2012

1.8 Bln of Oper. Free Cash Flow in 2012

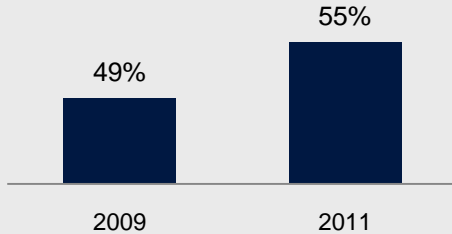
3.4 Bln on Organic CapEx in 2012

Conclusion

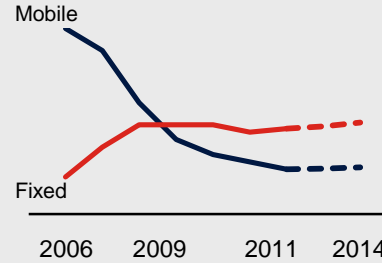


FMS on Play

% Households with only mobile services



Fixed price premium over mobile

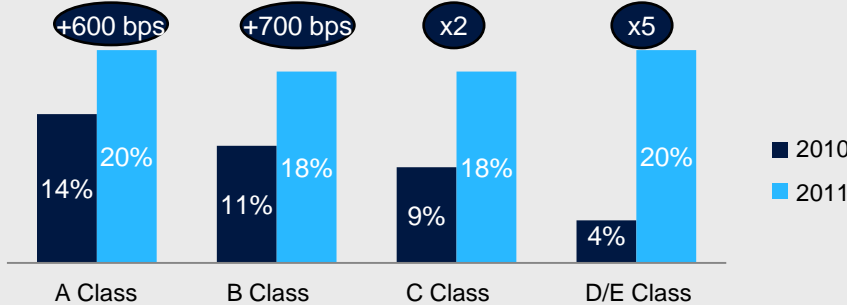


TIM MoU (minutes)



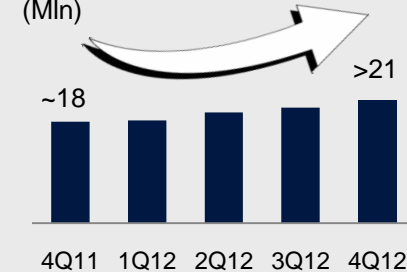
Mobile Data Accelerating

Mobile Broadband Access per Social Class



Source: PNAD (national institute of statistics)

Data Monthly Users (Mln)



MTR & EILD partially implemented

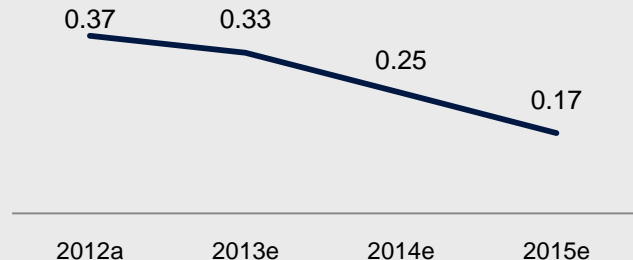
MTR (Mobile Termination Rate)

- Cut implemented
- Clear path towards 2016
- Great contribution from mobile sector (ARPM -16%YoY)

EILD (Leased lines)

- Resolution 590 released (cut up to 30%)
- Needed framework to be followed by incumbents
- Monopoly break

MTR Path (R\$/minute)

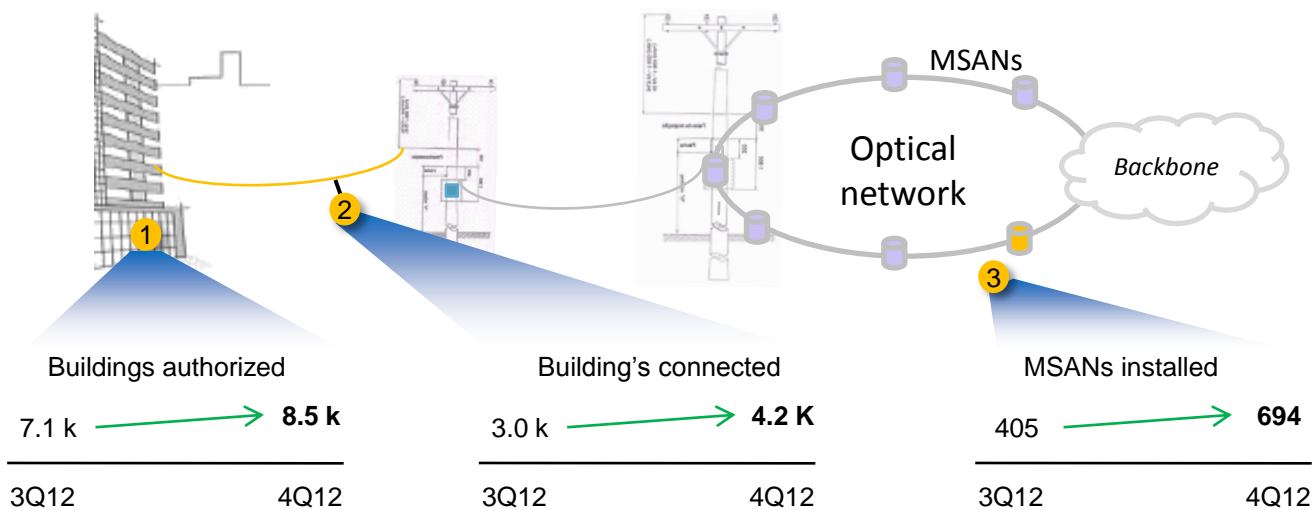




TIM Fiber Update



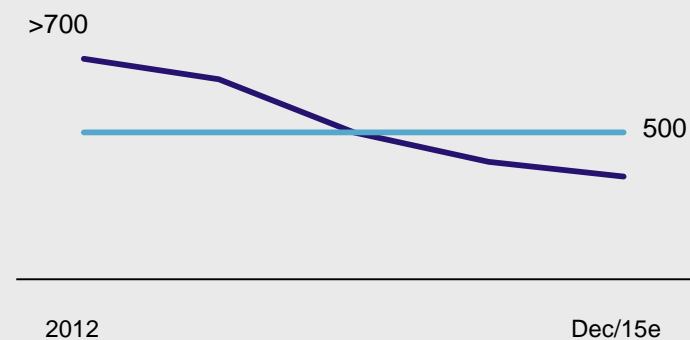
Network Construction



Quality of Service with Low Cost

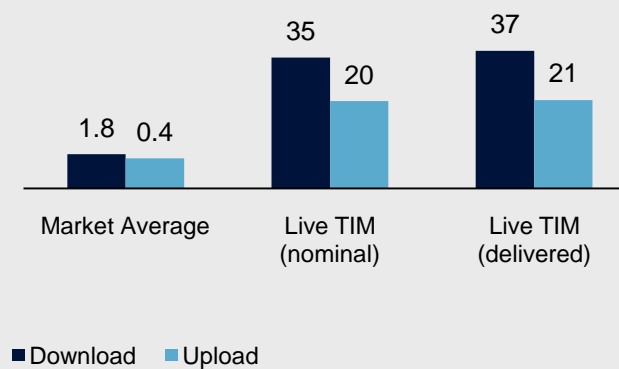
Capex per Client

(R\$)



Quality of Service

(Average Speed in Mbps)



Live TIM: Speeding-Up with the New Offer



Market Demand

(Units)



Website
Registration

160k

Offers

(Units)

Launch Promo

OFERTA ESPECIAL DE LANÇAMENTO Até os Jogos de 2014 você tem:		
Plano	Velocidade	Oferta de Lançamento
LIVE TIM	35 Mega Download Upload: 10 Mega	R\$ 35/mês
LIVE TIM Multi	50 Mega Download Upload: 30 Mega	R\$ 50/mês

Para aderir até 31 de outubro de 2012.
SEM MULTA, SEM PEGADINHA, Sem taxa de instalação e modem WIFI Grátis.

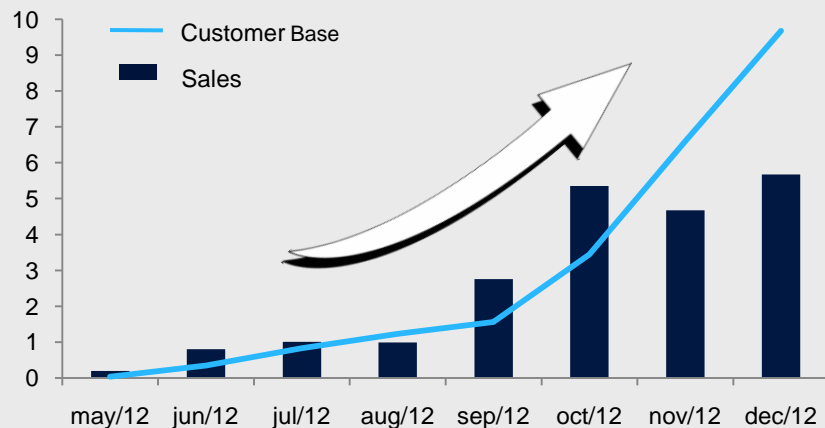
Actual (jan13)

LIVE TIM
35 MEGA
R\$ 59,90/mês

LIVE TIM MULTI
50 MEGA
R\$ 89,90/mês

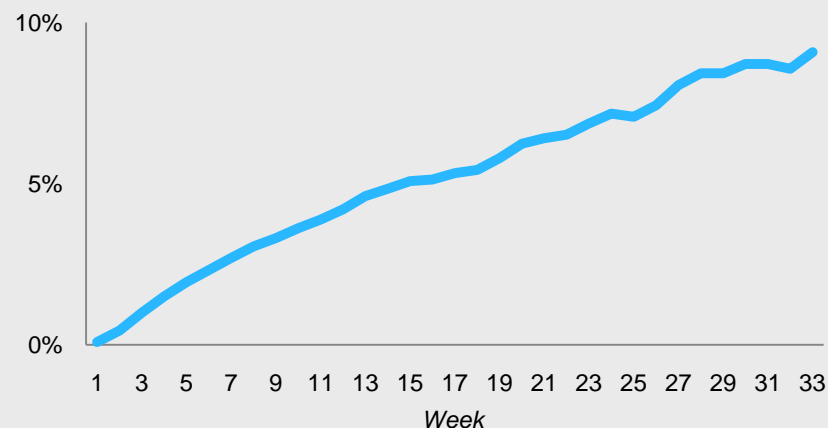
Customer Base / Sales

('000 Clients)



Msan Installation Takeup (average)

MKT share per Week per Coverage





Quality and Network

Lessons Learned: Focus on Quality



1

Management Change

- ✓ Restructuring of the network
- ✓ Intelig, TIM Fiber and TIM Celular network to become one single entity



One Network for all businesses

- ✓ More Strength
- ✓ Great resilience
- ✓ Clear priorities



2

Structuring Quality

- ✓ Direct report to the CEO, a new division responsible to assure quality measures, as well as customer relation satisfaction

- ✓ The least claimed Telecom carrier at consumer protection agency (Procon)
- ✓ Delivery Anatel's network plan
- ✓ Improved IDA (Index of caring performance) from 88 pts in August to near 93 pts in December (2nd best)

3

Image Repair

- ✓ Launch of a comprehensive website, focused on network quality
- ✓ Market campaign focused on transparency

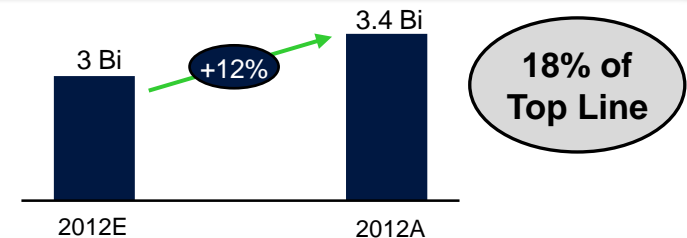
- ✓ Advertisement with the chairman and employees
- ✓ Anatel Plan disclosure
- ✓ Real coverage footprint
- ✓ Quality KPI's and network improvement/incidents disclosure

4

Incremental CapEx

- ✓ Focus on mobile infrastructure
- ✓ Enhanced 3G coverage

- ✓ Incremental Investments

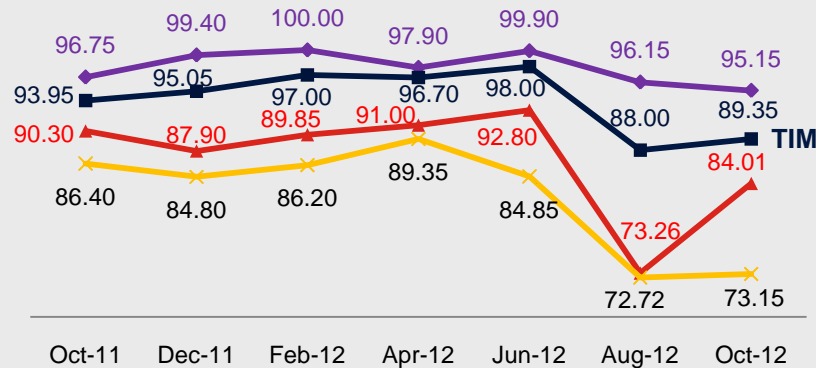


Consumers Complaints: Good position at Anatel and Procons



IDA – Index of Attendance (last reported by Anatel)

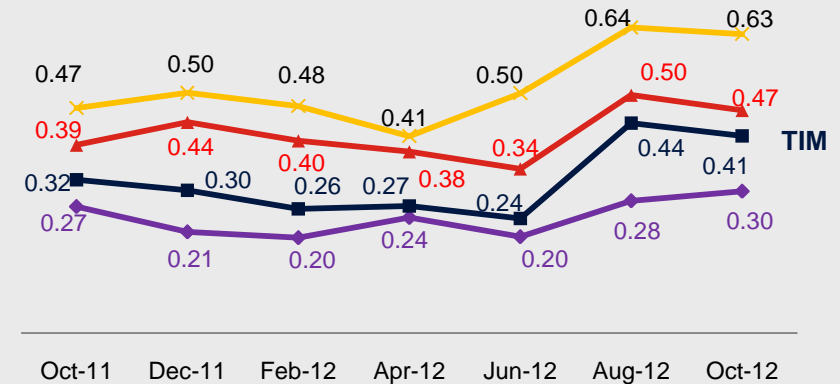
(Points)



Source: Anatel

Anatel Ranking of Complaints (last reported by Anatel)

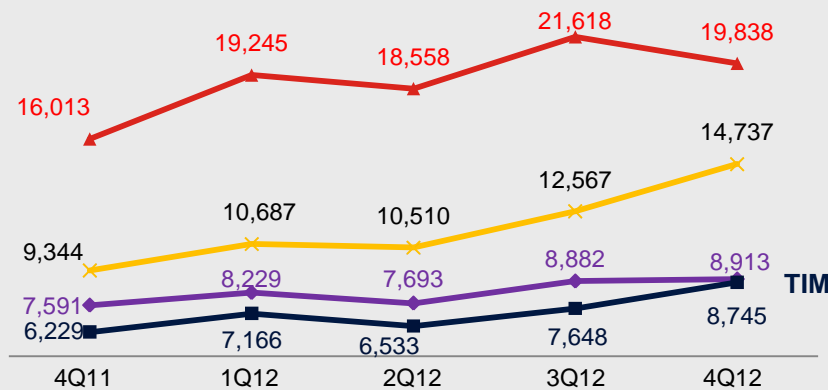
(Index of Complaints under 1,000 access)



Source: Anatel

Volume of claims at Consumer's Protection Agency (Procon)

(# Quarterly claims)

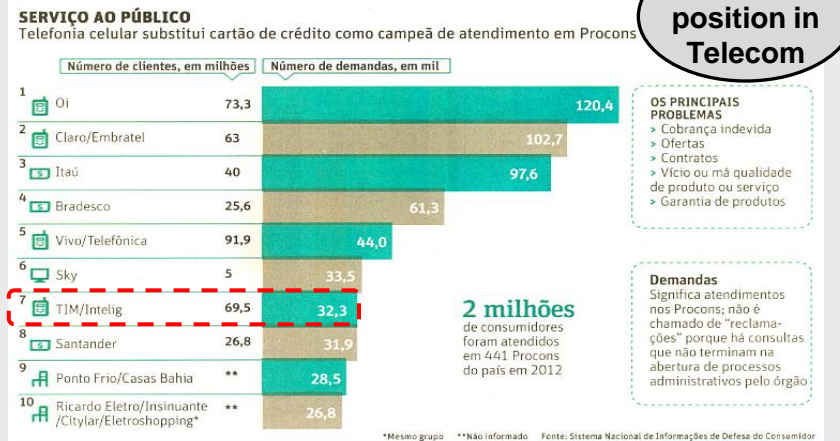


Source: SINDEC data base. Represents 45% of total Procons (12/31/12)

■ P1 ■ TIM ■ P3 ■ P4

Procon Demands throughout 2012

(Mln of clients; Thousands of Demands)



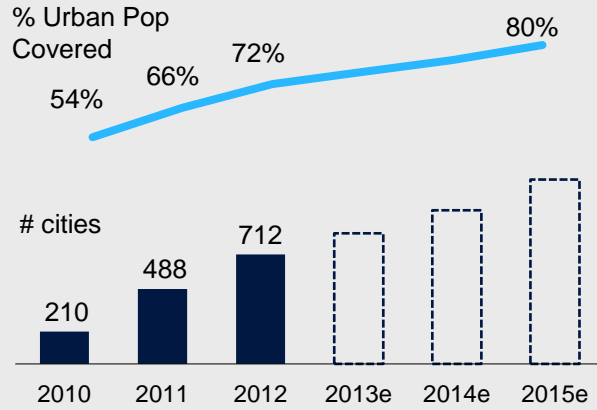
Source: SINDEC published in Folha de São Paulo newspaper

Network and Quality Approach



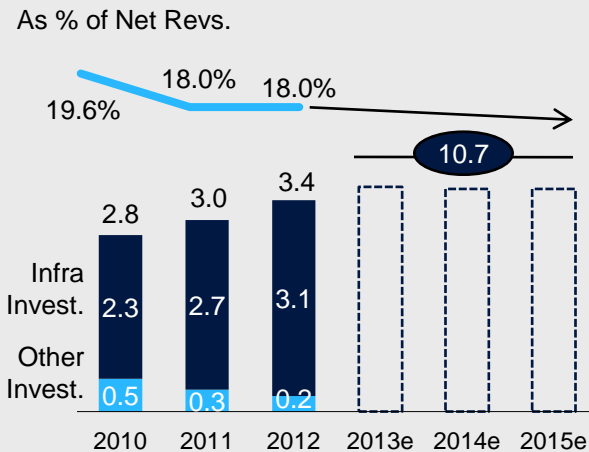
3G Coverage

(# Cities, % Urban Population Covered)



Organic Capex (ex- 4G license)

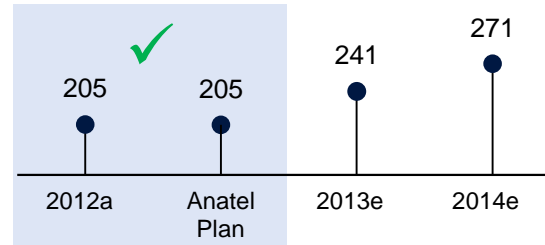
(Capex/Sales, Mix of Investments)



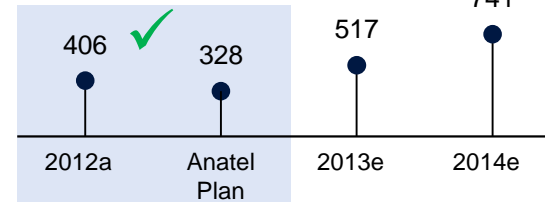
Anatel Plan: Network Development

(Units TRX, Km Fiber)

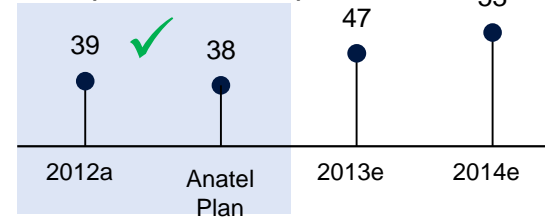
TRX (000)



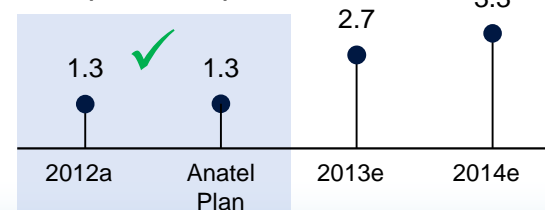
Data Channel Elements (000)



FTTS (Km of Fiber 000)



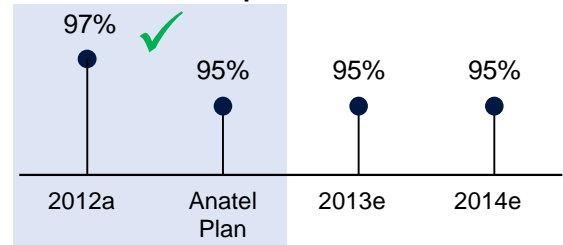
FTTS (#Sites 000)



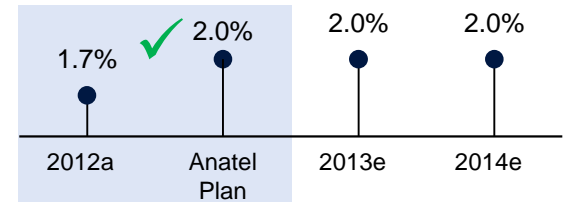
Anatel Plan: Quality Targets

(Preliminary Results)

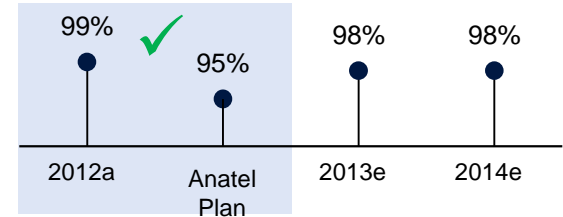
SMP5 – Call Completion



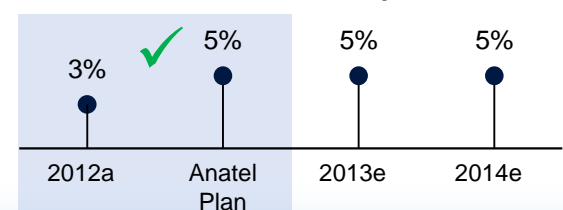
SMP7 – Drop Call



SMP8 – Data Connection Rate



SMP9 – Data Connection Drop Rate





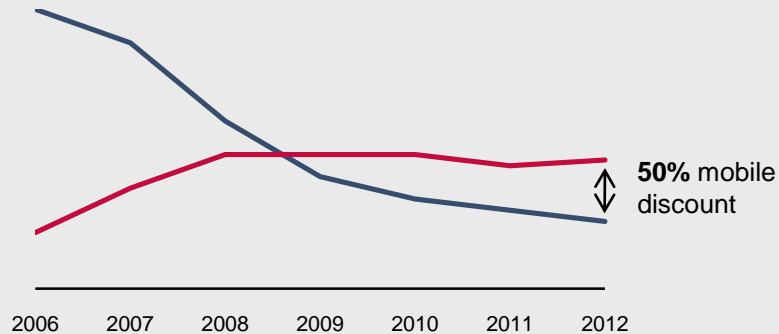
Business Outlook

Brazil: Leveraging on Pure Mobile Competitive Advantage



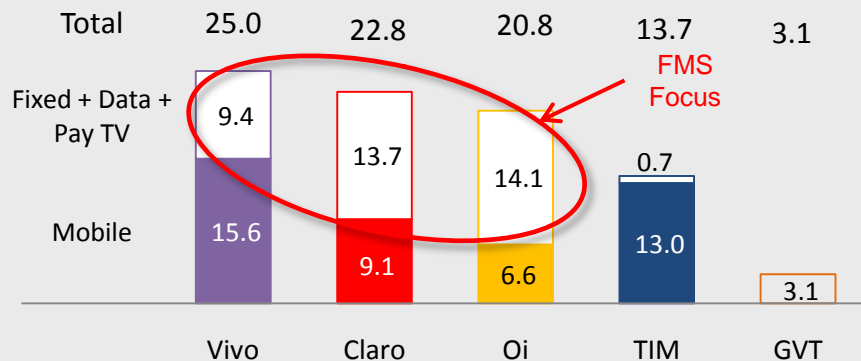
Voice FMS: Mobile is more convenient than Fixed...

R\$/minute, voice



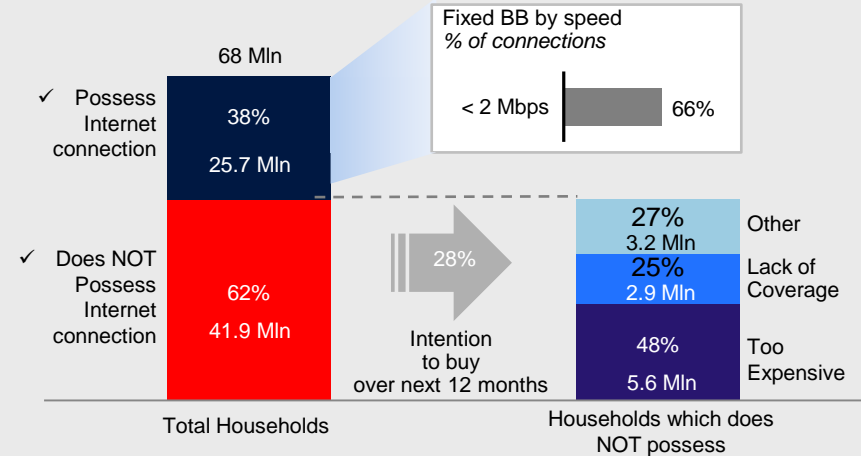
Voice FMS: ...TIM, with no legacies, can only gain on the trend

R\$ billion, Net Revenue per Group (9M12)



Data Going Mobile: Internet has a great potential...

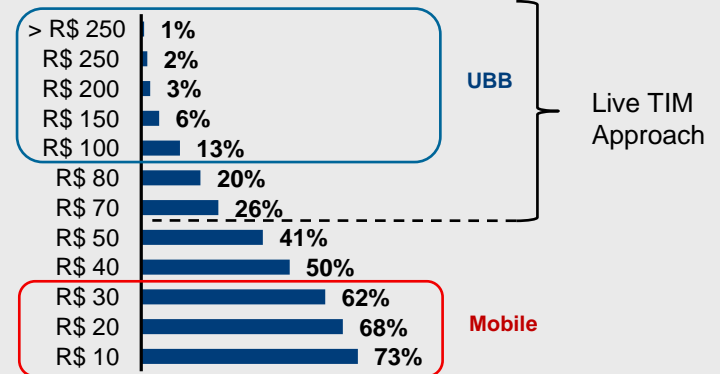
Mln Households;



Data Going Mobile ...Mobile has greater price efficiency

Willingness to pay, % of households

Willingness to pay (% of Households)



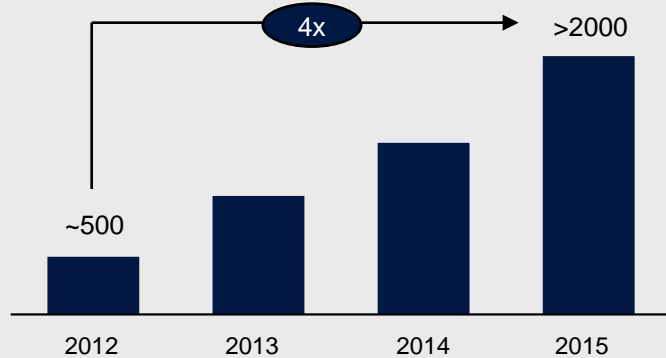
A pure mobile approach is the most suitable strategy to capture both opportunities

TIM Fiber: Plan for 2013/2015



Coverage (addressable)

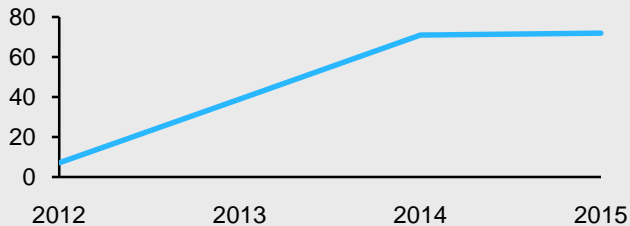
Thousands of Households



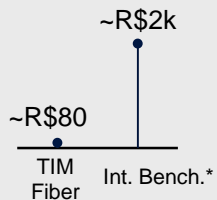
Efficient approach

MSAN port occupancy (%), Capex (R\$)

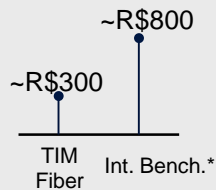
Port Occupancy (%)



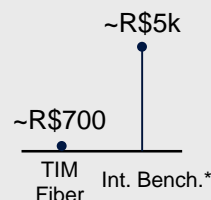
Coverage Capex per Home Passed



Installation Capex per Sub



Total Capex per Sub



Geographic Expansion

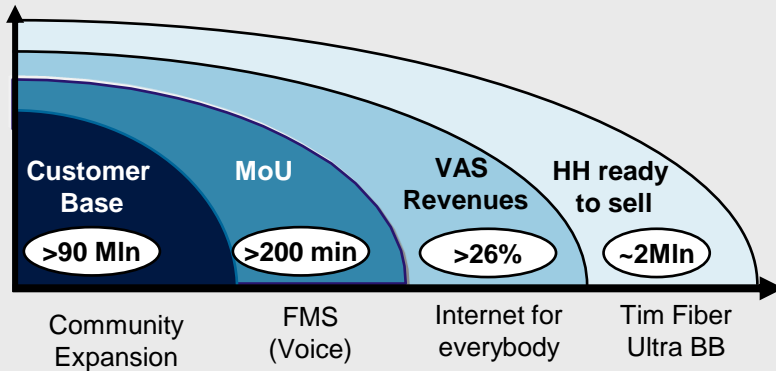
Geographic expansion for low-middle class and targeting high income neighborhood

- **2012:** priority coverage in areas with high 'A/B classes' concentration
- **2013:** chess board strategy and entering in class C
- **2014:** additional coverage in Rio de Janeiro and São Paulo metropolitan regions, focusing class C concentration areas

Business Drivers of Growth

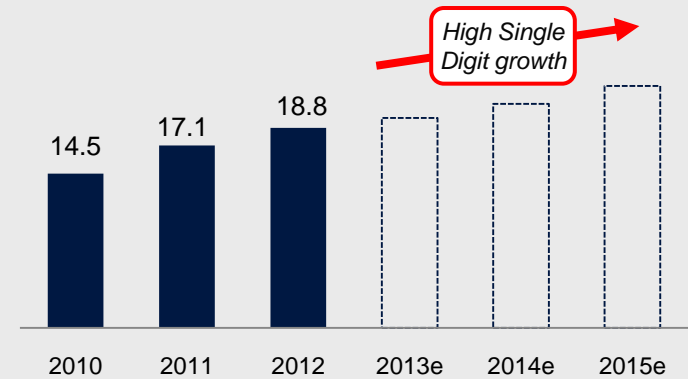
CAGR 12-15

4 Ways of Growth



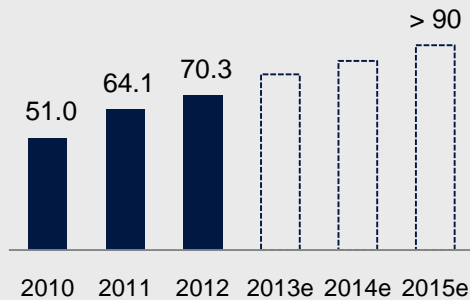
Revenue Growth

(Total Revenues, R\$ billion)



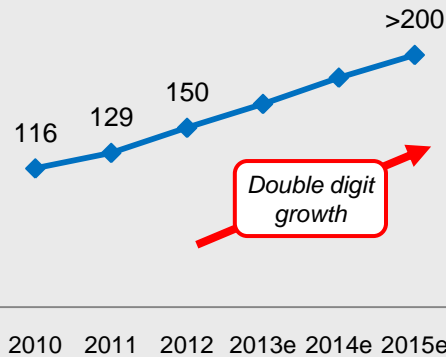
Mobile Customer Base

Million of lines



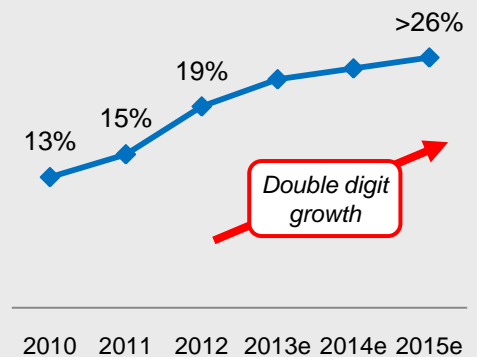
FMS – Voice (MOU)

Minutes of usage per line



Internet for All (Mobile Data)

Data as % of Gross Mobile Serv. Revs.



2013-2015 Guidance



<i>R\$ billion</i>	2011	2012	2013 -2015 CAGR Guidance
Total Net Revenues	17.1	18.8	High Single Digit Growth
Organic EBITDA	4.6	5.1	High Single Digit Growth
Organic CapEx	3.0	3.4	10.7



Appendix

Historical Data: Financials (R\$ Thousand)



Description	4Q10	4Q11	1Q12	2Q12	3Q12	4Q12	4Q12 %YoY
Net Revenues	3,925,648	4,710,566	4,468,303	4,547,306	4,722,425	5,025,913	6.7%
Net Revenues on Services	3,626,988	4,259,425	4,015,403	3,984,148	4,100,249	4,320,158	1.4%
Net Revenues on Products	298,661	451,141	452,900	563,158	622,176	705,755	56.4%
Operating Expenses	(2,719,421)	(3,393,208)	(3,299,651)	(3,332,903)	(3,520,489)	(3,600,872)	6.1%
Personnel expenses	(146,204)	(164,652)	(175,997)	(186,441)	(170,138)	(196,456)	19.3%
Selling & marketing expenses	(903,187)	(1,079,699)	(1,017,959)	(922,302)	(939,266)	(963,407)	-10.8%
Network & interconnection	(1,079,657)	(1,280,617)	(1,298,885)	(1,309,694)	(1,352,113)	(1,391,703)	8.7%
General & administrative	(123,797)	(133,745)	(131,808)	(126,310)	(152,854)	(140,421)	5.0%
Cost Of Goods Sold	(383,985)	(544,674)	(533,460)	(631,464)	(690,398)	(749,657)	37.6%
Bad Debt	(58,016)	(62,451)	(56,640)	(62,050)	(80,009)	(52,274)	-16.3%
Other operational revenues (expenses)	(24,575)	(127,370)	(84,902)	(94,641)	(135,713)	(106,955)	-16.0%
EBITDA	1,206,228	1,317,358	1,168,652	1,214,403	1,201,936	1,425,041	8.2%
EBITDA Margin	30.7%	28.0%	26.2%	26.7%	25.5%	28.4%	39 Bps
Adjusted EBITDA	1,206,228	1,317,358	1,168,652	1,214,403	1,244,066	1,425,041	8.2%
Adjusted EBITDA Margin	30.7%	28.0%	26.2%	26.7%	26.3%	28.4%	39 Bps
Depreciation & amortization	(691,688)	(647,023)	(664,283)	(671,887)	(664,542)	(687,875)	6.3%
EBIT	514,540	670,335	504,369	542,516	537,394	737,166	10.0%
Net Financial Results	(56,791)	(100,817)	(42,178)	(63,588)	(28,930)	(33,269)	-67.0%
Income before taxes	457,749	569,518	462,191	478,928	508,463	703,898	23.6%
Income tax and social contribution	1,426,899	(171,742)	(190,804)	(137,193)	(135,263)	(241,332)	40.5%
Net Income	1,884,648	397,775	271,387	341,735	373,200	462,566	16.3%
Adjusted Net Income	1,884,648	397,775	271,387	341,735	424,455	462,566	16.3%

Description	2010	2011	2012	2012 %YoY
Net Revenues	14,457,449	17,085,976	18,763,947	9.8%
Net Revenues on Services	13,571,625	15,353,228	16,419,958	6.9%
Net Revenues on Products	885,824	1,732,748	2,343,989	35.3%
Operating Expenses	(10,244,399)	(12,427,669)	(13,753,914)	10.7%
Personnel expenses	(586,722)	(632,828)	(729,032)	15.2%
Selling & marketing expenses	(3,483,164)	(3,933,753)	(3,842,934)	-2.3%
Network & interconnection	(4,207,586)	(4,722,261)	(5,352,395)	13.3%
General & administrative	(484,609)	(502,640)	(551,393)	9.7%
Cost Of Goods Sold	(1,026,091)	(2,062,552)	(2,604,978)	26.3%
Bad Debt	(310,498)	(231,529)	(250,972)	8.4%
Other operational revenues (expenses)	(145,728)	(342,105)	(422,211)	23.4%
EBITDA	4,213,051	4,658,307	5,010,033	7.6%
EBITDA Margin	29.1%	27.3%	26.7%	-56 Bps
Adjusted EBITDA	4,213,051	4,658,307	5,052,163	8.5%
Adjusted EBITDA Margin	29.1%	27.3%	26.9%	-34 Bps
Depreciation & amortization	(3,012,916)	(2,595,968)	(2,688,588)	3.6%
EBIT	1,200,134	2,062,339	2,321,445	12.6%
Net Financial Results	(245,457)	(238,857)	(167,965)	-29.7%
Income before taxes	954,677	1,823,481	2,153,480	18.1%
Income tax and social contribution	1,257,038	(545,636)	(704,592)	29.1%
Net Income	2,211,715	1,277,845	1,448,888	13.4%
Adjusted Net Income	2,211,715	1,277,845	1,500,143	17.4%

Historical Data: Operational



Description	4Q10	4Q11	1Q12	2Q12	3Q12	4Q12	4Q12 %YoY
Net Revenues	2,313,848	2,615,277	2,524,255	2,315,245	2,327,699	2,442,665	-12.9%
Net Revenues on Services	2,137,812	2,364,807	2,268,400	2,028,516	2,021,026	2,099,658	-14.9%
Net Revenues on Products	176,036	250,470	255,855	286,730	306,673	343,007	3.5%
Operating Expenses	(1,602,876)	(1,883,888)	(1,864,054)	(1,696,936)	(1,735,261)	(1,750,075)	-11.7%
Personnel expenses	(86,175)	(91,414)	(99,425)	(94,926)	(83,862)	(95,480)	-13.4%
Selling & marketing expenses	(532,355)	(599,442)	(575,070)	(469,587)	(462,967)	(468,229)	-25.1%
Network & interconnection	(636,369)	(710,991)	(733,772)	(666,826)	(666,461)	(676,387)	-9.0%
General & administrative	(72,968)	(74,255)	(74,462)	(64,310)	(75,342)	(68,247)	11.8%
Cost Of Goods Sold	(226,328)	(302,399)	(301,365)	(321,508)	(340,299)	(364,344)	-6.9%
Bad Debt	(34,196)	(34,672)	(31,997)	(31,593)	(39,437)	(25,406)	6.1%
Other operational revenues (expenses)	(14,485)	(70,715)	(47,963)	(48,186)	(66,893)	(51,982)	40.2%
EBITDA	710,972	731,389	660,201	618,309	592,438	692,590	-16.3%
EBITDA Margin	30.7%	28.0%	26.2%	26.7%	25.5%	28.4%	96 Bps
Adjusted EBITDA	710,972	731,389	660,201	618,309	613,204	692,590	-13.3%
Adjusted EBITDA Margin	30.7%	28.0%	26.2%	26.7%	26.3%	28.4%	99 Bps
Depreciation & amortization	(407,693)	(359,223)	(375,270)	(342,089)	(327,555)	(334,317)	-16.9%
EBIT	303,279	372,166	284,930	276,220	264,883	358,273	-15.5%
Net Financial Results	(33,473)	(55,973)	(23,828)	(32,375)	(14,260)	(16,169)	-62.0%
Income before taxes	269,805	316,193	261,103	243,845	250,623	342,104	-9.2%
Income tax and social contribution	841,040	(95,350)	(107,790)	(69,851)	(66,672)	(117,291)	-19.1%
Net Income	1,110,845	220,842	153,313	173,993	183,952	224,814	-5.0%
Adjusted Net Income	1,110,845	220,842	153,313	173,993	209,215	224,814	8.1%

Description	2010	2011	2012	2012 %YoY
Net Revenues	8,231,230	10,201,868	9,609,864	-5.8%
Net Revenues on Services	7,724,407	9,163,550	8,417,600	-8.1%
Net Revenues on Products	506,823	1,038,317	1,192,264	14.8%
Operating Expenses	(5,831,010)	(7,422,671)	(7,046,326)	-5.1%
Personnel expenses	(333,456)	(378,222)	(373,693)	-1.2%
Selling & marketing expenses	(1,982,451)	(2,348,218)	(1,975,854)	-15.9%
Network & interconnection	(2,393,439)	(2,819,498)	(2,743,447)	-2.7%
General & administrative	(275,650)	(300,371)	(282,361)	-6.0%
Cost Of Goods Sold	(587,945)	(1,235,395)	(1,327,515)	7.5%
Bad Debt	(175,766)	(138,555)	(128,432)	-7.3%
Other operational revenues (expenses)	(82,302)	(202,411)	(215,024)	6.2%
EBITDA	2,400,219	2,779,197	2,563,538	-7.8%
EBITDA Margin	29.2%	27.2%	26.7%	-57 Bps
Adjusted EBITDA	2,400,219	2,779,197	2,584,304	-7.0%
Adjusted EBITDA Margin	29.2%	27.2%	26.9%	-35 Bps
Depreciation & amortization	(1,711,072)	(1,552,069)	(1,379,231)	-11.1%
EBIT	689,148	1,227,128	1,184,307	-3.5%
Net Financial Results	(139,353)	(140,652)	(86,632)	-38.4%
Income before taxes	549,795	1,086,476	1,097,675	1.0%
Income tax and social contribution	745,372	(324,779)	(361,604)	11.3%
Net Income	1,295,167	761,697	736,071	-3.4%
Adjusted Net Income	1,295,167	761,697	761,335	0.0%

Historical Data: Financials (US\$ Thousand)



Description	4Q10	4Q11	1Q12	2Q12	3Q12	4Q12	4Q12 %YoY
Brazilian Wireless Subscriber Base (000's)	202,944	242,232	250,826	256,131	258,861	261,775	8.1%
Estimated Total Penetration	104.7%	123.87%	128.00%	130.44%	131.56%	132.78%	891 Bps
Municipalities Served (GSM)	3,203	3,294	3,305	3,312	3,320	3,383	2.7%
Market Share	25.14%	26.46%	26.80%	26.89%	26.81%	26.87%	1.6%
Total Lines (000's)	51,028	64,083	67,217	68,874	69,408	70,343	9.8%
Pre-paid Lines (000's)	43,549	54,778	57,564	58,873	59,146	59,599	8.8%
Post-paid Lines (000's)	7,479	9,305	9,653	10,001	10,262	10,744	15.5%
Gross Additions (000's)	9,317	11,836	9,880	9,814	8,727	9,986	-15.6%
Net Additions (000's)	4,081	4,873	3,134	1,656	534	935	-80.8%
Churn	11.0%	11.7%	10.5%	12.1%	11.9%	13.0%	130 Bps
Total ARPU	23.3	21.9	19.1	18.3	18.9	19.9	-9.5%
Total MOU	129	131	126	127	139	150	14.5%
SAC	36	28	32	26	32	27	-4.5%
Handsets Sold (000's)	2,589	2,847	2,284	2,511	2,512	2,919	2.5%
CAPEX (R\$ Mln)	1,100	1,150	543	1,057	772	1,394	21.2%
CAPEX (US\$ Mln)	648	639	307	538	380	677	6.1%
Employees	9,712	10,562	10,761	10,948	11,333	11,650	10.3%



PGMC

- **Access to fixed operators networks:**

Unbundling of copper networks (Backbone, Backhaul and Last Mile at regulated prices (wholesale vs. retail prices cross check).
No unbundling of fiber networks: exclusive use of fiber networks (including dark fiber) for 9 consecutive years (Regulatory Grace Period).

- **Infrastructure sharing:**

Sharing of the passive infrastructure (duct, conduits and towers).

- **National Roaming:**

Charged at the lowest tariff in the market for non-PMS players (Nextel, CTBC and Sercomtel).

- **MTR (VU-M) billing system:**

Full billing between PMS* players (i.e. TIM, Claro, Oi and Vivo).
Partial bill and keep between non-PMS players (Nextel, CTBC and Sercomtel) and PMS players was defined as follows:

2013/2014: 80/20

2015: 60/40

2016: Full Billing

- **MTR cut path:**

2013: 9.5% (~R\$ 0.33/min.)

2014: 25% (~R\$ 0.25/min.)

2015: 33% (~R\$ 0.17/min.)

2016: Cost Model

4G

- **2.5 GHz:**

Contract is signed, 10% paid in 4Q12, 90% to be paid in 2Q13
(License value: R\$ 382 mln).
Suppliers are defined: Huawei, Nokia-Siemens and Ericsson.

- **Future of 700 MHz Auction :**

Ongoing discussion among Anatel, mobile carriers and broadcasters on digital dividend.

QUALITY

- **Improvement Plan:**

Focus on the improvement of customer care and network.

- **Anatel quarterly assessment:**

Based on follow-up monthly meetings

- **Indication of the integrality of the new quality rules**

New broadband indicators start to be informed of November/ 2012.

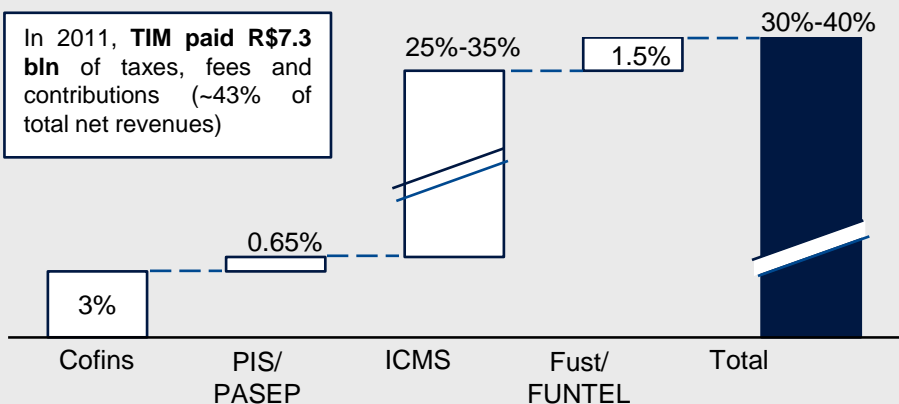
Taxation Over Telecom in Brazil



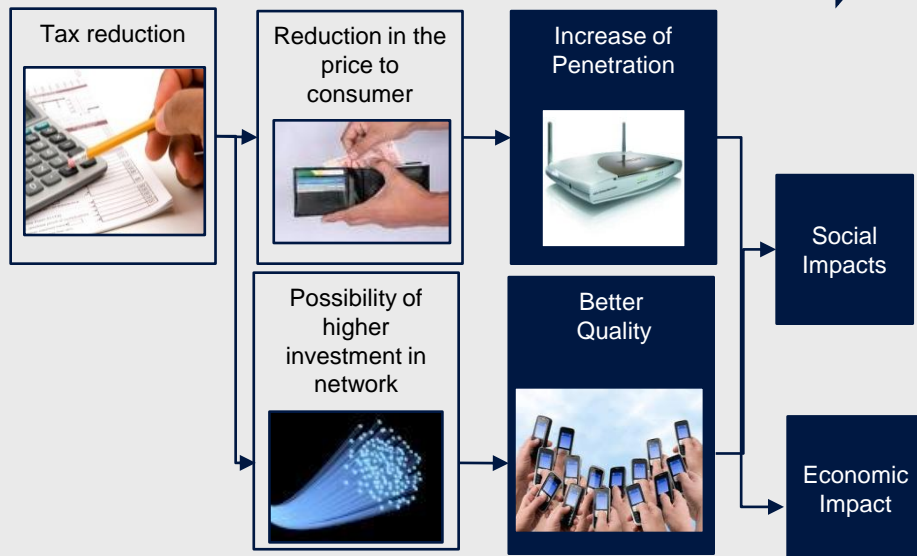
Tax Composition

% of Gross Revenues

In 2011, **TIM** paid **R\$7.3 bln** of taxes, fees and contributions (~43% of total net revenues)

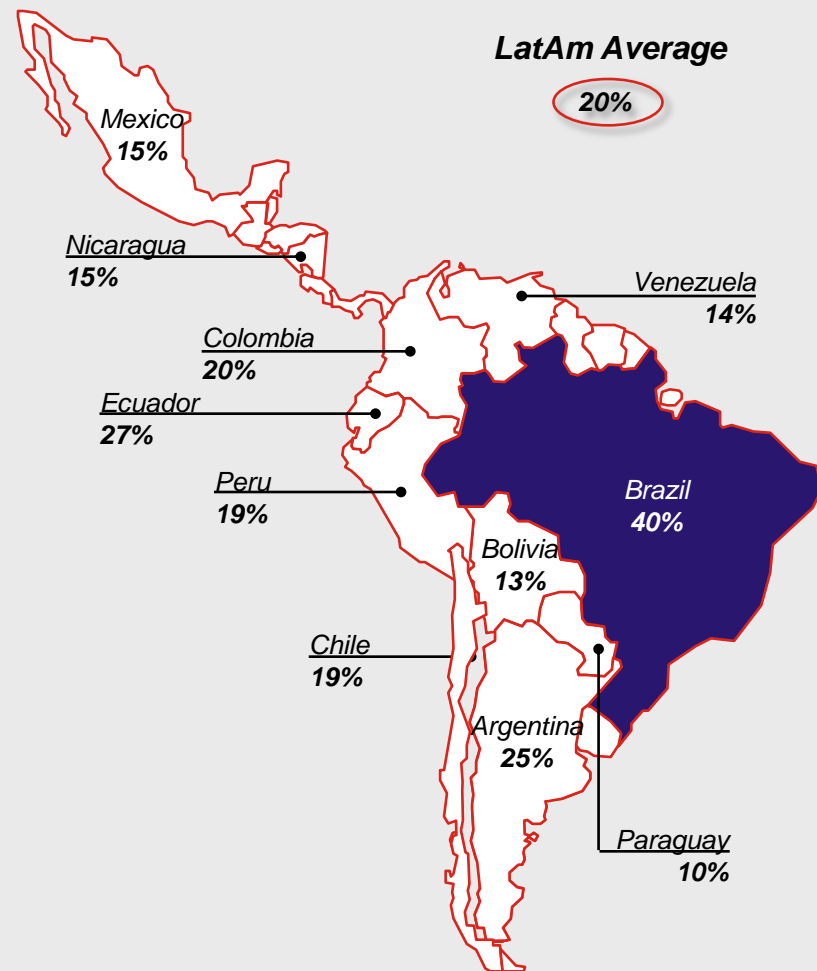


Tax Relief - 1º Step: M2M Fistel and Smartphones (MP 563/2012)



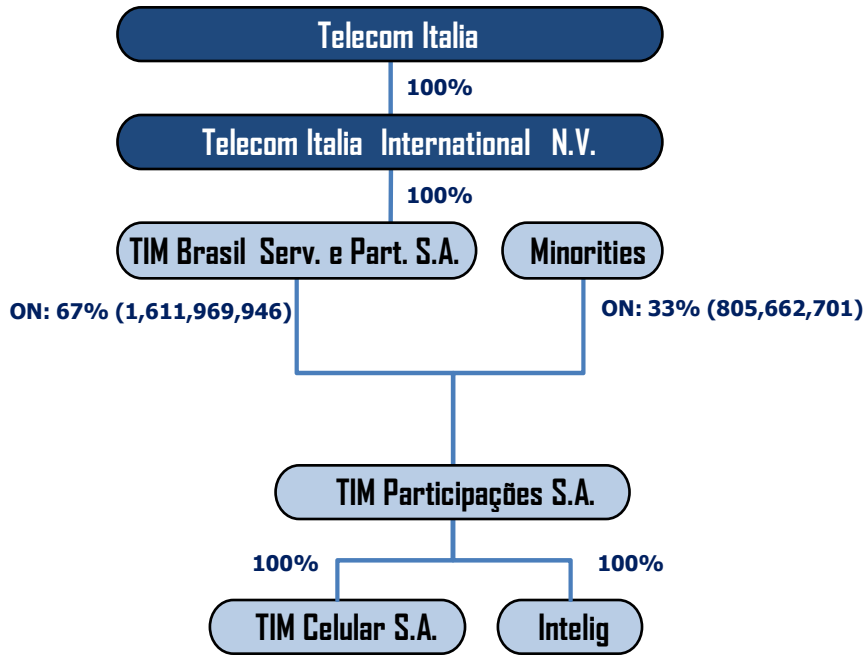
Telecom Tax Aliquots in Brazil

% of Net Revenues

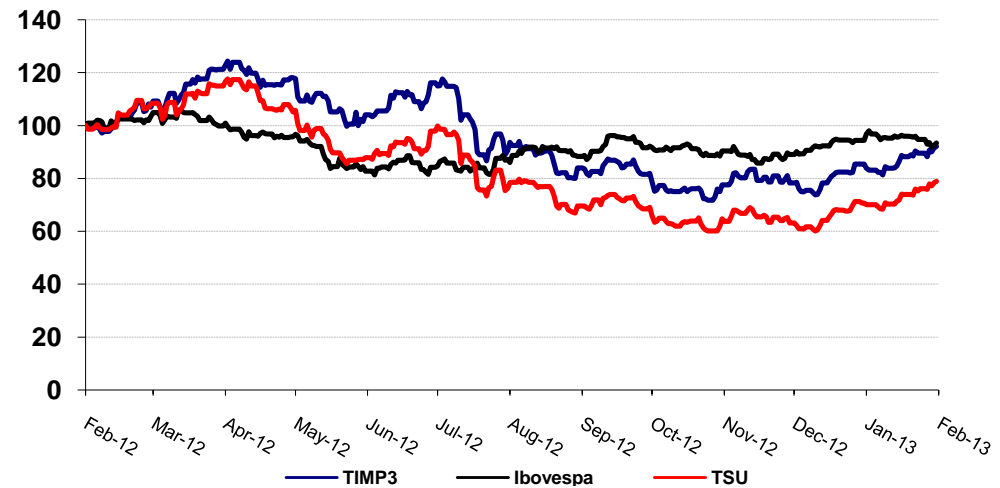


Source: UIT, Deloitte and Acel

Shareholders Structure and Stock performance



Stock Performance (base 100)*



*Last price as of 02/01/2012



Safe Harbor Statements

Statements in this presentation, as well as oral statements made by the management of TIM Participações S.A. (the “Company”, or “TIM”), that are not historical fact constitute “forward looking statements” that involve factors that could cause the actual results of the Company to differ materially from historical results or from any results expressed or implied by such forward looking statements. The Company cautions users of this presentation not to place undue reliance on forward looking statements, which may be based on assumptions and anticipated events that do not materialize.

Investor Relations Team

Avenida das Américas, 3434 - Bloco 01
6º andar – Barra da Tijuca
22640-102 Rio de Janeiro, RJ
E-mail: ri@timbrasil.com.br

Rogério Tostes

E-mail: rtostes@timbrasil.com.br
Phone: +55 21 4109-3742

Vicente Ferreira

E-mail: vdferreira@timbrasil.com.br
Phone: +55 21 4109-3360

Leonardo Wanderley

E-mail: lwanderley@timbrasil.com.br
Phone: +55 21 4109-4017

Gustavo Valente

E-mail: gvalente@timbrasil.com.br
Phone: +55 21 4109-3446

Luiza Chaves

E-mail: luchaves@timbrasil.com.br
Phone: +55 21 4109-3751

Visit our Website

www.tim.com.br/ir