

TIM PARTICIPACOES SA
Form 6-K
March 22, 2011

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 6-K

Report of Foreign Private Issuer
Pursuant to Rule 13a-16 or 15d-16 of the
Securities Exchange Act of 1934

For the month of March, 2011
Commission File Number 001-14491

TIM PARTICIPAÇÕES S.A.
(Exact name of registrant as specified in its charter)

TIM PARTICIPAÇÕES S.A.
(Translation of Registrant's name into English)

Av. das Américas, 3434, Bloco 1, 7º andar – Parte
22640-102 Rio de Janeiro, RJ, Brazil
(Address of principal executive office)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.
Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby
furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.
Yes No

**MANAGEMENT'S PROPOSAL FOR THE COMPANY'S CAPITAL INCREASE UPON CAPITALIZATION
OF A PORTION OF THE SPECIAL GOODWILL RESERVE**

Purpose and Proposal

During the fiscal year of 2010, TIM Celular S.A., Company's subsidiary, accrued a tax benefit in the total amount of R\$ 15.568.604,53 (fifteen million, five hundred and sixty-eight thousand, six hundred and four reais and fifty-three cents), which results from the amortization of the goodwill accounted by such subsidiary in 2000.

In accordance with the CVM Instruction No. 319/99 and Spin-Off and Merger Agreements which address the matter, the portion of the Special Goodwill Reserve corresponding to the aforementioned tax benefit shall be capitalized in such subsidiary, followed by capitalization in TIM Participações S.A. on behalf of TIM Brasil Serviços e Participações S.A. (hereinafter referred to as “TIM Brasil”), the beneficiary and owner of the referred credits (“Credits”).

Capitalization Terms

(i) Amount of Capital Increase: R\$ 15.568.604,53 (fifteen million, five hundred and sixty-eight thousand, six hundred and four reais and fifty-three cents);

(ii) Issuance Price: the issuance price shall be determined at the day immediately prior to the Extraordinary Shareholders’ Meeting which shall resolve on the matter, based on the average of the Company’s quotation at the São Paulo Stock Exchange (Bovespa) during the 10 (ten) trading days prior to the referred Extraordinary Shareholders’ Meeting date (that is, based on the average of the quotations registered at the 10 (ten) trading days prior to April 11th, 2011). There shall be an issuance price for the common shares and other issuance price for the preferred shares, and both prices shall be calculated in accordance with the criterion above. The issuance price shall not change during the period reserved for the exercise of the preemptive right by the Company’s shareholders;

(iii) Justification for the Issuance Price: the determination of the issuance price shall be based on item III, § 1st of the Section 170 of the Brazilian Law No. 6,404/76. The shares issued by the Company – both common and preferred – are included in the Ibovespa and the determination of the issuance price as set forth on item (ii) above intends to avoid any disruption between the mentioned issuance price and the Company’s shares quotation at the stock exchange;

(iv) Number and Type of Shares to be Issued: the number of common and preferred shares to be issued by the Company, all book entry shares and with no par value, shall be defined at the day immediately prior to the Extraordinary Shareholders’ Meeting which shall resolve on the capitalization, after the determination of the respective issuance prices. The current ratio of common and preferred shares in the Company’s capital stock shall be kept the same (34,06% of common shares and 65,94% of preferred shares);

(v) Preemptive Rights: the Company’s shareholders shall be entitled to the preemptive right, as set forth in the Section 171, § 2nd of the Brazilian Law No. 6,404/76. TIM Brasil shall subscribe and pay, in cash, the total capital increase, upon the use of the Credits, and therefore there shall be no shares left unsubscribed. In the event any shareholder decides to exercise its preemptive right, the amount to be paid by such shareholder shall be transferred to TIM Brasil, in accordance with each shareholders’ ratio in relation to the capital increase proposed herein. The preemptive right shall be exercised within 30 (thirty) consecutive days, as from the publication of the Minutes of the Extraordinary Shareholders’ Meeting which shall resolve on the proposal for capital increase;

(vi) Dividends: the new issued shares shall be entitled to full dividend right and other profits related to the fiscal year of 2011, but shall not be entitled to any dividend right and/or other profits related to the fiscal year of 2010, which shall be resolved on the Annual Shareholders’ Meeting to be held on April 11th, 2011.

Historical Prices:

See below two tables with the historical prices of PN and ON shares, respectively:

PN	ON
Annual	Annual

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Year	Average	Max	Min	Year	Average	Max	Min
2008	4.68	7.33	2.42	2008	6.77	9.83	4.49
2009	3.87	5.20	2.64	2009	6.30	7.95	4.93
2010	5.13	5.90	4.27	2010	7.07	8.03	5.78

Quarter	Quarterly			Quarter	Quarterly		
	Average	Max	Min		Average	Max	Min
1Q09	3.24	3.68	2.85	1Q09	6.12	7.10	4.93
2Q09	3.50	3.97	2.64	2Q09	6.92	7.95	5.90
3Q09	4.06	4.59	3.36	3Q09	5.80	7.05	5.36
4Q09	4.69	5.20	4.08	4Q09	6.40	7.23	5.44
1Q10	5.12	5.39	4.71	1Q10	7.28	7.80	6.66
2Q10	4.77	5.08	4.27	2Q10	6.72	7.35	5.78
3Q10	5.06	5.57	4.68	3Q10	7.29	8.03	6.82
4Q10	5.60	5.90	5.23	4Q10	7.01	7.34	6.68

Month	Monthly			Month	Monthly		
	Average	Max	Min		Average	Max	Min
Sep-10	5.33	5.57	5.00	Sep-10	7.27	7.60	6.82
Oct-10	5.45	5.63	5.23	Oct-10	7.04	7.34	6.68
Nov-10	5.71	5.90	5.44	Nov-10	6.94	7.12	6.76
Dec-10	5.64	5.79	5.45	Dec-10	7.05	7.25	6.81
Jan-11	5.98	6.35	5.63	Jan-11	7.31	7.73	6.84
Feb-11	6.09	6.31	5.89	Feb-11	7.37	7.65	7.15

Last 90 days	5.94	6.50	5.45	Last 90 days	7.27	7.90	6.81
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Considering the approval of the capital increase proposal described herein by the shareholders, the Extraordinary Shareholders' Meeting shall also decide on the amendment to the wording of the Section 5th of the Company's By-Laws, that will be R\$ 8.164.664.628,66 (eight billion one hundred and sixty- four million, six hundred and sixty-four thousand, six hundred and twenty eight Reais and sixty-six cents) which addresses the Company's capital stock.

Rio de Janeiro (RJ), February 21st, 2011.

The Management

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: March 21, 2011

TIM PARTICIPAÇÕES S.A.

By: /s/ Claudio Zezza

Name: Claudio Zezza
Title: CFO and Investor
Relations Officer

FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.