

TIM PARTICIPACOES SA
Form 6-K
December 15, 2009

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 December, 2009

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 ☒

TIM PARTICIPAÇÕES S.A.

Shareholders' Equity Appraisal Report ~~Book~~ Value

Base Date: November 30, 2009 Issue

Date: December 10, 2009

SHAREHOLDERS' EQUITY APPRAISAL REPORT –BOOK VALUE

ACAL CONSULTORIA E AUDITORIA S/S, a company specialized in assessments, headquartered at Avenida Rio Branco, 181- 18º andar, Centro, in the city and state of Rio de Janeiro, CEP 20.040 -007, registered in the Regional Council of Accountancy of the State of Rio de Janeiro (CRC/RJ) under number 1,144, and in the Brazilian Register of Legal Entities of the Ministry of Finances (CNPJ/MF) under number 28.005.734/0001 -82, having as technical representative Mr. Gelson José Amaro, Accountant, registered in the CRC/RJ under no. 049.669/O -4 and in the Brazilian Register of Natural Persons of the Ministry of Finances (CPF/MF) under no. 339.408.607/78, after all the studies and researches required, presents hereby the Appraisal Report on the value of the shareholders' equity of TIM PARTICIPAÇÕES S.A., a publicly held corporation, headquartered at Avenida das Américas nº 3434, Bloco 1, 7º andar – parte, Barra da Tijuca, in the city and state of Rio de Janeiro, CEP 22640-102, registered in the CNPJ/MF under no. 02.558.115/0001 -21, for reorganization purposes.

This appraisal report is summarized in sections, as follows:

- Objectives;
- Bases and Approaches for the Valuation;
- Methodology Adopted and Summary of Work Performed;
- Conclusion.

I. OBJECTIVES

This Appraisal Report has the purpose of recording the assessment, by book value, of the shareholders' equity of TIM PARTICIPAÇÕES S.A., for reorganization purposes.

II. BASES AND APPROACHES FOR THE VALUATION

Determining the value of shares of a company is subject to several variables, as well as to several factors out of control, so it will always consider subjective aspects. Some of the main aspects impacting on such determination are:

- (a) The owners' perspectives vs. the perspectives of a prospective buyer;
- (b) The economic conditions allowing prior results may be better or worse in the future;
- (c) The politic and economic context that may vary completely out of control;
- (d) The strategic interests of business groups or of specific programs, such as the privatization one;
- (e) The very existence of several assessment methods delivering very different results.

Therefore, determining the value of shares representing the capital stock is not a accurate, but a subjective process, depending on the expectations of the owner and how the shares are used.

However, there are several methods used to estimate the value of capital shares. Although the application of such methods may vary depending on facts and specific circumstances, they may, at least, indicate a reasonable amount range for the prior determination of such value.

2.1. EXAMPLES OF METHODS BASED ON THE VALUE OF THE NET ASSETS

Equity Assessment

This valuation focus is used to determine the market value of specific assets, to provide the base to certain adjustments to the net book value (as abovementioned) and as the start point to estimate the liquidation value. Moreover, the equity assessment provides a proper basis to the business value and is often used in companies' negotiation operations, as the value adjusted by the applicable depreciations and obsolescence.

Liquidation Value

The liquidation value has been used as basis to price negotiations and, therefore, represents a start level of interest for both buyers and sellers.

The liquidation value is determined by the estimate of the company's assets value, undertaking its conversion to currency in a short period, discounted of all the company's obligations, as well as the business liquidation cost, including assessment fees, brokerage commissions, taxes and legal fees.

The liquidation value may be determined considering both an ordered and a faster and forced business liquidation. This last focus will result in a lower value.

Such criterion, however, would not be that most adequate for companies' shares assessment with operated activities ongoing.

2.1. EXAMPLES OF METHODS BASED ON INVESTMENT RETURN

Price/Profit Index

The price/profit ratio for open companies is known and may be easily used to achieve the estimated value of the shares of such companies by multiplying the P/P by the aggregate results expected. The average P/P ratio to the industry or to several open companies comparable can be used to reach an indication of the value. A premium for the controlling interest is often added to such value estimative.

An assessment by the P/P method can also be used to estimate the value of a given company. Assuming a profit increase rate estimated by the current shareholders and a return on the investment required by the purchaser, this rate can determine the profit multiple allowing it to reach its return purpose. This method allows buyer to determine the price it is willing to pay, and to compare it to that the seller wants to receive.

Net Cash Flow Discounted

The analysis of the net cash flow discounted may be used to estimate the value of a company, and, hence, of its shares, based on the current value of its cash flows estimates. In theory, this method should result in the same value as determined, by using the price/profit ratio, as it reflects the current perception of how much a company will worth in the future.

In practice, this analysis is increasingly used to determine the value of a company, as it is based on effective estimate of cash flows, incorporating aspects such as cost reduction by synergies, products development etc., and not only on the market perception of the company's future profits. Other aspects affecting the share market and, thus, the P/P index, are also eliminated upon the use of the analysis of the net cash flow discounted.

III. METHODOLOGY ADOPTED AND SUMMARY OF WORK PERFORMED

There are several methods to set the value of a company, as already mentioned.

To determine the value of the shareholders' equity of TIM PARTICIPAÇÕES S.A., on the base date of November 30, 2009, we used, for the purposes of this Report, the equity assessment method – net book value.

Within the parameters set to the preparation of this assessment, determining the equity value – net book value – of the shareholders' equity of TIM PARTICIPAÇÕES S.A., to the base date of November 30, 2009, is based also on a limited revision made to the financial statements of this company, surveyed at that date and audited by the company Ernest & Young Auditores Independentes S.S. This procedure was carried out according to certain regular standards of audit and, hence, includes proofs in the accounting records required to the specific purpose of determining the equity value – at net accounting value of the said equity. Those examinations evidenced that such records and elements were completely under the legal requirements, including the compliance with the general accounting principles usually accepted and evenly applied by the company, and the equity value - net accounting equity - did not exceed the market value.

In view of the foregoing, taking into account the provisions of Article 8 of Law nº 6404, dated December 15, 1976, as amended, the accounting books and records sourcing the Balance Sheet were checked, as well as the respective documents originating them, but in selective tests and in samples.

IV. CONCLUSION

After the due examinations and technical checks performed by us with the company, and based on the data mentioned in this Appraisal Report, we consider that the equity value – net book value of TIM PARTICIPAÇÕES S.A.'s shareholders' equity, for the base date of November 30, 2009, is of R\$ 7,652,984,000 (seven billion, six hundred fifty-two million, nine hundred and eighty-four thousand reais), as per the table below.

Description	R\$1,000.00	Quantity of Shares	Shareholders' Equity Book Value by Share
CAPITAL STOCK	7,632,371		
RESERVES	162,874		
Capital Reserve	15,569		
Profit Reserve	147,305		
Loss in the Period	(142,261)		
Total Shareholders' Equity	7,652,984		
 Shareholders' Equity Book Value	 7,652,984	 2,348,447,036	 3.258742430

For all the legal purposes, namely the CVM Instruction 319, we declare that we have no interest, direct or indirect, in any of the companies involved in this work or in their operations, and there is no circumstance relevant that may characterize conflict of interest to the issuance of this Report. We had full access to all data, elements, information and files related to the companies involved, and there was no directing, restriction or hindrance by the managers and/or controllers limiting or restricting our conclusion.

And as an expression of our best technical understanding, we hereby sign this Appraisal Report.

Rio de Janeiro, December 10, 2009.

ACAL CONSULTORIA E AUDITORIA S/S
CRC- RJ 1.144

Gelson José Amaro
Partner in Charge
CRC - RJ – 049.669/O -4 – Accountant

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.

TIM PARTICIPAÇÕES S.A.

Date: December 15, 2009

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.
