# NII Holdings, Inc.
# Q1 2017
# Earnings Presentation

May 10, 2017

# Use of Non-GAAP Financial Measures

This presentation includes certain financial information that is calculated and presented on the basis of methodologies that are not in accordance with U.S. Generally Accepted Accounting Principles, or GAAP. Management, as well as certain investors, use these non-GAAP financial measures to evaluate NII Holdings' current and future financial performance. The non-GAAP financial measures included in this presentation do not replace the presentation of NII Holdings' GAAP financial results. These measurements provide supplemental information to assist investors in analyzing NII Holdings' financial position and results of operations. NII Holdings has chosen to provide this information to investors to enable them to perform meaningful comparisons of past, present and future operating results and as a means to emphasize the results of core on-going operations. Reconciliations of the non-GAAP financial measures provided in this presentation to the most directly comparable GAAP measures can be found in the appendix of this presentation and on NII Holdings' Investor Relations link, at nii.com.

# Safe harbor statement under the Private Securities Litigation Reform Act of 1995

This presentation includes “forward-looking statements” within the meaning of the securities laws. The statements regarding the business and economic outlook, future performance, modifications to loan agreements, future funding or possible strategic transactions and guidance, as well as other statements that are not historical facts, are forward-looking statements. Forward-looking statements are estimates and projections reflecting management's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. With respect to these forward-looking statements, management has made assumptions regarding, among other things, the Company’s ability to fund the business and meet its business plans, customer growth and retention, pricing, network usage, operating costs, the timing of various events, the economic and regulatory environment and the foreign currency exchange rates that will prevail during 2017. Future performance cannot be assured and actual results may differ materially from those in the forward-looking statements. Some factors that could cause actual results to differ include the risks and uncertainties relating to: the impact of liquidity constraints, including the inability to access escrowed and pledged funds when expected, our ability to reach agreement with lenders on amendments to the terms of our financing arrangements, the impact of more intense competitive conditions and changes in economic conditions in Brazil, the performance of the Company’s networks, the Company’s ability to provide services that customers want or need, the ability of the Company to continue as a going concern, the Company’s ability to execute its business plan, and the additional risks and uncertainties that are described in NII Holdings' Annual Report on Form 10-K for the year ended December 31, 2016, as well as in other reports filed from time to time by NII Holdings with the Securities and Exchange Commission. The tables below speak only as of their date, and NII Holdings disclaims any duty to update the information herein.

# Contents



# Q1'17 Earnings Overview

On the top line, operating revenue was $251M, up $3M compared to Q4’16 primarily due to FX

Operating expenses came down $2M compared to Q4’16 due to a reduction in promotional advertising and lower IT consulting costs, offset by higher handset subsidies related to lower tax credits

In local currency, Nextel Brazil generated Adjusted OIBDA of R$39M in Q1’17, an increase of R$14M compared to Q4’16 due to lower operating expenses

We ended the quarter with a subscriber base of 3.56M, down 2% from Q4’16 because of a lower iDEN base

- 3G/LTE subscribers represent 81% of the base at 2.87M
- 3G Net Adds of 38K in Q1’17 with 3G churn falling from 3.3% to 3.2% sequentially
- Q1’17 continues positive 3G net subscriber addition momentum gained last quarter

Total liquidity was down $118M from Q4’16 due to $72M in debt service and $49M in operational free cash burn

- Higher cash burn in Q1 primarily due to seasonality related to capex carryover from 2016, annual spectrum fees due in March and annual employee bonus payments in Brazil

We ended the quarter with $213M of cash and short term investments and $163M of restricted cash held in escrow

**We are focused on protecting our subscriber and revenue base while operating our business in a prudent manner to reduce costs and preserve our liquidity**

# Consolidated Q1’17 Results

| $m | Q1'17 | Q4'16 | % Change B/(W) | Q1'17 % Rev | Q1'16 | % Change B/(W) |
|---|---|---|---|---|---|---|
| Operating revenue | 251 | 248 | 1% | 100% | 227 | 11% |
| Cost of revenue | 111 | 100 | (12%) | 44% | 101 | (10%) |
| General and administrative expenses | 107 | 113 | 5% | 43% | 111 | 4% |
| Selling and marketing expenses | 27 | 36 | 25% | 11% | 22 | (23%) |
| **Consolidated Adjusted OIBDA (Loss)** | **5** | **0** | **nm** | **2%** | **(8)** | **164%** |
| *Service ARPU* | *21* | *20* | *1%* | *nm* | *16* | *31%* |
| *Total ARPU* | *22* | *22* | *1%* | *nm* | *18* | *28%* |
| *CCPU* | *20* | *19* | *(2%)* | *nm* | *16* | *(20%)* |
| *CPGA* | *84* | *100* | *16%* | *nm* | *96* | *12%* |
| *Average FX Rate (Real)* | *3.1* | *3.3* | *5%* | *nm* | *3.9* | *20%* |

nm = Not Meaningful

Key points

- Cost of Revenue increase of $11M compared to Q4’16 due to a reduction in tax credits
- Lower selling and marketing expenses in Q1’17 due to heavier promotional activities in Q4’16
- Consolidated Adjusted OIBDA increase of $5M due to FX appreciation and a reduction in expenses

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# Brazil Q1’17 Results in Local Currency

| R$m | Q1'17 | Q4'16 | % Change B/(W) | Q1'17 % Rev | Q1'16 | % Change B/(W) |
|---|---|---|---|---|---|---|
| Operating revenue | 789 | 818 | (4%) | 100% | 885 | (11%) |
| Cost of revenue | 350 | 328 | (7%) | 44% | 394 | 11% |
| General and administrative expenses | 314 | 346 | 9% | 40% | 387 | 19% |
| Selling and marketing expenses | 85 | 119 | 28% | 11% | 86 | 0% |
| **Adjusted OIBDA** | **39** | **25** | **59%** | **5%** | **19** | **112%** |
| *Service ARPU* | *65* | *67* | *(3%)* | *nm* | *62* | *5%* |
| *Total ARPU* | *71* | *73* | *(3%)* | *nm* | *69* | *3%* |
| *CCPU* | *59* | *61* | *3%* | *nm* | *60* | *1%* |
| *CPGA* | *264* | *330* | *20%* | *nm* | *369* | *28%* |

nm = Not Meaningful

Key points

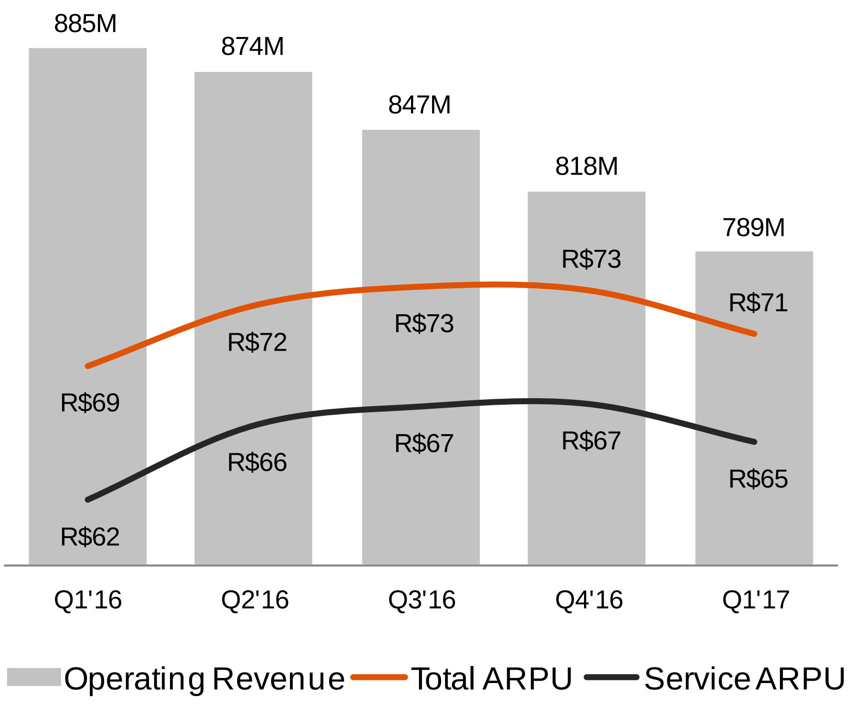
In Q1’17, revenues declined from Q4’16 due to a smaller subscriber base and an increase in retention credits

Adjusted OIBDA in Q1’17 was R$39M, up from Q4’16 due to lower G&A expenses and a reduction in advertising expenses

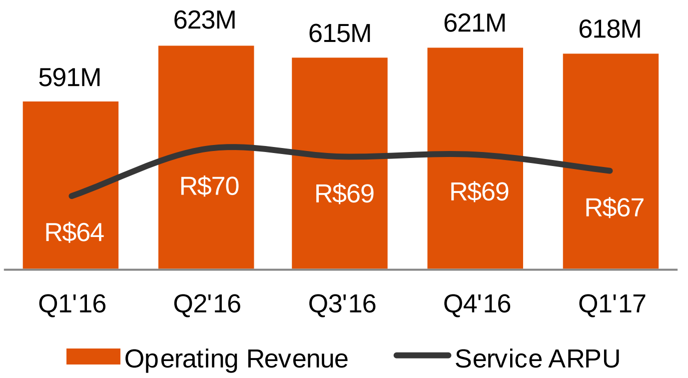
# Q1'17 Brazil Operating Revenue in Local Currency

## Brazil Operating Revenue and Total ARPU

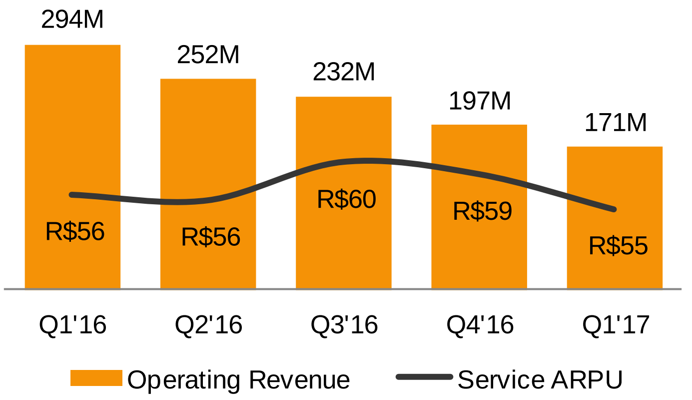
(Operating Revenue in millions R$)




Brazil 3G




Brazil iDEN



# Segment Earnings* Trend

## Brazil Segment Earnings Trend
(in millions $)

| | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|---|---|---|---|---|---|
| Operating Revenue | 227 | 249 | 261 | 248 | 251 |
| Cost of Revenue | 101 | 99 | 102 | 100 | 111 |
| General and administrative expenses | 99 | 98 | 104 | 105 | 100 |
| Selling and marketing expenses | 22 | 28 | 30 | 36 | 27 |
| **Brazil Segment Earnings** | 4 | 24 ** | 24 | 8 | **12** |

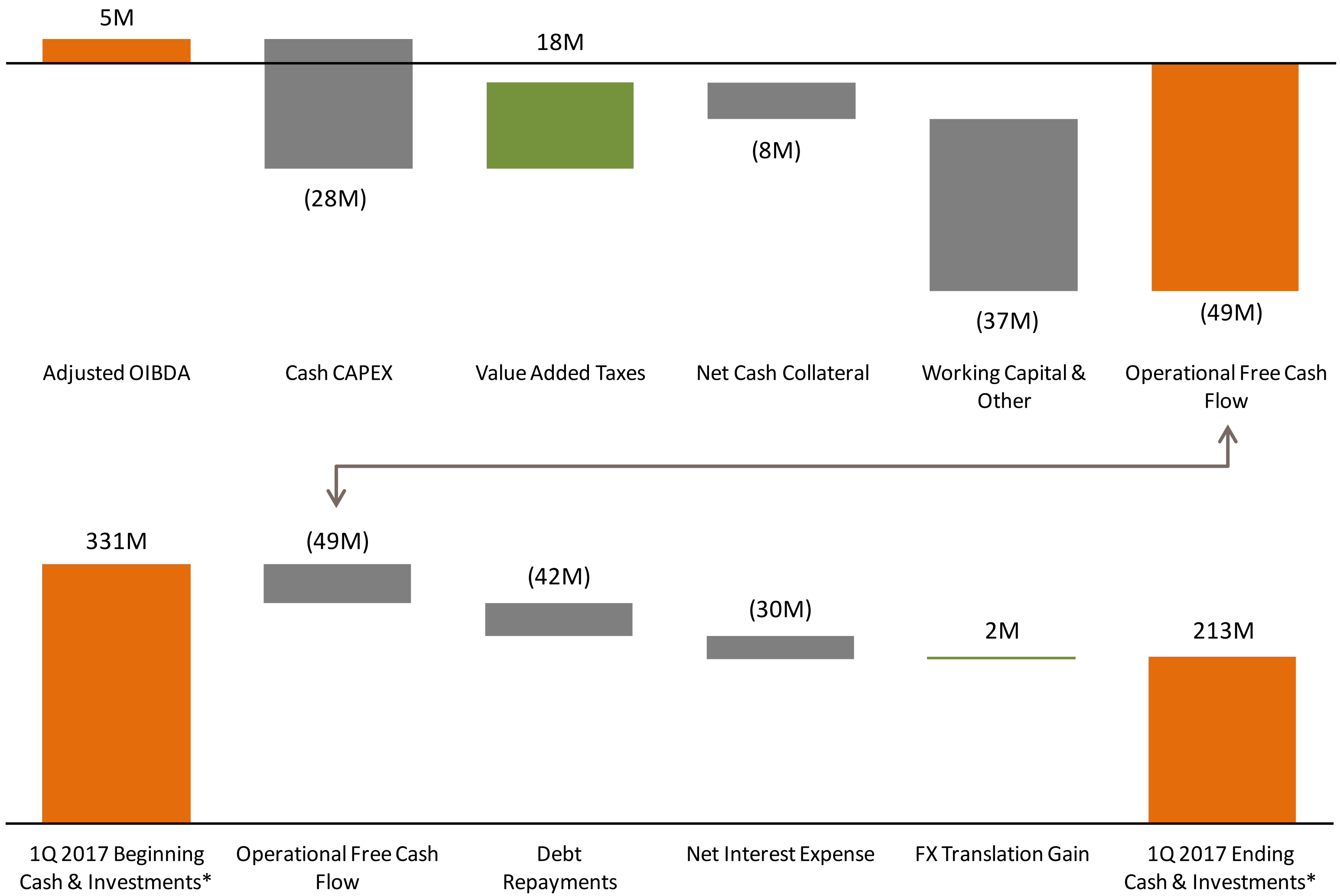
## HQ Segment Earnings Trend***
(in millions $)

| | Q1'16 | Q2'16 | Q3'16 | Q4'16 | Q1'17 |
|---|---|---|---|---|---|
| Operating Revenue | - | - | - | - | - |
| Cost of Revenue | - | - | - | - | - |
| General and administrative expenses | 12 | 10 | 8 | 7 | 7 |
| Selling and marketing expenses | - | - | - | - | - |
| **HQ Segment Loss**** ** | (12) | (10) | (8) | (7) | **(7)** |

*Segment earnings is defined as operating income before depreciation, amortization, impairment, restructuring costs and other
**Excludes $8M for a one-time benefit resulting from the reversal of a tax contingency reported as a reduction to cost of revenue
***Includes the impact of intercompany eliminations and discontinued operations
****HQ Segment Loss includes the following share-based compensation expense for Q1'16 through Q1'17: $1M, $1M, $0M, $1M and $1M

# Q1'17 Liquidity Results

(in millions $)




*Excludes $163 million related to the Nextel Mexico escrow*

# Strategic Priorities

Our plan is to operate within our means while remaining competitive in the marketplace

- Focused on expanding our target market while implementing cost reduction strategies to lower CCPU for improved profitability
- Continuing to utilize our bring your own device (BYOD) strategy to keep CPGA at manageable levels
- Improving working capital by extending payment terms with suppliers
- Continuing to transition activities from our corporate headquarters to Nextel Brazil to reduce costs

We are also pursuing capital structure and strategic solutions

- We are engaging with our local lenders to negotiate long-term modifications to our loans that fit better with our business
- We are exploring strategic options to sell our business or raise new capital to grow

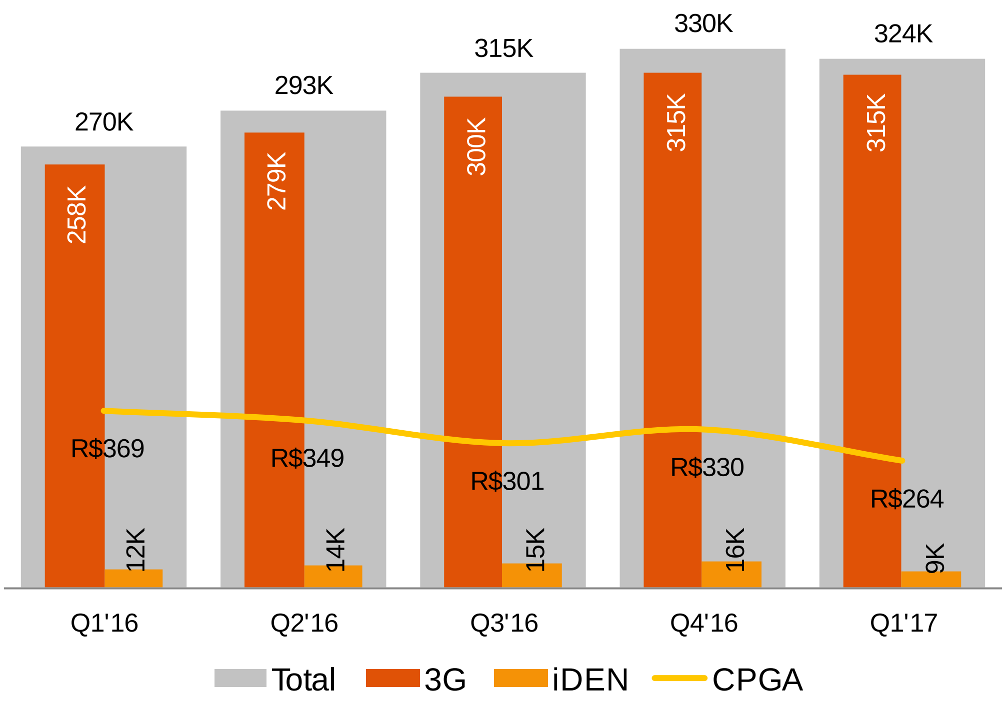
**Our goal is to profitably grow our 3G base and preserve our liquidity while we pursue capital structure and strategic solutions.**

# Contents



# Brazil Gross Add Overview

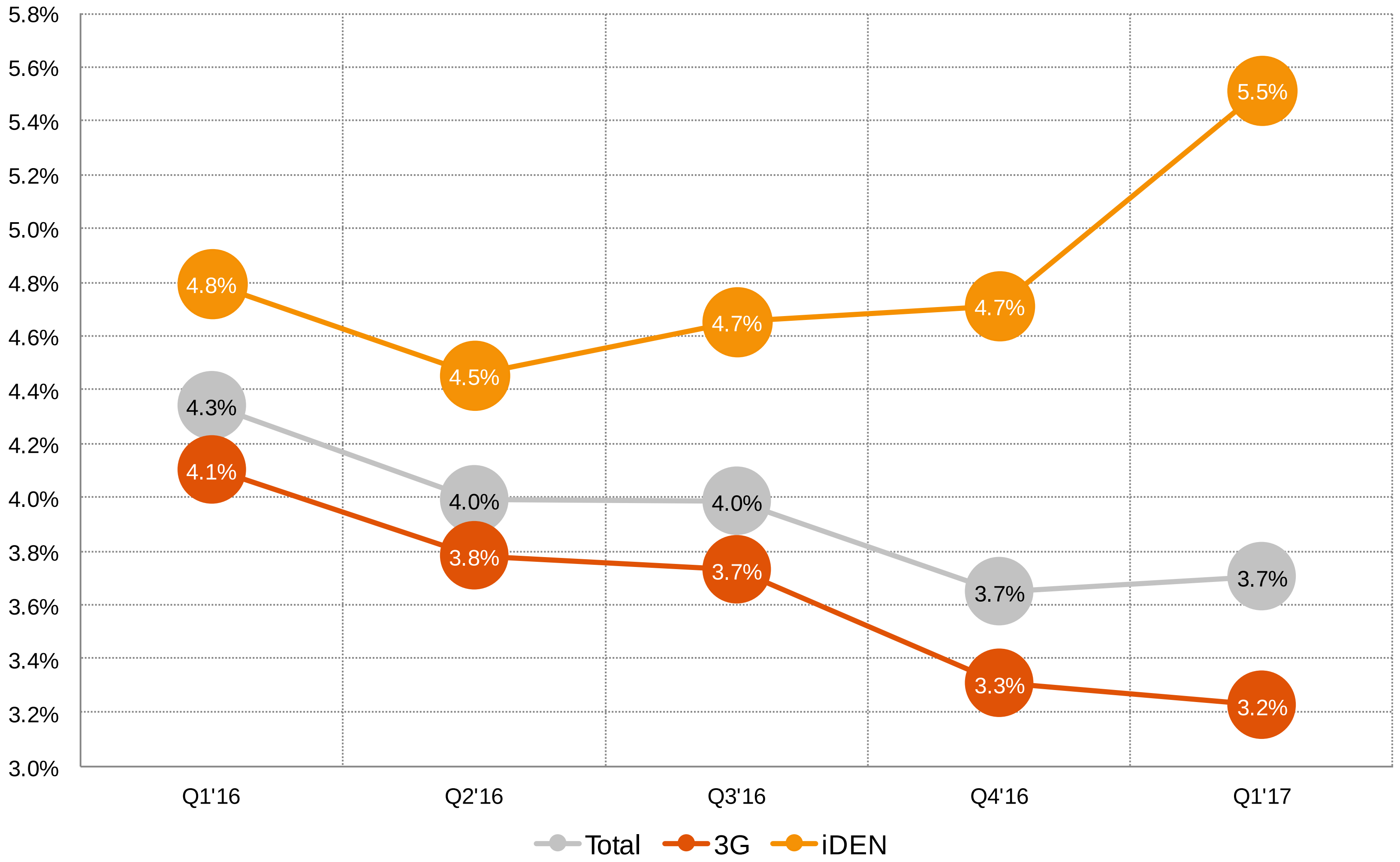
## Brazil Gross Adds by Technology
(CPGA in R$)




## Q1'17 Key Points

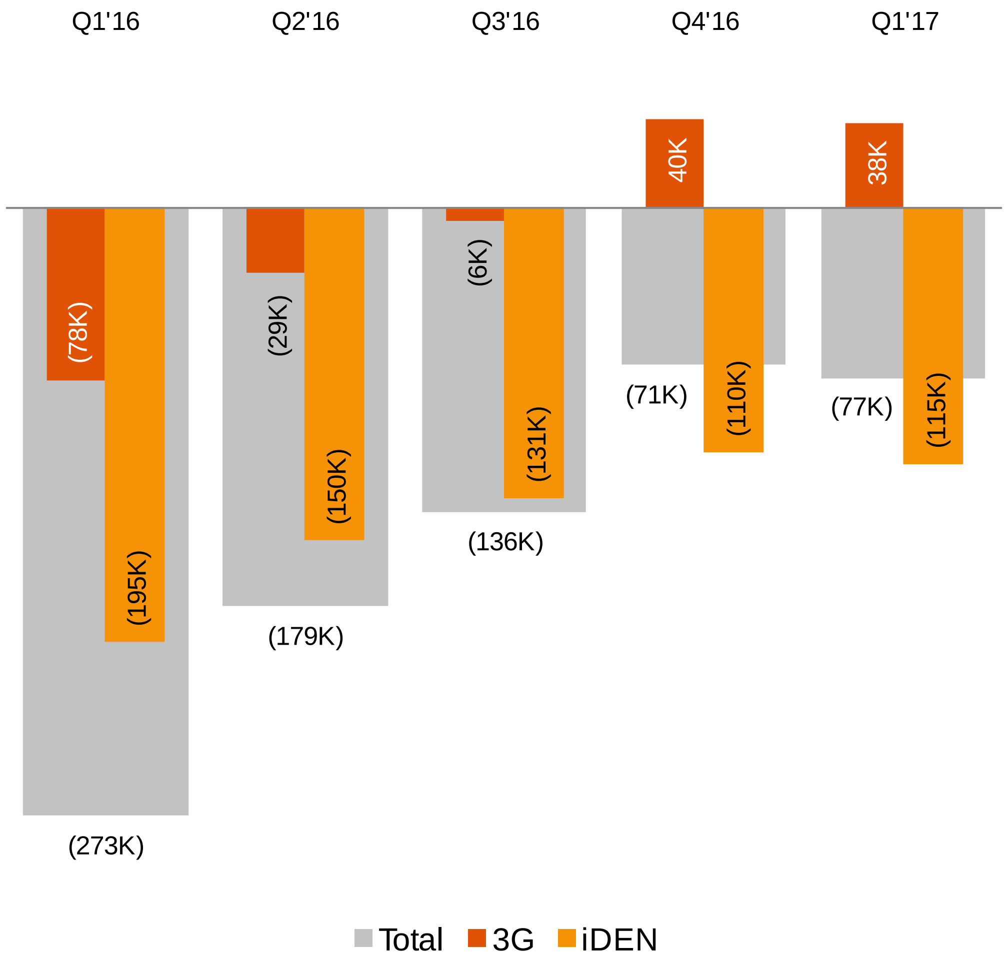
- Total gross adds decreased over Q4'16 due to a drop in iDEN gross adds
- 3G gross adds remain consistent with prior quarter at 315K despite lower advertising spend
- CPGA decreased to R$264 due to promotional campaigns launched in Q4'16

# Brazil Churn Overview



# Brazil Net Adds Overview

## Brazil Net Adds by Technology




## Q1'17 Key Points

- 3G net adds remain positive at 38K for the quarter, in line with Q4'16
- Continuing with a targeted retention approach focused on keeping only the best customers
- Focus remains on expanding our target market

# Brazil Quarterly Subscriber Overview

| In thousands (except churn) | Q1'17 | Q4'16 | Q1'16 | % Change B/(W) vs Q4'16 | % Change B/(W) vs Q1'16 |
|---|---|---|---|---|---|
| **3G** | | | | | |
| Gross Adds | 315 | 315 | 258 | (0%) | 22% |
| Churn | 3.2% | 3.3% | 4.1% | 8bps | 88bps |
| Net Adds (Losses) | 38 | 40 | (78) | (3%) | 149% |
| Migrations from iDEN | 21 | 29 | 42 | (28%) | (50%) |
| **Ending Subscribers** | **2,875** | **2,815** | **2,709** | **2%** | **6%** |
| **iDEN** | | | | | |
| Gross Adds | 9 | 16 | 12 | (39%) | (19%) |
| Churn | 5.5% | 4.7% | 4.8% | (80bps) | (72bps) |
| Net Losses | (115) | (110) | (195) | (5%) | 41% |
| Migrations to 3G | (21) | (29) | (42) | 28% | 50% |
| **Ending Subscribers** | **686** | **823** | **1,315** | **(17%)** | **(48%)** |
| **Total** | | | | | |
| Gross Adds | 324 | 330 | 270 | (2%) | 20% |
| Churn | 3.7% | 3.7% | 4.3% | (6bps) | 64bps |
| Net Losses | (77) | (71) | (273) | (9%) | 72% |
| **Ending Subscribers** | **3,561** | **3,638** | **4,024** | **(2%)** | **(12%)** |

# Non-GAAP Reconciliations

## NII Holdings, Inc.
## Reconciliations of Non-GAAP Financial Measures for 2017

The tables below include financial information prepared in accordance with accounting principles generally accepted in the United States, or GAAP, as well as other financial measures referred to as non-GAAP financial measures. These non-GAAP financial measures should be considered in addition to, but not as a substitute for, the information prepared in accordance with GAAP.

***"Safe Harbor" Statement under the Private Securities Litigation Reform Act of 1995.*** These reconciliations include "forward-looking statements" within the meaning of the securities laws. The statements regarding the business and economic outlook, future performance, modifications to loan agreements, future funding or possible strategic transactions and guidance, as well as other statements that are not historical facts, are forward-looking statements. Forward-looking statements are estimates and projections reflecting management's judgment based on currently available information and involve a number of risks and uncertainties that could cause actual results to differ materially from those suggested by the forward-looking statements. With respect to these forward-looking statements, management has made assumptions regarding, among other things, the Company's ability to fund the business and meet its business plans, customer growth and retention, pricing, network usage, operating costs, the timing of various events, the economic and regulatory environment and the foreign currency exchange rates that will prevail during 2017. Future performance cannot be assured and actual results may differ materially from those in the forward-looking statements. Some factors that could cause actual results to differ include the risks and uncertainties relating to: the impact of liquidity constraints, including the inability to access escrowed and pledged funds when expected, our ability to reach agreement with lenders on amendments to the terms of our financing arrangements, the impact of more intense competitive conditions and changes in economic conditions in Brazil, the performance of the Company's networks, the Company's ability to provide services that customers want or need, the ability of the Company to continue as a going concern, the Company's ability to execute its business plan, and the additional risks and uncertainties that are described in NII Holdings' Annual Report on Form 10-K for the year ended December 31, 2016, as well as in other reports filed from time to time by NII Holdings with the Securities and Exchange Commission. The tables below speak only as of their date, and NII Holdings disclaims any duty to update the information herein.

**(1)** Consolidated operating income before depreciation and amortization, or OIBDA, represents operating income before depreciation and amortization expense. Consolidated adjusted operating income before depreciation and amortization, or adjusted OIBDA, represents consolidated operating income before depreciation expense, amortization expense, material non-cash asset impairments, severance costs associated with publicly announced restructuring plans and other material non-recurring or unusual charges. Consolidated adjusted OIBDA margin represents adjusted OIBDA divided by total operating revenues and consolidated OIBDA margin represents OIBDA divided by total operating revenues. Consolidated OIBDA, consolidated adjusted OIBDA, consolidated OIBDA margin and consolidated adjusted OIBDA margin are not measurements under accounting principles generally accepted in the United States, may not be similar to consolidated OIBDA, consolidated adjusted OIBDA, consolidated OIBDA margin and consolidated adjusted OIBDA margin measures of other companies and should be considered in addition to, but not as substitutes for, the information contained in our statements of operations. We believe that consolidated OIBDA, consolidated adjusted OIBDA, consolidated OIBDA margin and consolidated adjusted OIBDA margin provide useful information to investors because they are indicators of our operating performance, especially in a capital intensive industry such as ours, since they exclude items that are not directly attributable to ongoing business operations. Consolidated OIBDA, consolidated adjusted OIBDA, consolidated OIBDA margin and consolidated adjusted OIBDA margin can be reconciled to our consolidated statements of operations as follows (in thousands, except for margins):

a. Consolidated

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (US$) | | |
| Consolidated operating loss | $ (54,064) | $ (28,751) | $(1,386,696) | $ (57,318) | $ (79,849) |
| Consolidated depreciation | 30,110 | 29,660 | 66,293 | 9,366 | 8,886 |
| Consolidated amortization | 9,995 | 11,054 | 11,912 | 3,993 | 4,139 |
| Consolidated operating (loss) income before depreciation and amortization | (13,959) | 11,963 | (1,308,491) | (43,959) | (66,824) |
| Reversal of accrued tax contingency | - | (8,133) | - | - | - |
| Asset impairment charges | 4,936 | 7,243 | 1,317,583 | 23,648 | 3,559 |
| Restructuring charges | 979 | 3,314 | 6,622 | 20,486 | 68,380 |
| Consolidated adjusted operating (loss) income before depreciation and amortization | $ (8,044) | $ 14,387 | $15,714 | $ 175 | $ 5,115 |
| Consolidated adjusted operating (loss) income before depreciation and amortization margin | (4)% | 6% | 6% | -% | 2% |

(2) Average monthly revenue per subscriber unit in service, or ARPU, is an industry term that measures service revenues, which we refer to as subscriber revenues, per period from our customers divided by the weighted average number of subscriber units in commercial service during that period. ARPU is not a measurement under accounting principles generally accepted in the United States, may not be similar to ARPU measures of other companies and should be considered in addition, but not as a substitute for, the information contained in our statements of operations. We believe that ARPU provides useful information concerning the appeal of our rate plans and service offerings and our performance in attracting and retaining high value customers. Other revenue includes revenues for such services as roaming, handset maintenance, cancellation fees, analog and other. ARPU can be calculated and reconciled to our consolidated statement of operations as follows (in thousands, except ARPU):

a. Consolidated

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (US$) | | |
| Digital service and other revenues | $ 220,602 | $ 243,122 | $ 255,663 | 243,822 | 243,493 |
| Less: other revenues | (23,540) | (22,075) | (22,914) | (20,759) | (20,405) |
| Total subscriber revenues | $ 197,062 | $ 221,047 | $ 232,749 | $ 223,063 | $ 223,088 |
| **ARPU** calculated with subscriber revenues | $ 16 | $ 19 | $ 21 | $ 20 | $ 21 |
| **ARPU** calculated with digital service and other revenues | $ 18 | $ 21 | $ 23 | $ 22 | $ 22 |

b. Nextel Brazil

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (US$) | | |
| Digital service and other revenues | $ 220,548 | $ 243,077 | $ 255,625 | 243,791 | 243,463 |
| Less: other revenues | (23,541) | (22,075) | (22,914) | (20,759) | (20,405) |
| Total subscriber revenues | $ 197,007 | $ 221,002 | $ 232,711 | $ 223,032 | $ 223,058 |
| **ARPU** calculated with subscriber revenues | $ 16 | $ 19 | $ 21 | $ 20 | $ 21 |
| **ARPU** calculated with digital service and other revenues | $ 18 | $ 21 | $ 23 | $ 22 | $ 22 |

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (BR R$) | | |
| Digital service and other revenues | R$ 862,075 | R$ 853,040 | R$ 829,967 | R$ 802,504 | R$ 765,179 |
| Less: other revenues | (91,884) | (77,630) | (74,380) | (68,368) | (64,169) |
| Total subscriber revenues | R$ 770,191 | R$ 775,410 | R$ 755,587 | R$ 734,136 | R$ 701,010 |
| **ARPU** calculated with subscriber revenues | R$ 62 | R$ 66 | R$ 67 | R$ 67 | R$ 65 |
| **ARPU** calculated with digital service and other revenues | R$ 69 | R$ 72 | R$ 73 | R$ 73 | R$ 71 |

(3) Cost per gross add, or CPGA, is an industry term that is calculated by dividing our selling, marketing and handset and accessory subsidy costs, excluding costs unrelated to initial customer acquisition, by our new subscribers during the period, or gross adds. CPGA is not a measurement under accounting principles generally accepted in the United States, may not be similar to CPGA measures of other companies and should be considered in addition, but not as a substitute for, the information contained in our statements of operations. We believe CPGA is a measure of the relative cost of customer acquisition. CPGA can be calculated and reconciled to our consolidated statements of operations as follows (in thousands, except CPGA):

a. Consolidated

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (US$) | | |
| Handset and accessory revenues | $ 5,955 | $ 6,091 | $ 5,173 | $ 4,618 | $ 7,462 |
| Uninsured handset replacement revenue | (121) | (44) | (73) | (44) | (43) |
| Handset and accessory revenues, net | 5,834 | 6,047 | 5,100 | 4,574 | 7,419 |
| Less: cost of handsets and accessories | 11,166 | 8,861 | 5,780 | 3,466 | 8,665 |
| Handset subsidy costs | 5,332 | 2,814 | 680 | (1,108) | 1,246 |
| Selling and marketing | 22,116 | 27,998 | 30,439 | 36,047 | 27,184 |
| Costs per statement of operations | 27,448 | 30,812 | 31,119 | 34,939 | 28,430 |
| Less: costs unrelated to initial customer acquisition | (1,576) | (1,729) | (1,918) | (2,042) | (1,177) |
| Customer acquisition costs | $ 25,872 | $ 29,083 | $ 29,201 | $ 32,897 | $ 27,253 |
| **Cost per Gross Add** | $ 96 | $ 99 | $ 93 | $ 100 | $ 84 |

b. Nextel Brazil

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (US$) | | |
| Handset and accessory revenues | $ 5,955 | $ 6,091 | $ 5,173 | $ 4,618 | $ 7,462 |
| Uninsured handset replacement revenue | (121) | (44) | (73) | (44) | (43) |
| Handset and accessory revenues, net | 5,834 | 6,047 | 5,100 | 4,574 | 7,419 |
| Less: cost of handsets and accessories | 11,166 | 8,861 | 5,780 | 3,466 | 8,665 |
| Handset subsidy costs | 5,332 | 2,814 | 680 | (1,108) | 1,246 |
| Selling and marketing | 22,070 | 27,982 | 30,439 | 36,047 | 27,184 |
| Costs per statement of operations | 27,402 | 30,796 | 31,119 | 34,939 | 28,430 |
| Less: costs unrelated to initial customer acquisition | (1,576) | (1,729) | (1,918) | (2,042) | (1,177) |
| Customer acquisition costs | $ 25,826 | $ 29,067 | $ 29,201 | $ 32,897 | $ 27,253 |
| **Cost per Gross Add** | $ 96 | $ 99 | $ 93 | $ 100 | $ 84 |

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (BR R$) | | |
| Handset and accessory revenues | R$ 23,233 | R$ 21,437 | R$ 16,792 | R$ 15,149 | R$ 23,428 |
| Uninsured handset replacement revenue | (483) | (154) | (237) | (144) | (134) |
| Handset and accessory revenues, net | 22,750 | 21,283 | 16,555 | 15,005 | 23,294 |
| Less: cost of handsets and accessories | 42,971 | 31,507 | 18,785 | 11,459 | 27,161 |
| Handset subsidy costs | 20,221 | 10,224 | 2,230 | (3,546) | 3,867 |
| Selling and marketing | 85,517 | 97,871 | 98,806 | 119,194 | 85,412 |
| Costs per statement of operations | 105,738 | 108,095 | 101,036 | 115,648 | 89,279 |
| Less: costs unrelated to initial customer acquisition | (6,109) | (6,071) | (6,224) | (6,723) | (3,699) |
| Customer acquisition costs | R$ 99,629 | R$ 102,024 | R$ 94,812 | R$ 108,925 | R$ 85,580 |
| **Cost per Gross Add** | R$ 369 | R$ 349 | R$ 301 | R$ 330 | R$ 264 |

(4) Cash cost per handset/user, or CCPU, represents the sum of cost of service, general and administrative expenses and customer retention and other costs divided by average handsets in service during the period and divided by the number of months in the period. CCPU is not a measurement under accounting principles generally accepted in the United States, may not be similar to CCPU measures of other companies and should not be considered in addition to, but not as a substitute for, the information contained in our statements of operations. We believe CCPU is a measure of the recurring costs we incur on a monthly basis to provide service to our subscribers. Consolidated CCPU can be reconciled to our consolidated statements of operations as follows (in thousands, except CCPU):

a. Consolidated

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (US$) | | |
| Selling, general and administrative expenses | $ 133,411 | $ 135,922 | $ 142,815 | $ 148,612 | $ 134,466 |
| Less: selling and marketing expenses | (22,115) | (27,997) | (30,439) | (36,047) | (27,184) |
| General and administrative expenses | 111,296 | 107,925 | 112,376 | 112,565 | 107,282 |
| Cost of service | 90,024 | 90,043 | 96,526 | 96,188 | 102,708 |
| Customer retention costs and other | 1,576 | 1,729 | 1,918 | 2,042 | 1,177 |
| Total | $ 202,896 | $ 199,697 | $ 210,820 | $ 210,795 | $ 211,167 |
| **Cash Cost per User** | $ 16 | $ 17 | $ 19 | $ 19 | $ 20 |

b. Brazil

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (US$) | | |
| Selling, general and administrative expenses | $ 121,553 | $ 126,142 | $ 134,855 | $ 141,221 | $ 127,179 |
| Less: selling and marketing expenses | (22,070) | (27,982) | (30,439) | (36,047) | (27,184) |
| General and administrative expenses | 99,483 | 98,160 | 104,416 | 105,174 | 99,995 |
| Cost of service | 90,024 | 90,043 | 96,526 | 96,188 | 102,708 |
| Customer retention costs and other | 1,576 | 1,729 | 1,918 | 2,042 | 1,177 |
| Total | $ 191,083 | $ 189,932 | $ 202,860 | $ 203,404 | $ 203,880 |
| **Cash Cost per User** | $ 15 | $ 16 | $ 18 | $ 19 | $ 19 |

| | For the Three Months Ended March 31, 2016 | For the Three Months Ended June 30, 2016 | For the Three Months Ended September 30, 2016 | For the Three Months Ended December 31, 2016 | For the Three Months Ended March 31, 2017 |
|---|---|---|---|---|---|
| | | | (BR R$) | | |
| Selling, general and administrative expenses | R$ 472,611 | R$ 442,275 | R$ 437,988 | R$ 465,066 | R$ 399,575 |
| Less: selling and marketing expenses | (85,517) | (97,871) | (98,806) | (119,194) | (85,412) |
| General and administrative expenses | 387,094 | 344,404 | 339,182 | 345,872 | 314,163 |
| Cost of service | 351,227 | 316,244 | 313,370 | 316,586 | 322,737 |
| Customer retention costs and other | 6,109 | 6,071 | 6,224 | 6,723 | 3,699 |
| Total | R$ 744,430 | R$ 666,719 | R$ 658,776 | R$ 669,181 | R$ 640,599 |
| **Cash Cost per User** | R$ 60 | R$ 56 | R$ 58 | R$ 61 | R$ 59 |

(5) The following table shows the impact of changes in foreign currency exchange rates on certain financial measures for the three months ended March 31, 2016 compared to the same period in 2017 by (i) adjusting the relevant measures for the three months ended March 31, 2016 to levels that would have resulted if the average foreign currency exchange rates for the three months ended March 31, 2016 were the same as the average foreign currency exchange rates that were in effect for the three months ended March 31, 2017; and (ii) comparing the actual and adjusted financial measures for the three months ended March 31, 2016 to the similar financial measures for the three months ended March 31, 2017 to show the percentage change in those measures before and after taking those adjustments into account. The amounts reflected in the following table for operating income before depreciation and amortization on a consolidated basis and segment earnings for Nextel Brazil, before the adjustments for changes in foreign currency exchange rates, are based on the calculations contained elsewhere in these non-GAAP reconciliations for the three months ended March 31, 2017 and 2016. The average foreign currency exchange rates for each of the relevant currencies during each of the three months ended March 31, 2017 and 2016 are included in the notes to the table below. The information reflected in the following table is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations. We believe that these calculations provide useful information concerning our relative performance for the three months ended March 31, 2017 compared to the same period in 2016 by removing the impact of the significant difference in the average foreign currency exchange rates in effect for those periods.

| | Three Months Ended March 31, | | | | | |
|---|---|---|---|---|---|---|
| | 1Q 2016 Actual | 1Q 2016 Adjustment (1) | 1Q 2016 Normalized (1) | 1Q 2017 Actual | 1Q 2016 to 1Q 2017 Actual B(W) Growth (2) | 1Q 2016 to 1Q 2017 Normalized B(W) Growth (3) |
| | | | (dollars in thousands) | | | |
| **Consolidated:** | | | | | | |
| Operating revenues | $226,557 | $56,303 | $282,860 | $250,955 | 11% | (11)% |
| Adjusted operating (loss) income before depreciation and amortization | (8,044) | 935 | (7,109) | 5,115 | 164% | 172% |
| **Nextel Brazil:** | | | | | | |
| Operating revenues | $226,503 | $56,303 | $282,806 | $250,925 | 11% | (11)% |
| Adjusted operating income before depreciation and amortization | 3,760 | 935 | 4,695 | 12,373 | 229% | 164% |

(1) The "1Q 2016 Normalized" amounts reflect the impact of applying the average foreign currency exchange rates for the three months ended March 31, 2017 to the operating revenues earned in foreign currencies and to the other components of each of the actual financial measures shown above for the three months ended March 31, 2016. The amounts included under the column "1Q 2016 Normalized" reflect the amount determined by adding the "1Q 2016 Adjustment" amounts calculated as described in the preceding sentence to the "1Q 2016 Actual" amounts and reflect the impact of the year-over-year change in the average foreign currency exchange rates on each of the financial measures for the three months ended March 31, 2017. The average foreign currency exchange rates for each of the relevant currencies during the three months ended March 31, 2017 and 2016 for purposes of these calculations were as follows:

| | Three Months Ended March 31, | |
|---|---|---|
| | 2017 | 2016 |
| Brazilian real | 3.13 | 3.91 |

(2) The percentage amounts in these columns reflect the growth rates for each of the financial measures comparing the amounts in the "1Q 2017 Actual" columns with those in the "1Q 2016 Actual" columns.

(3) The percentage amounts in these columns reflect the growth rates for each of the financial measures comparing the amounts in the "1Q 2017 Actual" columns with those in the "1Q 2016 Normalized" columns.