



Nii Holdings, Inc. Q1 2018 Earnings Presentation

May 8, 2018

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

"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, 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, NII Holdings' ability to fund the business and meet its business plans, customer growth and retention, pricing, network usage, operating costs, the timing of various events, ice group's minority ownership in NII Holdings, the economic and regulatory environment and the foreign currency exchange rates that will prevail during 2018. 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 funds when expected; the impact of more intense competitive conditions and changes in economic conditions in Brazil; the performance of NII Holdings' networks; NII Holdings' ability to provide services that customers want or need; NII Holdings' 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, 2017 and in its Quarterly Report on Form 10-Q for the three months ended March 31, 2018, 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 March 31, 2018, and NII Holdings disclaims any duty to update the information herein.

Contents



Results Overview

Subscriber Overview



Q1'18 Earnings Overview

Subscriber Overview:

- Q1'18 3G/4G net adds of 93K with 3G/4G churn decreasing from 3.5% to 2.4% sequentially
 - Highest 3G/4G net adds in over 2 years and lowest 3G/4G churn in over 3 years
 - Q1'18 subscriber base ended at 3.3M subscribers with 93%, or 3.02M, subscribers on 3G/4G
 - Company remains on track to achieve mid 2% 3G/4G churn for at least the first half of 2018

Financial Results:

- Q1'18 consolidated operating revenue of \$181M; down \$8M from prior quarter primarily due to iDEN revenue decline and impact of new revenue recognition standard (\$4M)
- Q1'18 consolidated adjusted OIBDA loss of \$8M, \$10M better than prior quarter, primarily a result of lower operating expenses
 - Company remains on track to moderately improve adjusted OIBDA loss compared to 2017
- Q1'18 capital expenditures of \$8M
 - Company remains on track for similar level of capital expenditures as 2017
- Ended Q1'18 with \$187M of unrestricted cash and \$110M of restricted cash in escrow
 - \$50M of cash securing 3G performance bonds recovered in Q1'18

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

Consolidated Q1'18 Results

\$m	Q1'18	Q4'17	% Change B/(W)	Q1'18 % Rev	Q1'17	% Change B/(W)
Operating revenue	181	189	(4%)	100%	251	(28%)
Cost of revenue	98	100	2%	54%	111	12%
General and administrative expenses	70	77	10%	38%	107	35%
Selling and marketing expenses	21	30	28%	12%	27	22%
Consolidated Adjusted OIBDA (Loss)	(8)	(18)	57%	(4%)	5	(253%)
<i>Service ARPU</i>	<i>17</i>	<i>18</i>	<i>(1%)</i>	<i>nm</i>	<i>21</i>	<i>(16%)</i>
<i>Total ARPU</i>	<i>18</i>	<i>19</i>	<i>(4%)</i>	<i>nm</i>	<i>22</i>	<i>(20%)</i>
<i>CCPU</i>	<i>16</i>	<i>17</i>	<i>4%</i>	<i>nm</i>	<i>20</i>	<i>16%</i>
<i>CPGA</i>	<i>77</i>	<i>102</i>	<i>25%</i>	<i>nm</i>	<i>84</i>	<i>8%</i>
<i>Average FX Rate (Real)</i>	<i>3.2</i>	<i>3.2</i>	<i>0%</i>	<i>nm</i>	<i>3.1</i>	<i>(3%)</i>

nm = Not Meaningful

Key points

While operating revenue decreased \$8M from Q4'17 to Q1'18, reductions in expenses resulted in a \$10M improvement in consolidated Adjusted OIBDA (Loss).

Brazil Q1'18 Results in Local Currency

R\$m	Q1'18	Q4'17	% Change B/(W)	Q1'18 % Rev	Q1'17	% Change B/(W)
Operating revenue	587	613	(4%)	100%	789	(26%)
Cost of revenue	318	324	2%	54%	350	9%
General and administrative expenses	212	244	13%	36%	314	33%
Selling and marketing expenses	69	96	28%	12%	85	19%
Adjusted OIBDA (Loss)	(12)	(51)	77%	(2%)	39	(130%)
<i>Service ARPU</i>	<i>56</i>	<i>57</i>	<i>(1%)</i>	<i>nm</i>	<i>65</i>	<i>(13%)</i>
<i>Total ARPU</i>	<i>59</i>	<i>61</i>	<i>(4%)</i>	<i>nm</i>	<i>71</i>	<i>(17%)</i>
<i>CCPU</i>	<i>52</i>	<i>55</i>	<i>6%</i>	<i>nm</i>	<i>59</i>	<i>12%</i>
<i>CPGA</i>	<i>250</i>	<i>332</i>	<i>25%</i>	<i>nm</i>	<i>264</i>	<i>5%</i>

nm = Not Meaningful

Key points

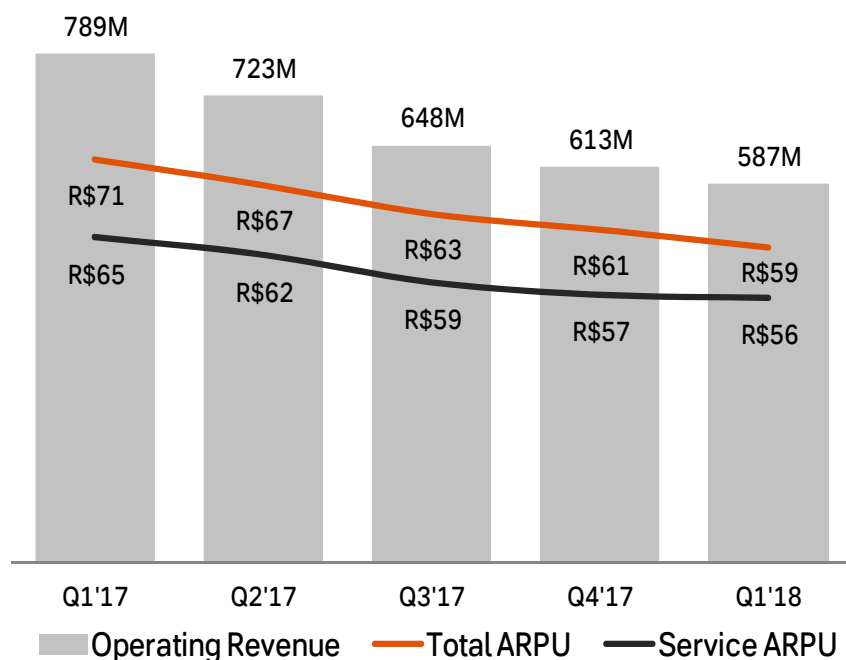
Q1'18 general and administrative expenses R\$32M lower than prior quarter due to the new revenue recognition standard, lower customer care costs and headcount reductions

Q1'18 selling and marketing expenses R\$27M lower than Q4'17, primarily driven by decreases in advertising spend and sales force

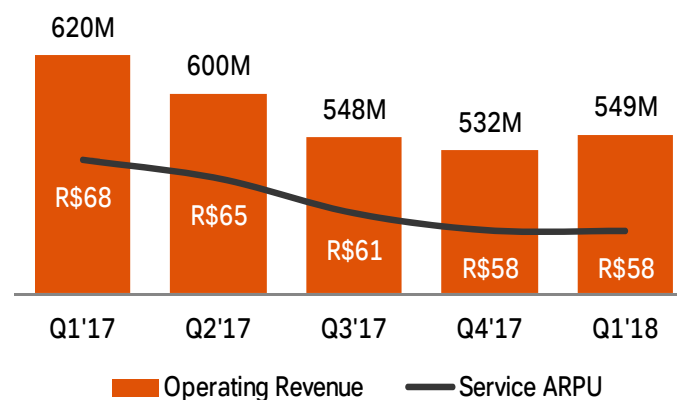
Q1'18 Brazil Operating Revenue in Local Currency

Brazil Operating Revenue and Total ARPU

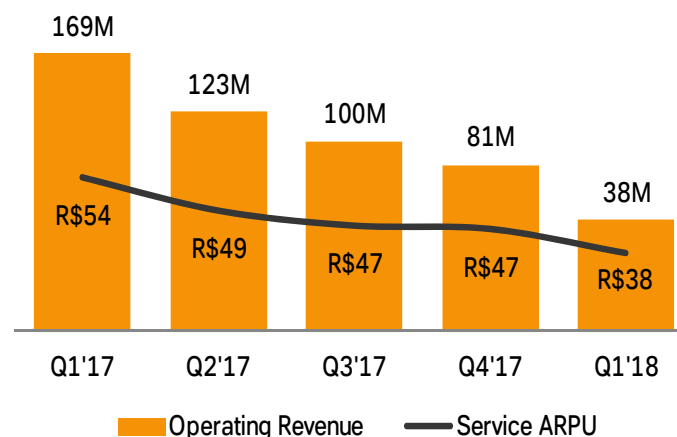
(Operating Revenue in millions R\$)



Brazil 3G / 4G*



Brazil iDEN*



Adjusted OIBDA* Trend

Brazil Adjusted OIBDA Trend

(in millions \$)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18
Operating Revenue	251	225	205	189	181
Cost of Revenue	111	101	103	100	98
General and administrative expenses	100	98	104	75	65
Selling and marketing expenses	27	23	28	30	21
Brazil Adjusted OIBDA (Loss)	12	3	(31)	(16)	(4)

HQ Adjusted OIBDA Trend**

(in millions \$)

	Q1'17	Q2'17	Q3'17	Q4'17	Q1'18***
Operating Revenue	-	-	-	-	-
Cost of Revenue	-	-	-	-	-
General and administrative expenses	7	8	6	2	4
Selling and marketing expenses	-	-	-	-	-
HQ Adjusted OIBDA (Loss)	(7)	(8)	(6)	(2)	(4)



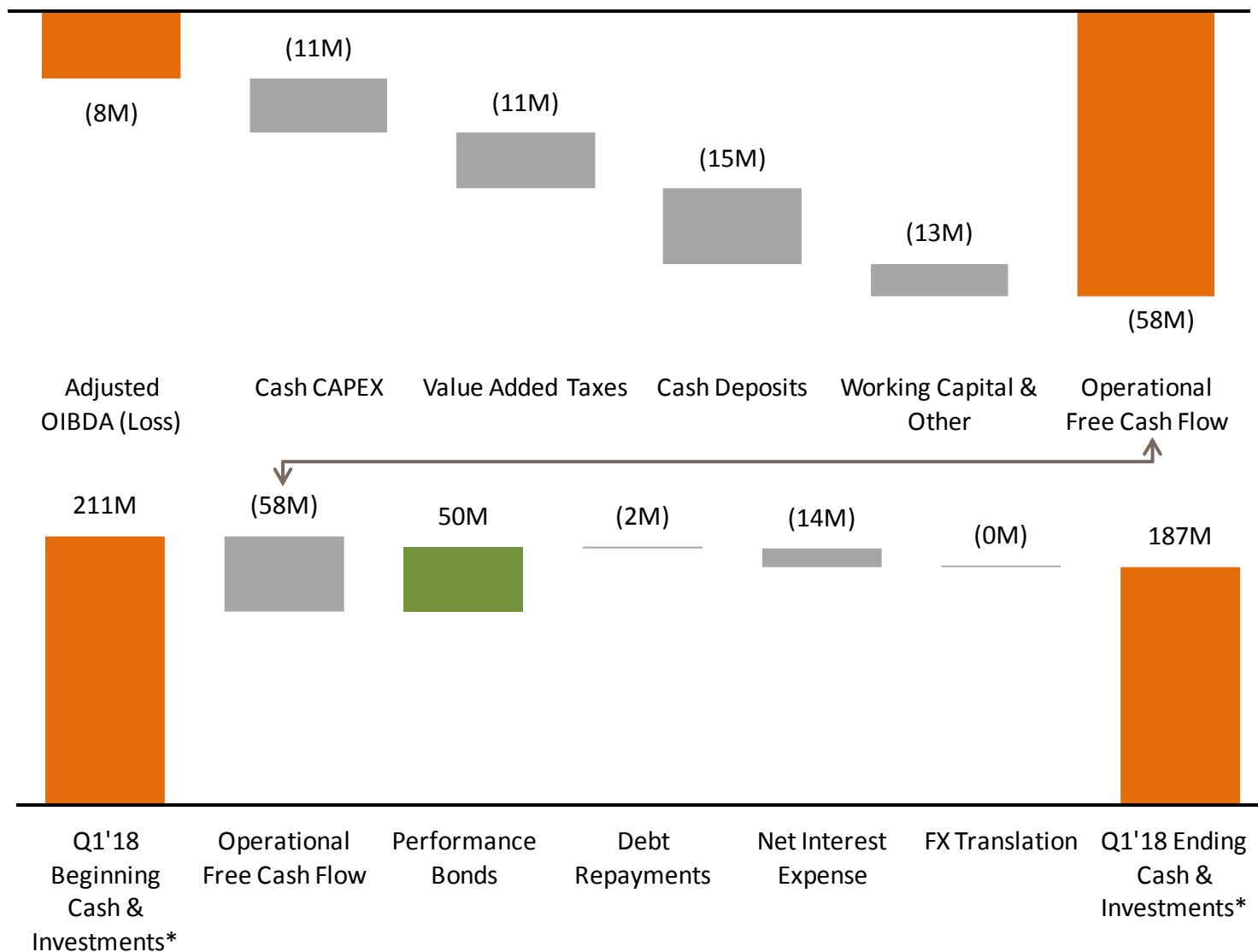
* Adjusted OIBDA is segment earnings and is defined as operating income before depreciation, amortization, impairment, restructuring costs and other

** Includes the impact of intercompany eliminations and discontinued operations

*** Increase in HQ Adjusted OIBDA loss in Q1'18 due to Q4'17 catch up adjustment to allocate costs to Brazil

Consolidated Q1'18 Liquidity Results

(in millions \$)



Contents



Results Overview

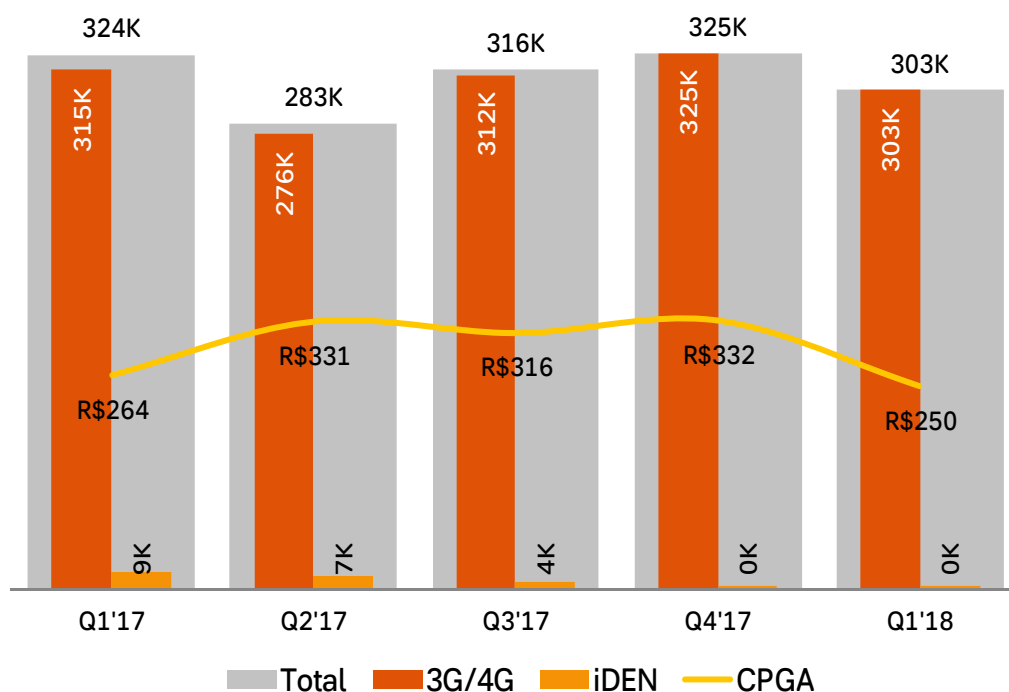
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> Subscriber Overview



Brazil Gross Add Overview

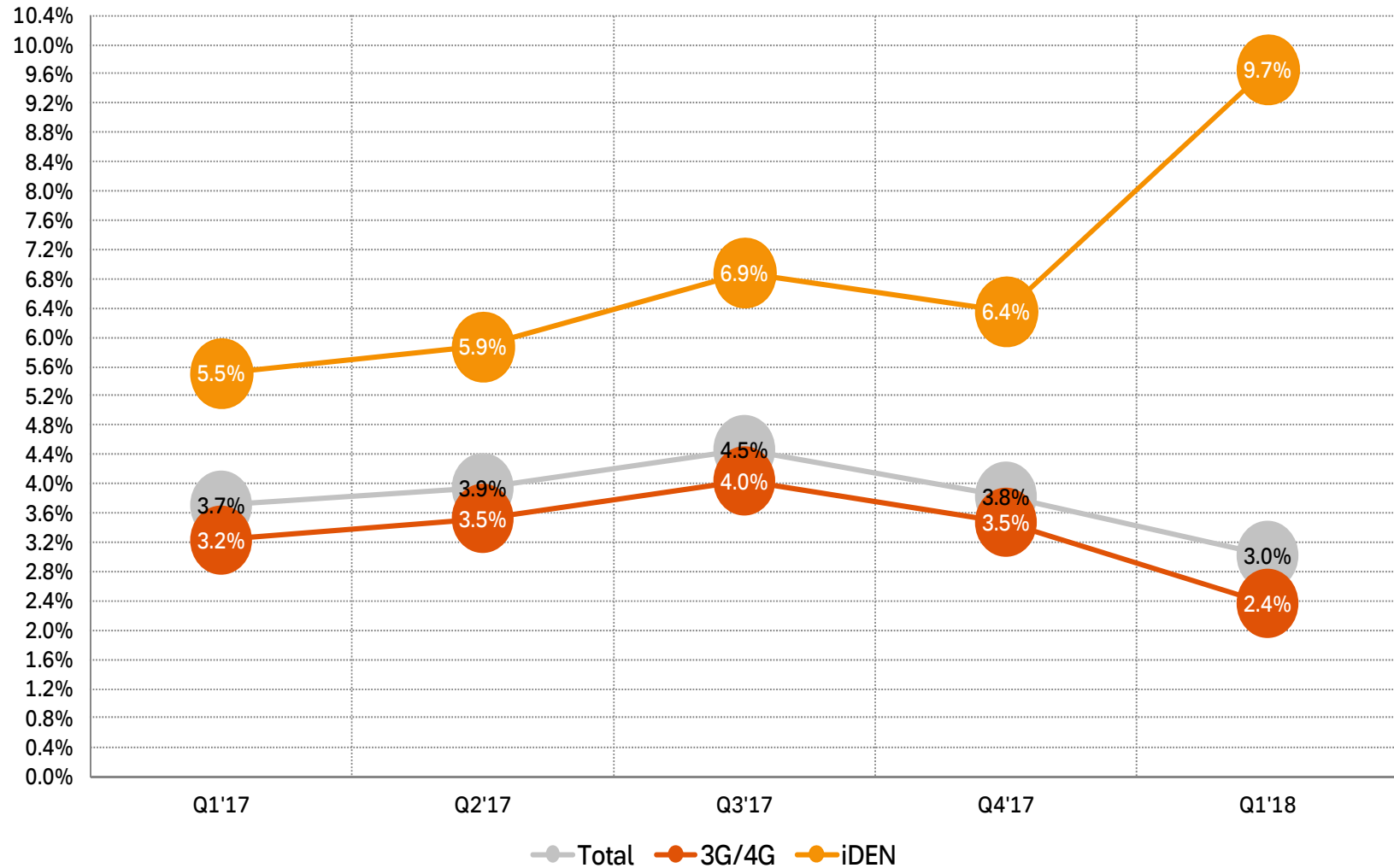
Brazil Gross Adds by Technology (CPGA in R\$)



Q1'18 Key Points

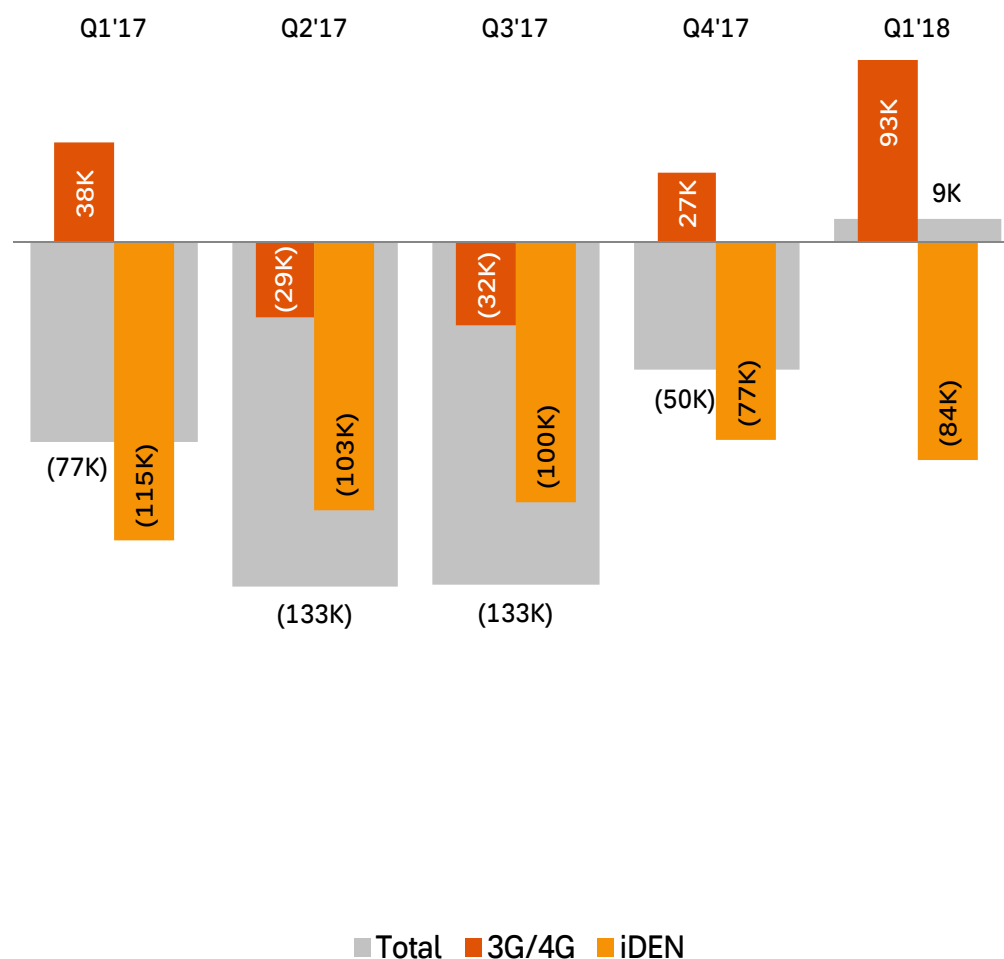
- Total gross adds decreased compared to Q4'17 mainly as a result of seasonality
- CPGA decreased to R\$250 due to decreases in equipment subsidy, advertising spend and payroll related to a reduction in sales force, as well as the deferral of commissions in connection with the implementation of the new revenue recognition standard (R\$22)

Brazil Churn* Overview



Brazil Net Adds Overview

Brazil Net Adds by Technology



Q1'18 Key Points

- Q1'18 is the first quarter with total positive net adds in 9 quarters
- Improvement in net adds over Q4'17 due to a decrease in 3G/4G churn
- Focus remains on improving customers' experience while providing them with competitive and attractive offers

Brazil Quarterly Subscriber Overview

In thousands (except churn)	Q1'18	Q4'17	Q1'17	% Change B/(W) vs Q4'17	% Change B/(W) vs Q1'17
3G/4G					
Gross Adds	303	325	315	(7%)	(4%)
Churn	2.4%	3.5%	3.2%	111bps	86bps
Net Additions	93	27	38	246%	142%
Migrations from iDEN	35	24	21	48%	65%
Ending Subscribers	3,024	2,896	2,875	4%	5%
iDEN					
Gross Adds	0	0	9	112%	(97%)
Churn	9.7%	6.4%	5.5%	(331bps)	(415bps)
Net Losses	(84)	(77)	(115)	(10%)	27%
Migrations to 3G	(35)	(24)	(21)	(48%)	(65%)
Ending Subscribers	230	350	686	(34%)	(66%)
Total					
Gross Adds	303	325	324	(7%)	(7%)
Churn	3.0%	3.8%	3.7%	81bps	69bps
Net Additions	9	(50)	(77)	117%	111%
Ending Subscribers	3,254	3,246	3,561	0%	(9%)

Non-GAAP Reconciliations



NII Holdings, Inc.
Reconciliations of Non-GAAP Financial Measures for 2018

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

- (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, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(US\$)				
Consolidated operating loss	\$ (79,849)	\$ (68,931)	\$ (83,372)	\$ (40,007)	\$ (14,461)
Consolidated depreciation	8,886	5,717	3,605	3,984	4,833
Consolidated amortization	4,139	3,618	3,663	3,575	3,591
Consolidated operating loss before depreciation and amortization	(66,824)	(59,596)	(76,104)	(32,448)	(6,037)
Asset impairment charges	3,559	241	(5,096)	3,806	733
Restructuring charges	68,380	53,994	44,258	10,585	(2,558)
Consolidated adjusted operating income (loss) before depreciation and amortization	\$ 5,115	\$ (5,361)	\$ (36,942)	\$ (18,057)	\$ (7,862)
Consolidated adjusted operating income (loss) before depreciation and amortization margin	2%	(2)%	(18)%	(10)%	(4)%

*All amounts presented above are translated into US dollars using the average monthly foreign currency exchange rate for the Brazilian real compared to the US dollar. Monthly translated amounts are then summed for each quarter.

- (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 to, 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, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(US\$)				
Digital service and other revenues	243,493	220,079	\$ 200,259	\$ 184,048	\$ 175,972
Less: other revenues	(20,405)	(15,774)	(14,593)	(12,497)	(6,414)
Total subscriber revenues	\$ 223,088	\$ 204,305	\$ 185,666	\$ 171,551	\$ 169,558
ARPU calculated with subscriber revenues ...	\$ 21	\$ 19	\$ 19	\$ 18	\$ 17
ARPU calculated with digital service and other revenues	\$ 22	\$ 21	\$ 20	\$ 19	\$ 18

b. Nextel Brazil

	For the Three Months Ended March 31, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(US\$)				
Digital service and other revenues	243,463	220,050	\$ 200,235	\$ 184,025	\$ 175,951
Less: other revenues	(20,405)	(15,730)	(14,593)	(12,497)	(6,414)
Total subscriber revenues	\$ 223,058	\$ 204,320	\$ 185,642	\$ 171,528	\$ 169,537
ARPU calculated with subscriber revenues ...	\$ 21	\$ 19	\$ 19	\$ 18	\$ 17
ARPU calculated with digital service and other revenues	\$ 22	\$ 21	\$ 20	\$ 19	\$ 18

	For the Three Months Ended March 31, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(BR R\$)				
Digital service and other revenues	R\$ 765,179	R\$ 707,067	R\$ 633,730	R\$ 597,664	R\$ 570,454
Less: other revenues	(64,169)	(50,500)	(46,197)	(40,590)	(20,621)
Total subscriber revenues	R\$ 701,010	R\$ 656,567	R\$ 587,533	R\$ 557,074	R\$ 549,833
ARPU calculated with subscriber revenues ...	R\$ 65	R\$ 62	R\$ 59	R\$ 57	R\$ 56
ARPU calculated with digital service and other revenues	R\$ 71	R\$ 67	R\$ 63	R\$ 61	R\$ 59

- (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, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(US\$)				
Handset and accessory revenues.....	\$ 7,462	\$ 5,055	\$ 4,549	\$ 4,822	\$ 5,041
Uninsured handset replacement revenue.....	(43)	(68)	(53)	(88)	(56)
Handset and accessory revenues, net.....	7,419	4,987	4,496	4,734	4,985
Less: cost of handsets and accessories.....	8,665	13,042	8,736	9,764	9,065
Handset subsidy costs.....	1,246	8,055	4,240	5,030	4,080
Selling and marketing *.....	27,184	23,383	28,275	29,647	21,231
Costs per statement of operations.....	28,430	31,438	32,515	34,677	25,311
Less: costs unrelated to initial customer acquisition.....	(1,177)	(2,303)	(943)	(1,396)	(1,950)
Customer acquisition costs.....	\$ 27,253	\$ 29,135	\$ 31,572	\$ 33,281	\$ 23,361
Cost per Gross Add.....	\$ 84	\$ 103	\$ 100	\$ 102	\$ 77

b. Nextel Brazil

	For the Three Months Ended March 31, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(US\$)				
Handset and accessory revenues.....	\$ 7,462	\$ 5,055	\$ 4,549	\$ 4,822	\$ 5,041
Uninsured handset replacement revenue.....	(43)	(68)	(53)	(88)	(56)
Handset and accessory revenues, net.....	7,419	4,987	4,496	4,734	4,985
Less: cost of handsets and accessories.....	8,665	13,042	8,736	9,764	9,065
Handset subsidy costs.....	1,246	8,055	4,240	5,030	4,080
Selling and marketing *.....	27,184	23,383	28,275	29,647	21,231
Costs per statement of operations.....	28,430	31,438	32,515	34,677	25,311
Less: costs unrelated to initial customer acquisition.....	(1,177)	(2,303)	(943)	(1,396)	(1,950)
Customer acquisition costs.....	\$ 27,253	\$ 29,135	\$ 31,572	\$ 33,281	\$ 23,361
Cost per Gross Add.....	\$ 84	\$ 103	\$ 100	\$ 102	\$ 77

	For the Three Months Ended March 31, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(BR R\$)				
Handset and accessory revenues.....	R\$ 23,428	R\$ 16,268	R\$ 14,336	R\$ 15,666	R\$ 16,368
Uninsured handset replacement revenue.....	(134)	(219)	(169)	(283)	(182)
Handset and accessory revenues, net.....	23,294	16,049	14,167	15,383	16,186
Less: cost of handsets and accessories.....	27,161	41,986	27,633	31,773	29,422
Handset subsidy costs.....	3,867	25,937	13,466	16,390	13,236
Selling and marketing *.....	85,412	75,027	89,362	96,248	68,962
Costs per statement of operations.....	89,279	100,964	102,828	112,638	82,198
Less: costs unrelated to initial customer acquisition.....	(3,699)	(7,437)	(2,985)	(4,538)	(6,349)
Customer acquisition costs.....	R\$ 85,580	R\$ 93,527	R\$ 99,843	R\$ 108,100	R\$ 75,849
Cost per Gross Add.....	R\$ 264	R\$ 331	R\$ 316	R\$ 332	R\$ 250

* The adoption of Accounting Standards Codification, or ASC, No. 606, resulted in the capitalization of both direct and indirect commissions beginning on January 1, 2018 compared to the expensing of these types of commissions during the first quarter of 2017, which resulted in a decrease in selling and marketing expenses from the first quarter of 2017 to the first quarter of 2018.

- (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 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, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(US\$)				
Selling, general and administrative expenses...	\$ 134,466	\$ 129,612	\$ 139,004	\$ 107,086	\$ 90,886
Less: selling and marketing expenses *.....	(27,184)	(23,384)	(28,275)	(29,647)	(21,231)
General and administrative expenses.....	107,282	106,228	110,729	77,439	69,655
Cost of service.....	102,708	87,842	94,010	90,077	88,924
Customer retention costs and other.....	1,177	2,303	943	1,396	1,950
Total.....	\$ 211,167	\$ 196,373	\$ 205,682	\$ 168,912	\$ 160,529
Cash Cost per User.....	\$ 20	\$ 19	\$ 20	\$ 17	\$ 16

b. Brazil

	For the Three Months Ended March 31, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(US\$)				
Selling, general and administrative expenses.....	\$ 127,179	\$ 121,142	\$ 132,699	\$ 104,869	\$ 86,603
Less: selling and marketing expenses *	(27,184)	(23,384)	(28,275)	(29,647)	(21,231)
General and administrative expenses	99,995	97,758	104,424	75,222	65,372
Cost of service	102,708	87,842	94,010	90,077	88,924
Customer retention costs and other	1,177	2,303	943	1,396	1,950
Total	<u>\$ 203,880</u>	<u>\$ 187,903</u>	<u>\$ 199,377</u>	<u>\$ 166,695</u>	<u>\$ 156,246</u>
Cash Cost per User	<u>\$ 19</u>	<u>\$ 18</u>	<u>\$ 20</u>	<u>\$ 17</u>	<u>\$ 16</u>

	For the Three Months Ended March 31, 2017	For the Three Months Ended June 30, 2017	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Three Months Ended March 31, 2018
	(BR R\$)				
Selling, general and administrative expenses.....	R\$ 399,575	R\$ 388,695	R\$ 419,466	R\$ 340,078	R\$ 280,988
Less: selling and marketing expenses *	(85,412)	(75,027)	(89,362)	(96,248)	(68,962)
General and administrative expenses	314,163	313,668	330,104	243,830	212,026
Cost of service	322,737	281,475	297,437	292,607	288,386
Customer retention costs and other	3,699	7,437	2,985	4,538	6,349
Total	<u>R\$ 640,599</u>	<u>R\$ 602,580</u>	<u>R\$ 630,526</u>	<u>R\$ 540,975</u>	<u>R\$ 506,761</u>
Cash Cost per User	<u>R\$ 59</u>	<u>R\$ 57</u>	<u>R\$ 63</u>	<u>R\$ 55</u>	<u>R\$ 52</u>

* The adoption of Accounting Standards Codification, or ASC, No. 606, resulted in the capitalization of both direct and indirect commissions beginning on January 1, 2018 compared to the expensing of these types of commissions during the first quarter of 2017, which resulted in a decrease in selling and marketing expenses from the first quarter of 2017 to the first quarter of 2018.

- (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, 2017 compared to the same period in 2018 by (i) adjusting the relevant measures for the three months ended March 31, 2017 to levels that would have resulted if the average foreign currency exchange rates for the three months ended March 31, 2017 were the same as the average foreign currency exchange rates that were in effect for the three months ended March 31, 2018; and (ii) comparing the actual and adjusted financial measures for the three months ended March 31, 2017 to the similar financial measures for the three months ended March 31, 2018 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, 2018 and 2017. The average foreign currency exchange rates for each of the relevant currencies during each of the three months ended March 31, 2018 and 2017 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, 2018 compared to the same period in 2017 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 2017 Actual	1Q 2017 Adjustment (1)	1Q 2017 Normalized (1)	1Q 2018 Actual	1Q 2017 to 1Q 2018 Actual B(W) Growth (2)	1Q 2017 to 1Q 2018 Normalized B(W) Growth (3)
	(dollars in thousands)					
Consolidated:						
Operating revenues	\$250,955	\$(8,519)	\$242,436	\$181,013	(28)%	(25)%
Adjusted operating income (loss) before depreciation and amortization	5,115	(420)	4,695	(7,862)	(254)%	(267)%
Nextel Brazil:						
Operating revenues	\$250,925	\$(8,519)	\$242,406	\$180,992	(28)%	(25)%
Adjusted operating income (loss) before depreciation and amortization	12,373	(420)	11,953	(3,600)	(129)%	(130)%

- (1) The "1Q 2017 Normalized" amounts reflect the impact of applying the average foreign currency exchange rates for the three months ended March 31, 2018 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, 2017, other than certain components of those measures consisting of U.S. dollar-based operating expenses, which were not adjusted. The amounts included under the columns "1Q 2017 Normalized" reflect the amount determined by adding the "1Q 2017 Adjustment" amounts calculated as described in the preceding sentence to the "1Q 2017 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, 2018. The average foreign currency exchange rates for each of the relevant currencies during the three months ended March 31, 2018 and 2017 for purposes of these calculations were as follows:

	Three Months Ended March 31,	
	2018	2017
Brazilian real	3.24	3.13

- (2) The percentage amounts in these columns reflect the better, or B, or worse, or W, growth rates for each of the financial measures comparing the amounts in the "1Q 2018 Actual" columns with those in the "1Q 2017 Actual" columns.
- (3) The percentage amounts in these columns reflect the better, or B, or worse, or W, growth rates for each of the financial measures comparing the amounts in the "1Q 2018 Actual" columns with those in the "1Q 2017 Normalized" columns.
- (6) Operational free cash burn is an industry term that represents all of the Company's cash spending, with the exception of payments related to debt principal and interest, cash returned from escrow in connection with the sale of Nextel Mexico and cash recovered from certain performance bonds relating to the Company's obligations to deploy its WCDMA spectrum in Brazil. Operational free cash burn is not derived from or based on any measurement under accounting principles generally accepted in the United States but is instead calculated through the Company's cash forecasting process. For this reason, we believe that it would require unreasonable efforts to provide a quantitative reconciliation of this term.