



NII Holdings, Inc. 4Q and TY 2017 Earnings Presentation

March 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, 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, ice group's minority ownership in the Company, 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 and pledged funds when expected, 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 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 and in its Quarterly Report on Form 10-Q for the three months ended June 30, 2017, 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 the Company disclaims any duty to update the information herein.

Contents



> Results Overview

Subscriber Overview



2017 4th Quarter and Total Year Results Overview

Subscriber Overview:

- 4Q 3G/4G subscriber additions of 27k with a quarterly reduction in churn from 4.0% to 3.5%
 - 3G/4G subscribers represent 89% of total base at 2.90M, up from 86% in 3Q 2017
- Total year net subscriber losses of 392k resulting in an ending subscriber base of 3.25M
 - Results attributable to iDEN full year net subscriber losses of 396k (3G/4G net additions of 4k)

Financial Results:

- 4Q consolidated operating revenue of \$189M; total year 2017 of \$870M
- 4Q consolidated adjusted OIBDA loss of \$18M; total year 2017 loss of \$55M
- Ended 2017 with \$211M of unrestricted cash and \$110M of restricted cash in escrow
 - Subsequent to the end of 2017, recovered \$53M of cash securing 3G performance bonds

2017 Key Priorities:

- Successfully executed against several of our key initiatives:
 - Introduced competitive 3G/4G offers and improved customer loyalty and churn
 - Continued to implement cost reduction strategies
 - 4Q adjusted OIBDA loss reduced by 51% as compared to 3Q 2017
 - Executed amendments to our equipment financing and Brazil bank loans
 - 48 month grace period from material repayments; 98 month term from effectiveness

In 2018, we expect to ramp up our 3G/4G subscriber growth and achieve a positive inflection point in month over month revenue growth

Consolidated Total Year 2017 Results

\$m	2017	2016	% Change B/(W)	2017 % Rev
Operating revenue	870	985	(12%)	100%
Cost of revenue	415	402	(3%)	48%
General and administrative expenses	402	444	10%	46%
Selling and marketing expenses	108	117	7%	12%
Consolidated Adjusted OIBDA (Loss)	(55)	22	nm	(6%)
<i>Service ARPU</i>	<i>19</i>	<i>19</i>	<i>2%</i>	<i>nm</i>
<i>Total ARPU</i>	<i>21</i>	<i>21</i>	<i>(0%)</i>	<i>nm</i>
<i>CCPU</i>	<i>19</i>	<i>18</i>	<i>(7%)</i>	<i>nm</i>
<i>CPGA</i>	<i>97</i>	<i>97</i>	<i>(0%)</i>	<i>nm</i>
<i>Average FX Rate (Real)</i>	<i>3.2</i>	<i>3.5</i>	<i>9%</i>	<i>nm</i>

nm = Not Meaningful

Key points

Consolidated Adjusted OIBDA decreased \$77M against 2016 mainly due to a reduction in iDEN operating revenues, partially offset by a \$38M improvement in operating expenses, mainly G&A, as a result of cost saving initiatives.

Consolidated Q4'17 Results

\$m	Q4'17	Q3'17	% Change B/(W)	Q4'17 % Rev	Q4'16	% Change B/(W)
Operating revenue	189	205	(8%)	100%	248	(24%)
Cost of revenue	100	103	3%	53%	100	(0%)
General and administrative expenses	77	111	30%	41%	113	31%
Selling and marketing expenses	30	28	(5%)	16%	36	18%
Consolidated Adjusted OIBDA (Loss)	(18)	(37)	51%	(10%)	0	nm
<i>Service ARPU</i>	<i>18</i>	<i>19</i>	<i>(5%)</i>	<i>nm</i>	<i>20</i>	<i>(14%)</i>
<i>Total ARPU</i>	<i>19</i>	<i>20</i>	<i>(6%)</i>	<i>nm</i>	<i>22</i>	<i>(15%)</i>
<i>CCPU</i>	<i>17</i>	<i>20</i>	<i>16%</i>	<i>nm</i>	<i>19</i>	<i>10%</i>
<i>CPGA</i>	<i>102</i>	<i>100</i>	<i>(2%)</i>	<i>nm</i>	<i>100</i>	<i>(3%)</i>
<i>Average FX Rate (Real)</i>	<i>3.2</i>	<i>3.2</i>	<i>(3%)</i>	<i>nm</i>	<i>3.3</i>	<i>1%</i>

nm = Not Meaningful

Key points

While operating revenues decreased from Q3'17 to Q4'17, a significant reduction in expenses resulted in a \$19M improvement in consolidated Adjusted OIBDA (Loss).

Brazil Total Year 2017 Results in Local Currency

R\$m	2017	2016	% Change B/(W)	2017 % Rev
Operating revenue	2,773	3,424	(19%)	100%
Cost of revenue	1,323	1,402	6%	48%
General and administrative expenses	1,202	1,417	15%	43%
Selling and marketing expenses	346	401	14%	12%
Adjusted OIBDA (Loss)	(97)	204	(148%)	(4%)
<i>Service ARPU</i>	<i>61</i>	<i>65</i>	<i>(7%)</i>	<i>nm</i>
<i>Total ARPU</i>	<i>66</i>	<i>72</i>	<i>(9%)</i>	<i>nm</i>
<i>CCPU</i>	<i>59</i>	<i>59</i>	<i>0%</i>	<i>nm</i>
<i>CPGA</i>	<i>310</i>	<i>335</i>	<i>8%</i>	<i>nm</i>

nm = Not Meaningful

Key points

Local currency results reflect a decline in operating revenue primarily as a result of a 58% reduction in our iDEN subscriber base.

Brazil Q4'17 Results in Local Currency

R\$m	Q4'17	Q3'17	% Change B/(W)	Q4'17 % Rev	Q4'16	% Change B/(W)
Operating revenue	613	648	(5%)	100%	818	(25%)
Cost of revenue	324	325	0%	53%	328	1%
General and administrative expenses	244	330	26%	40%	346	30%
Selling and marketing expenses	96	89	(8%)	16%	119	19%
Adjusted OIBDA	(51)	(96)	47%	(8%)	25	(308%)
<i>Service ARPU</i>	<i>57</i>	<i>59</i>	<i>(3%)</i>	<i>nm</i>	<i>67</i>	<i>(15%)</i>
<i>Total ARPU</i>	<i>61</i>	<i>63</i>	<i>(3%)</i>	<i>nm</i>	<i>73</i>	<i>(17%)</i>
<i>CCPU</i>	<i>55</i>	<i>63</i>	<i>12%</i>	<i>nm</i>	<i>61</i>	<i>9%</i>
<i>CPGA</i>	<i>332</i>	<i>316</i>	<i>(5%)</i>	<i>nm</i>	<i>330</i>	<i>(1%)</i>

nm = Not Meaningful

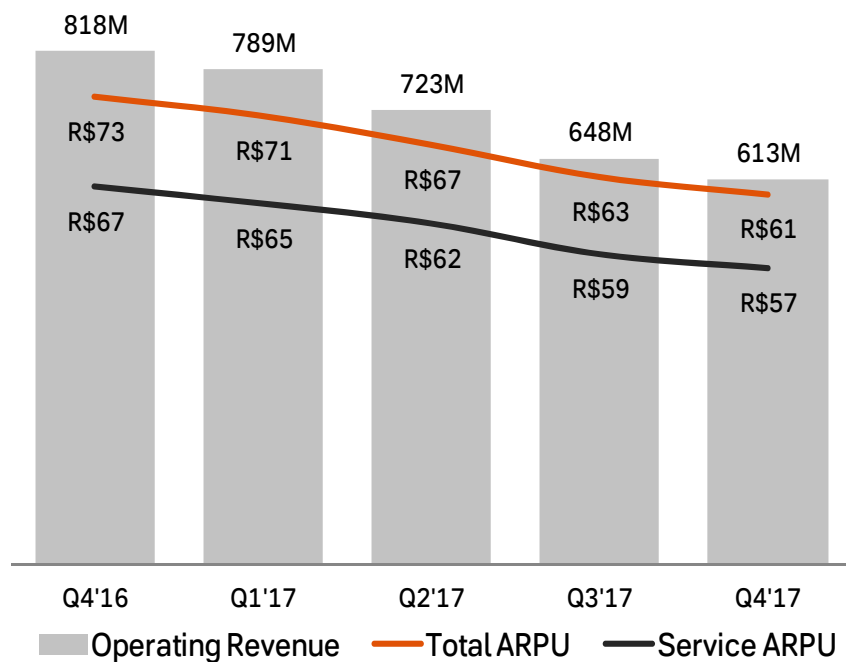
Key points

Lower general and administrative expenses due to one-time non-cash contingency costs recognized in Q3'17

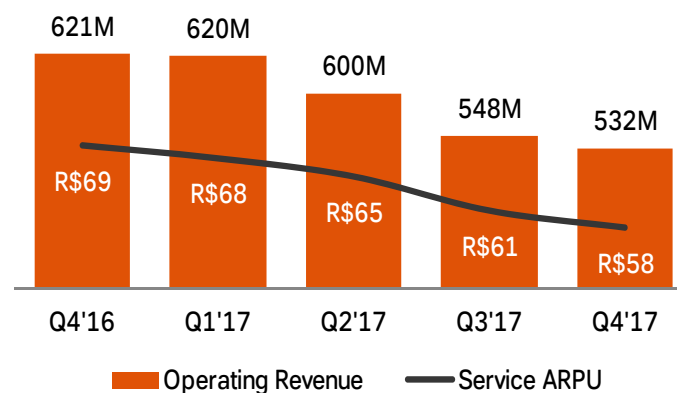
Q4'17 Brazil Operating Revenue in Local Currency

Brazil Operating Revenue and Total ARPU

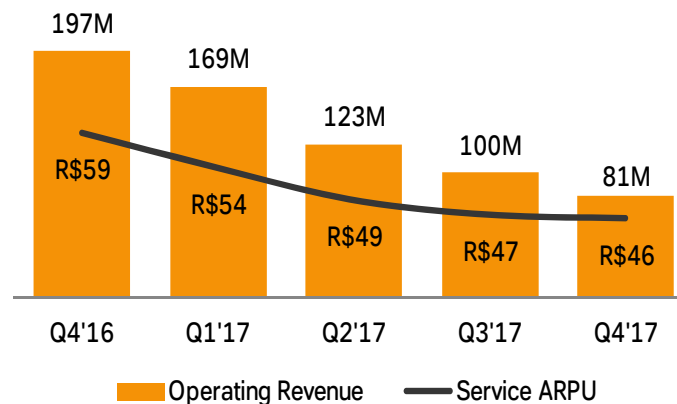
(Operating Revenue in millions R\$)



Brazil 3G / 4G



Brazil iDEN



Adjusted OIBDA* Trend

Brazil Adjusted OIBDA Trend

(in millions \$)

	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17
Operating Revenue	248	251	225	205	189
Cost of Revenue	100	111	101	103	100
General and administrative expenses	105	100	98	104	75
Selling and marketing expenses	36	27	23	28	30
Brazil Adjusted OIBDA (Loss)	8	12	3	(31)	(16)

HQ Adjusted OIBDA Trend**

(in millions \$)

	Q4'16	Q1'17	Q2'17	Q3'17	Q4'17***
Operating Revenue	-	-	-	-	-
Cost of Revenue	-	-	-	-	-
General and administrative expenses	7	7	8	6	2
Selling and marketing expenses	-	-	-	-	-
HQ Adjusted OIBDA (Loss)	(7)	(7)	(8)	(6)	(2)



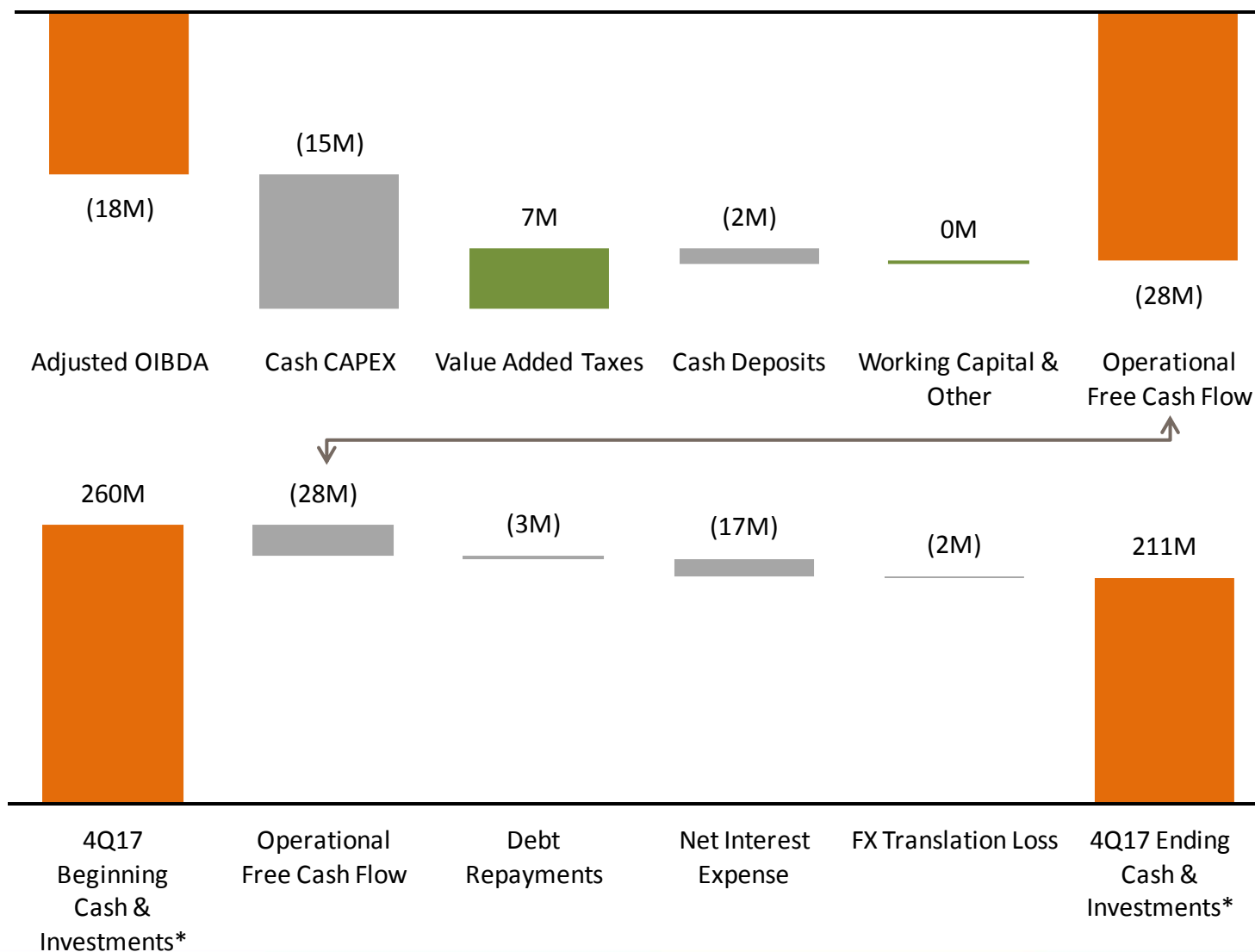
* Adjusted OIBDA is defined as operating income before depreciation, amortization, impairment, restructuring costs and other

** Includes the impact of intercompany eliminations and discontinued operations

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

Consolidated Q4'17 Liquidity Results

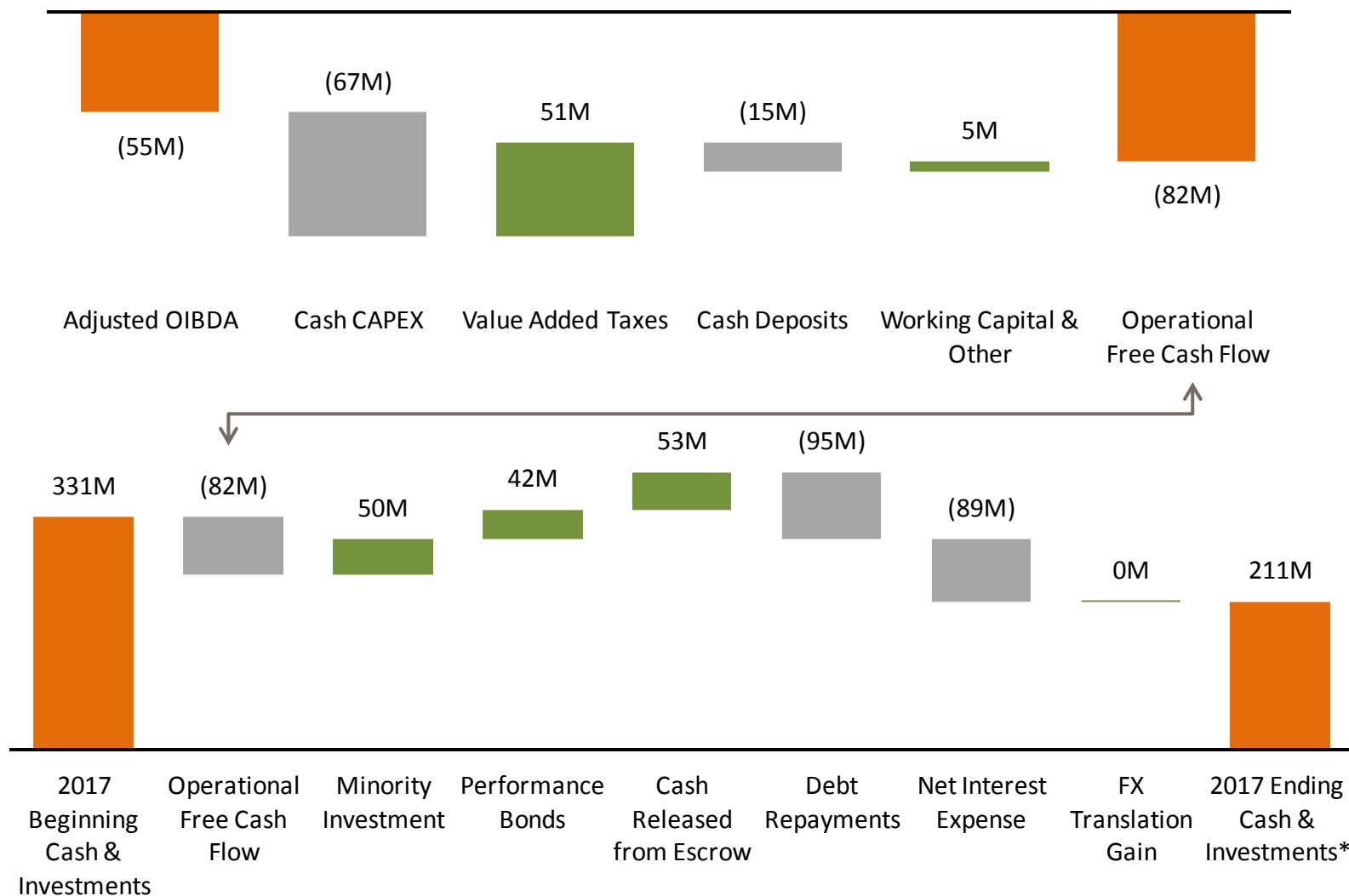
(in millions \$)



*Excludes \$110 million related to the Nextel Mexico escrow

Consolidated 2017 Total Year Liquidity Results

(in millions \$)



2018 Guidance

Return to 3G/ 4G subscriber growth:

- Total 3G/4G net subscriber additions of 300,000 or more

Continue to regain operational balance:

- Moderately better consolidated adjusted OIBDA than the amount reported in 2017, but still negative

Spend CAPEX efficiently:

- A similar level of capital expenditures as the amount reported in 2017

Our goal in 2018 is to continue to prioritize our liquidity while carefully investing in subscriber growth

Contents



Results Overview

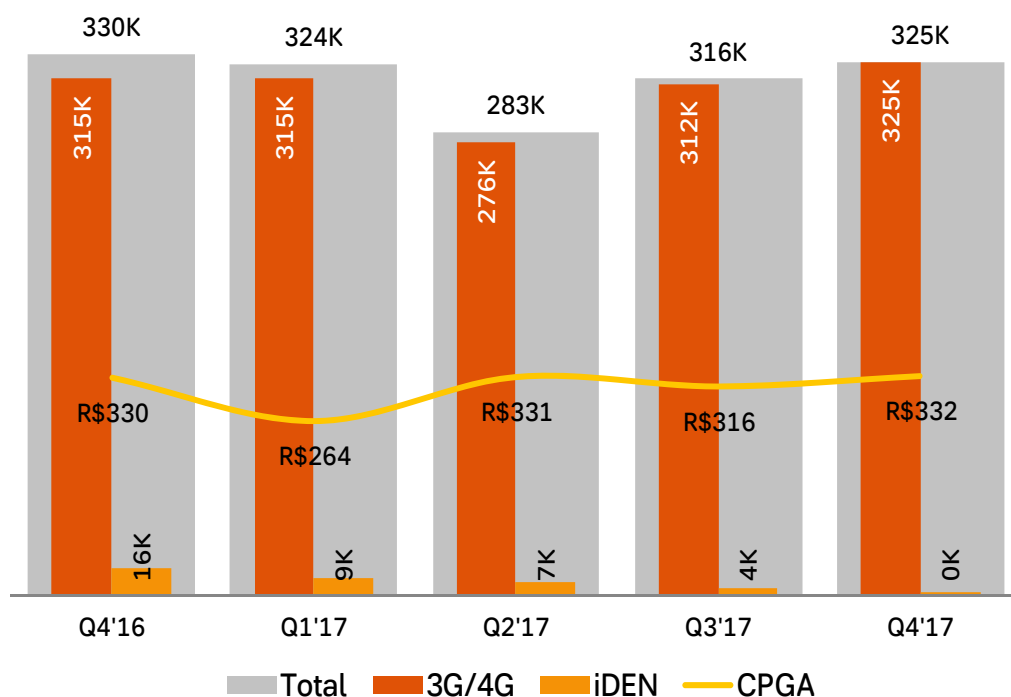
Subscriber Overview

NII Holdings, Inc. Results 4Q and TY 2017



Brazil Gross Add Overview

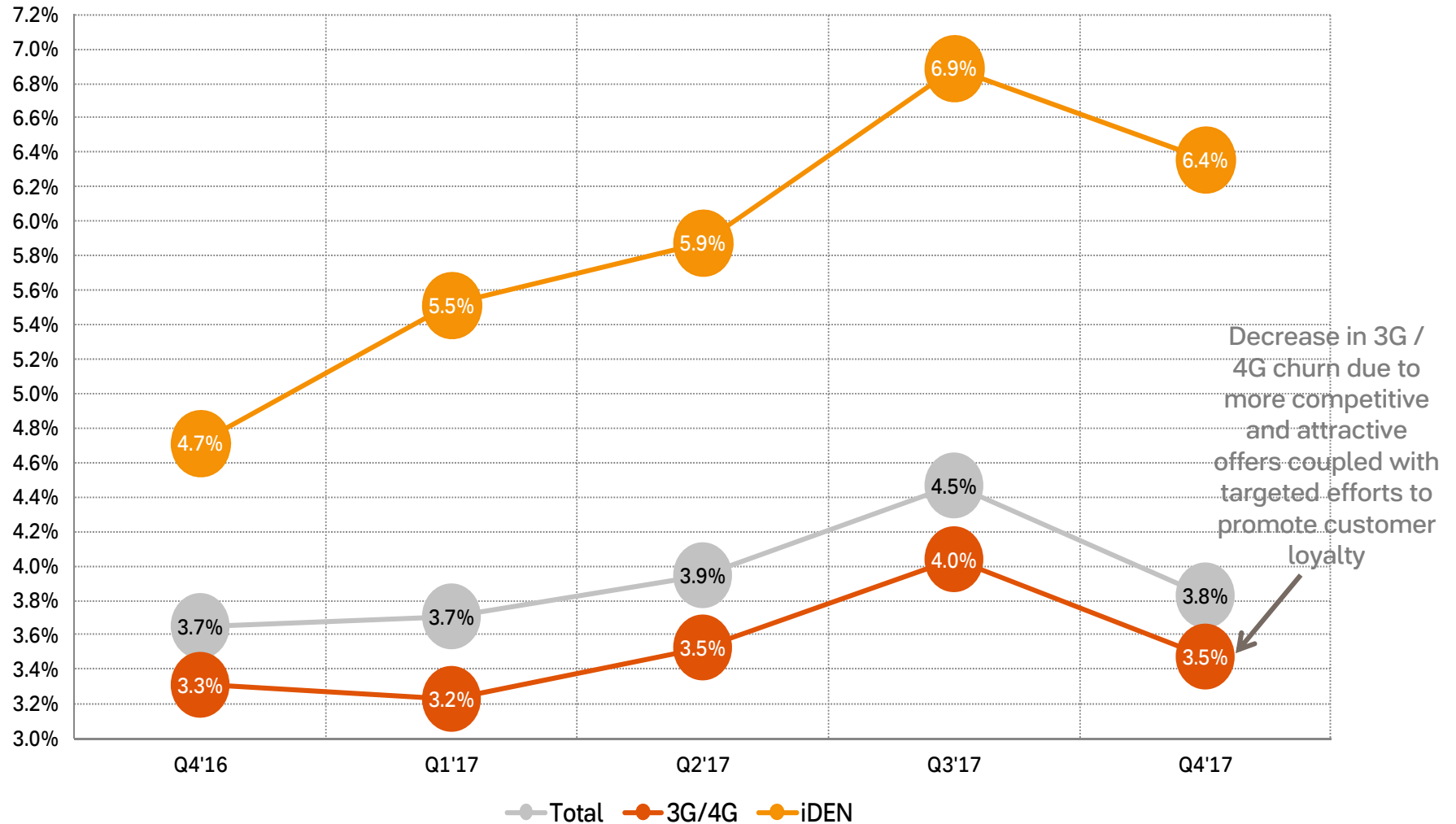
Brazil Gross Adds by Technology (CPGA in R\$)



Q4'17 Key Points

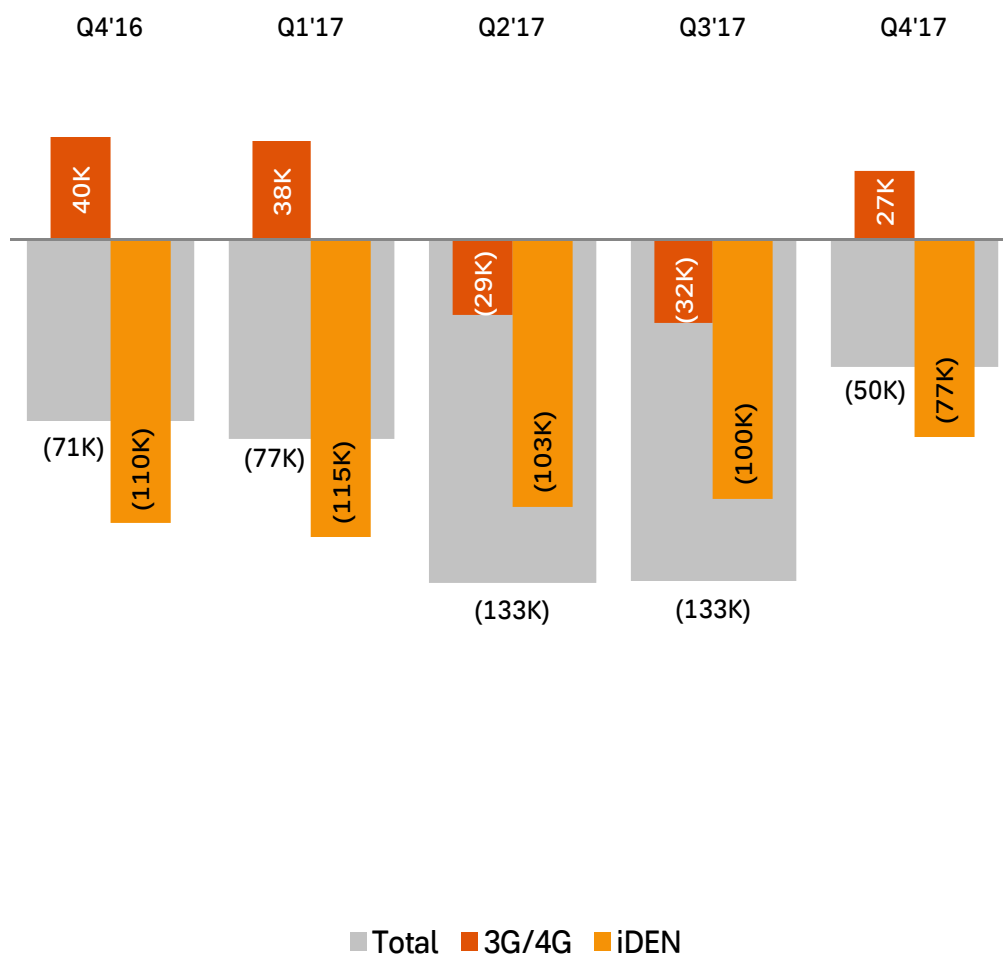
- Total gross adds increased over Q3'17 due to new unlimited voice plans
- 3G / 4G gross adds increased 13K over prior quarter
- CPGA increased to R\$332 due to a higher average equipment subsidy partly offset by lower payroll costs related to a reduction in sales force

Brazil Churn* Overview



Brazil Net Adds Overview

Brazil Net Adds by Technology



Q4'17 Key Points

- Improvement in net adds over Q3'17 due to an increase in 3G/4G gross adds and lower churn
- Focus remains on improving customers' experience while providing them with competitive and attractive offers
- 3G / 4G churn expected to continue to improve in Q1'18

Brazil Yearly Subscriber Overview

In thousands (except churn)	2017	2016	% Change B/(W) vs 2016
3G/4G			
Gross Adds	1,228	1,152	7%
Churn	3.6%	3.7%	17bps
Net Adds (Losses)	4	(73)	105%
Migrations from iDEN	77	144	(46%)
Ending Subscribers	2,896	2,815	3%
iDEN			
Gross Adds	20	56	(64%)
Churn	6.1%	4.7%	(141bps)
Net Losses	(396)	(586)	32%
Migrations to 3G	(77)	(144)	46%
Ending Subscribers	350	823	(58%)
Total			
Gross Adds	1,248	1,208	3%
Churn	4.0%	4.0%	2bps
Net Losses	(392)	(659)	40%
Ending Subscribers	3,246	3,638	(11%)

Brazil Quarterly Subscriber Overview

In thousands (except churn)	Q4'17	Q3'17	Q4'16	% Change B/(W) vs Q3'17	% Change B/(W) vs Q4'16
3G/4G					
Gross Adds	325	312	315	4%	3%
Churn	3.5%	4.0%	3.3%	56bps	(16bps)
Net Additions (Losses)	27	(32)	40	183%	(32%)
Migrations from iDEN	24	13	29	77%	(20%)
Ending Subscribers	2,896	2,846	2,815	2%	3%
iDEN					
Gross Adds	0	4	16	(97%)	(99%)
Churn	6.4%	6.9%	4.7%	53bps	(165bps)
Net Losses	(77)	(100)	(110)	24%	30%
Migrations to 3G	(24)	(13)	(29)	(77%)	20%
Ending Subscribers	350	450	823	(22%)	(58%)
Total					
Gross Adds	325	316	330	3%	(1%)
Churn	3.8%	4.5%	3.7%	64bps	(18bps)
Net Losses	(50)	(133)	(71)	62%	29%
Ending Subscribers	3,246	3,295	3,638	(2%)	(11%)

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.

- (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 December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
			(US\$)		
Consolidated operating loss	\$ (57,318)	\$(1,526,829)	\$ (83,372)	\$ (40,007)	\$ (272,159)
Consolidated depreciation	9,366	135,429	3,605	3,984	22,192
Consolidated amortization	3,993	36,954	3,663	3,575	14,995
Consolidated operating loss before depreciation and amortization	(43,959)	(1,354,446)	(76,104)	(32,448)	(234,972)
Reversal of accrued tax contingency	-	(8,133)	-	-	-
Asset impairment charges	23,648	1,349,453	(5,096)	3,806	67,331
Restructuring charges	20,486	35,358	44,258	10,585	112,396
Consolidated adjusted operating income (loss) before depreciation and amortization	\$ 175	\$ 22,232	\$ (36,942)	\$ (18,057)	\$ (55,245)
Consolidated adjusted operating income (loss) before depreciation and amortization margin	-%	2%	(18)%	(10)%	(6)%

- (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 December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
			(US\$)		
Digital service and other revenues	\$ 243,822	\$ 963,209	\$ 200,259	\$ 184,048	\$ 847,879
Less: other revenues	(20,759)	(89,288)	(14,593)	(12,497)	(63,225)
Total subscriber revenues	\$ 223,063	\$ 873,921	\$ 185,666	\$ 171,551	\$ 784,654
ARPU calculated with subscriber revenues	\$ 20	\$ 19	\$ 19	\$ 18	\$ 19
ARPU calculated with digital service and other revenues	\$ 22	\$ 21	\$ 20	\$ 19	\$ 21

b. Nextel Brazil

	For the Three Months Ended December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
			(US\$)		
Digital service and other revenues	\$ 243,791	\$ 963,041	\$ 200,235	\$ 184,025	\$ 847,773
Less: other revenues	(20,759)	(89,289)	(14,593)	(12,497)	(63,225)
Total subscriber revenues	\$ 223,032	\$ 873,752	\$ 185,642	\$ 171,528	\$ 784,548
ARPU calculated with subscriber revenues	\$ 20	\$ 19	\$ 19	\$ 18	\$ 19
ARPU calculated with digital service and other revenues	\$ 22	\$ 21	\$ 20	\$ 19	\$ 21

	For the Three Months Ended December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
			(BR R\$)		
Digital service and other revenues	R\$ 802,504	R\$ 3,347,586	R\$ 633,730	R\$ 597,664	R\$ 2,703,640
Less: other revenues	(68,368)	(312,262)	(46,197)	(40,590)	(201,456)
Total subscriber revenues	R\$ 734,136	R\$ 3,035,324	R\$ 587,533	R\$ 557,074	R\$ 2,502,184
ARPU calculated with subscriber revenues	R\$ 67	R\$ 65	R\$ 59	R\$ 57	R\$ 61
ARPU calculated with digital service and other revenues	R\$ 73	R\$ 72	R\$ 63	R\$ 61	R\$ 66

- (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 December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
	(US\$)				
Handset and accessory revenues.....	\$ 4,618	\$ 21,837	\$ 4,549	\$ 4,822	\$ 21,888
Uninsured handset replacement revenue.....	(44)	(283)	(53)	(88)	(252)
Handset and accessory revenues, net.....	4,574	21,554	4,496	4,734	21,636
Less: cost of handsets and accessories.....	3,466	29,273	8,736	9,764	40,207
Handset subsidy costs.....	(1,108)	7,719	4,240	5,030	18,571
Selling and marketing.....	36,047	116,599	28,275	29,647	108,490
Costs per statement of operations.....	34,939	124,318	32,515	34,677	127,061
Less: costs unrelated to initial customer acquisition.....	(2,042)	(7,265)	(943)	(1,396)	(5,818)
Customer acquisition costs.....	<u>\$ 32,897</u>	<u>\$ 117,053</u>	<u>\$ 31,572</u>	<u>\$ 33,281</u>	<u>\$ 121,243</u>
Cost per Gross Add.....	\$ 100	\$ 97	\$ 100	\$ 102	\$ 97

b. Nextel Brazil

	For the Three Months Ended December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
	(US\$)				
Handset and accessory revenues.....	\$ 4,618	\$ 21,837	\$ 4,549	\$ 4,822	\$ 21,888
Uninsured handset replacement revenue.....	(44)	(283)	(53)	(88)	(252)
Handset and accessory revenues, net.....	4,574	21,554	4,496	4,734	21,636
Less: cost of handsets and accessories.....	3,466	29,273	8,736	9,764	40,207
Handset subsidy costs.....	(1,108)	7,719	4,240	5,030	18,571
Selling and marketing.....	36,047	116,538	28,275	29,647	108,490
Costs per statement of operations.....	34,939	124,257	32,515	34,677	127,061
Less: costs unrelated to initial customer acquisition.....	(2,042)	(7,265)	(943)	(1,396)	(5,818)
Customer acquisition costs.....	<u>\$ 32,897</u>	<u>\$ 116,992</u>	<u>\$ 31,572</u>	<u>\$ 33,281</u>	<u>\$ 121,243</u>
Cost per Gross Add.....	\$ 100	\$ 97	\$ 100	\$ 102	\$ 97

	For the Three Months Ended December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
	(BR R\$)				
Handset and accessory revenues.....	R\$ 15,149	R\$ 76,611	R\$ 14,336	R\$ 15,666	R\$ 69,697
Uninsured handset replacement revenue.....	(144)	(1,018)	(169)	(283)	(805)
Handset and accessory revenues, net.....	15,005	75,593	14,167	15,383	68,892
Less: cost of handsets and accessories.....	11,459	104,721	27,633	31,773	128,552
Handset subsidy costs.....	(3,546)	29,128	13,466	16,390	59,660
Selling and marketing.....	119,194	401,388	89,362	96,248	346,049
Costs per statement of operations.....	115,648	430,516	102,828	112,638	405,709
Less: costs unrelated to initial customer acquisition.....	(6,723)	(25,126)	(2,985)	(4,538)	(18,660)
Customer acquisition costs.....	<u>R\$ 108,925</u>	<u>R\$ 405,390</u>	<u>R\$ 99,843</u>	<u>R\$ 108,100</u>	<u>R\$ 387,049</u>
Cost per Gross Add.....	R\$ 330	R\$ 335	R\$ 316	R\$ 332	R\$ 310

- (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 December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
	(US\$)				
Selling, general and administrative expenses.....	\$ 148,612	\$ 560,760	\$ 139,004	\$ 107,086	\$ 510,168
Less: selling and marketing expenses.....	(36,047)	(116,599)	(28,275)	(29,647)	(108,490)
General and administrative expenses.....	112,565	444,161	110,729	77,439	401,678
Cost of service.....	96,188	364,648	94,010	90,077	374,637
Customer retention costs and other.....	2,042	7,265	943	1,396	5,818
Total.....	<u>\$ 210,795</u>	<u>\$ 816,074</u>	<u>\$ 205,682</u>	<u>\$ 168,912</u>	<u>\$ 782,133</u>
Cash Cost per User.....	\$ 19	\$ 18	\$ 20	\$ 17	\$ 19

b. Brazil

	For the Three Months Ended December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017 (US\$)	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
Selling, general and administrative expenses.....	\$ 141,221	\$ 523,771	\$ 132,699	\$ 104,869	\$ 485,888
Less: selling and marketing expenses	<u>(36,047)</u>	<u>(116,538)</u>	<u>(28,275)</u>	<u>(29,647)</u>	<u>(108,490)</u>
General and administrative expenses	105,174	407,233	104,424	75,222	377,398
Cost of service	96,188	364,648	94,010	90,077	374,637
Customer retention costs and other	<u>2,042</u>	<u>7,265</u>	<u>943</u>	<u>1,396</u>	<u>5,818</u>
Total	<u>\$ 203,404</u>	<u>\$ 779,146</u>	<u>\$ 199,377</u>	<u>\$ 166,695</u>	<u>\$ 757,853</u>
Cash Cost per User	<u>\$ 19</u>	<u>\$ 17</u>	<u>\$ 20</u>	<u>\$ 17</u>	<u>\$ 18</u>

	For the Three Months Ended December 31, 2016	For the Year Ended December 31, 2016	For the Three Months Ended September 30, 2017 (BR R\$)	For the Three Months Ended December 31, 2017	For the Year Ended December 31, 2017
Selling, general and administrative expenses.....	R\$ 465,066	R\$ 1,817,940	R\$ 419,466	R\$ 340,078	R\$ 1,547,813
Less: selling and marketing expenses	<u>(119,194)</u>	<u>(401,388)</u>	<u>(89,362)</u>	<u>(96,248)</u>	<u>(346,049)</u>
General and administrative expenses	345,872	1,416,552	330,104	243,830	1,201,764
Cost of service	316,586	1,297,428	297,437	292,607	1,194,256
Customer retention costs and other	<u>6,723</u>	<u>25,127</u>	<u>2,985</u>	<u>4,538</u>	<u>18,660</u>
Total	<u>R\$ 669,181</u>	<u>R\$ 2,739,107</u>	<u>R\$ 630,526</u>	<u>R\$ 540,975</u>	<u>R\$ 2,414,680</u>
Cash Cost per User	<u>R\$ 61</u>	<u>R\$ 59</u>	<u>R\$ 63</u>	<u>R\$ 55</u>	<u>R\$ 59</u>

- (5) The following table shows the impact of changes in foreign currency exchange rates on certain financial measures for the three and twelve months ended December 31, 2016 compared to the same periods in 2017 by (i) adjusting the relevant measures for the three and twelve months ended December 31, 2016 to levels that would have resulted if the average foreign currency exchange rates for the three and twelve months ended December 31, 2016 were the same as the average foreign currency exchange rates that were in effect for the three and twelve months ended December 31, 2017; and (ii) comparing the actual and adjusted financial measures for the three and twelve months ended December 31, 2016 to the similar financial measures for the three and twelve months ended December 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 and twelve months ended December 31, 2017 and 2016. The average foreign currency exchange rates for each of the relevant currencies during each of the three and twelve months ended December 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 and twelve months ended December 31, 2017 compared to the same periods 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 December 31,					
4Q 2016 Actual	4Q 2016 Adjustment (1)	4Q 2016 Normalized (1)	4Q 2017 Actual	4Q 2016 to 4Q 2017 Actual B(W) Growth (2)	4Q 2016 to 4Q 2017 Normalized B(W) Growth (3)

(dollars in thousands)

Consolidated:

Operating revenues	\$248,440	\$3,057	\$251,497	\$188,870	(24)%	(25)%
Adjusted operating income (loss) before depreciation and amortization	175	93	268	(18,057)	NM	NM

Nextel Brazil:

Operating revenues	\$248,409	\$3,057	\$251,466	\$188,847	(24)%	(25)%
Adjusted operating income (loss) before depreciation and amortization	7,534	93	7,627	(15,863)	NM	NM

NM-Not Meaningful

Year Months Ended December 31,					
YTD 2016 Actual	YTD 2016 Adjustment (1)	YTD 2016 Normalized (1)	YTD 2017 Actual	YTD 2016 to YTD 2017 B(W) Growth (2)	YTD 2016 to YTD 2017 Normalized B(W) Growth (3)

(dollars in thousands)

Consolidated:

Operating revenues	\$985,046	\$92,622	\$1,077,668	\$869,767	(12)%	(19)%
Adjusted operating income (loss) before depreciation and amortization	22,232	5,554	27,786	(55,245)	NM	(299)%

Nextel Brazil:

Operating revenues	\$984,878	\$92,622	\$1,077,500	\$869,661	(12)%	(19)%
Adjusted operating income (loss) before depreciation and amortization	59,053	5,554	64,607	(31,071)	(153)%	(148)%

NM-Not Meaningful

- (1) The "4Q 2016 Normalized" and "YTD 2016 Normalized" amounts reflect the impact of applying the average foreign currency exchange rates for the three and twelve months ended December 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 and twelve months ended December 31, 2016, 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 "4Q 2016 Normalized" and "YTD 2016 Normalized" reflect the amount determined by adding the "4Q 2016 Adjustment" and "YTD 2016 Adjustment" amounts calculated as described in the preceding sentence to the "4Q 2016 Actual" and "YTD 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 and twelve months ended December 31, 2017. The average foreign currency exchange rates for each of the relevant currencies during the three and twelve months ended December 31, 2017 and 2016 for purposes of these calculations were as follows:

	Three Months Ended December 31,		Year Ended December 31,	
	2017	2016	2017	2016
Brazilian real	3.25	3.29	3.19	3.49

- (1) 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 "4Q 2017 Actual" and "YTD 2017 Actual" columns with those in the "4Q 2016 Actual" and "YTD 2016 Actual" columns.
- (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 "4Q 2017 Actual" and "YTD 2017 Actual" columns with those in the "4Q 2016 Normalized" and "YTD 2016 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.