

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549
FORM 10-K

**ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the fiscal year ended December 31, 2013

or

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF
THE SECURITIES EXCHANGE ACT OF 1934**

For the transition period from to

**Commission file number 0-32421
NII HOLDINGS, INC.**

(Exact name of registrant as specified in its charter)

Delaware

(State or other jurisdiction of
incorporation or organization)

**1875 Explorer Street, Suite 1000
Reston, Virginia**

(Address of principal executive offices)

91-1671412

(I.R.S. Employer Identification No.)

20190

(Zip Code)

Registrant's telephone number, including area code: **(703) 390-5100**

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, par value \$0.001 per share	The Nasdaq Stock Market
Securities registered pursuant to Section 12(g) of the Act:	
None	

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes No

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes No

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§ 232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer Smaller reporting company
(Do not check if a smaller reporting company)

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Act). Yes No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of June 30, 2013: \$1,143,037,172

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date.

Title of Class	Number of Shares Outstanding on February 21, 2014
Common Stock, \$0.001 par value per share	172,105,746

Documents Incorporated by Reference

Portions of the registrant's Proxy Statement for the 2014 Annual Meeting of Stockholders are incorporated by reference into Part III hereof.

NII HOLDINGS, INC.
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PART I

Item 1. Business

Overview

We were originally organized in 1995 as a holding company for the operations of Nextel Communications, Inc. in selected international markets. The corporation that is currently known as NII Holdings, Inc. was incorporated in Delaware in 2000 as Nextel International, Inc. In December 2001, we changed our name from Nextel International, Inc. to NII Holdings, Inc. Our principal executive office is located at 1875 Explorer Street, Suite 1000, Reston, Virginia 20190. Our telephone number at that location is (703) 390-5100. Unless the context requires otherwise, “NII Holdings, Inc.,” “NII Holdings,” “we,” “our,” “us” and “the Company” refer to the combined businesses of NII Holdings, Inc. and its consolidated subsidiaries. We refer to our operating companies by the countries in which they operate, such as Nextel Brazil, Nextel Mexico, Nextel Argentina and Nextel Chile. For financial information about our operating companies, see Note 14 to our consolidated financial statements included at the end of this annual report on Form 10-K.

Except as otherwise indicated, all amounts are expressed in United States, or U.S., dollars and references to “dollars” and “\$” are to U.S. dollars. All historical financial statements contained in this report are prepared in accordance with accounting principles generally accepted in the U.S.

We provide wireless communication services under the Nextel™ brand, primarily targeted at meeting the needs of subscribers who use our services to improve the productivity of their businesses and subscribers who make the individual decision to use our service for both professional and personal needs. Our subscribers generally value our broad set of value-added services, including our push-to-talk services, which allow subscribers to talk to each other instantly, and our high level of customer service. As we expand our wideband code division multiple access-based, or WCDMA-based, networks in our markets, we are extending our target market to include additional business subscribers and consumers who exhibit above average usage, revenue and loyalty characteristics and who we believe will be attracted to the services and attractive pricing plans we offer, the quality of and data speeds provided by our WCDMA networks and the quality of our customer service.

We provide our services through operating companies located in Brazil, Mexico, Argentina and Chile, with our principal operations located in major business centers and related transportation corridors of these countries. We provide our services in major urban and suburban centers with high population densities where we believe there is a concentration of the country’s business users and economic activity. We believe that the growing economic base, increase in the middle and upper class and lower wireline service penetration encourage the use of the mobile wireless communications services that we offer and plan to offer in the future. Our WCDMA networks in Brazil, Mexico and Chile serve or are expected to serve these major business centers and, in some instances, a broader geographic area in order to meet the requirements of our spectrum licenses.

Our original networks utilize integrated digital enhanced network, or iDEN, technology developed by Motorola, Inc. to provide our mobile services on our 800 MHz spectrum holdings in all of our markets. Our next generation networks utilize WCDMA technology, which is a standards-based technology that is being deployed by carriers throughout the world. These technologies allow us to use our spectrum efficiently and offer multiple wireless services integrated into a variety of handset and data devices.

The services we currently offer include:

- mobile telephone service;
- push-to-talk services, including Direct Connect®, Prip and International Direct Connect® services, which allow subscribers to talk to each other instantly;
- wireless data services, including text messaging services; mobile internet services; and e-mail services;
- other value-added services, including location-based services, which include the use of Global Positioning System, or GPS, technologies; digital media services; and a wide ranging set of applications available via our content management system, as well as the Android™ open application market;
- business solutions, such as security, work force management, logistics support and other applications that help our business subscribers improve their productivity; and
- voice and data roaming services.

The deployment and expansion of our WCDMA networks in Brazil, Mexico and Chile enable us to offer a wider range of products and services that are supported by that technology, including data services provided at substantially higher speeds than can be delivered on our iDEN networks. These WCDMA networks also support our unique push-to-talk services that provide

significant differentiation from our competitors' offerings. In the third quarter of 2013, our WCDMA network reached geographic coverage parity with our iDEN network in Mexico, and in Brazil we are currently offering services supported by our WCDMA network in over 250 cities, including cities in and around Sao Paulo and Rio de Janeiro. In December 2013, we signed agreements with Telefonica Moviles, or Telefonica, under which Telefonica agreed to provide Nextel Brazil and Nextel Mexico with nationwide roaming voice and data coverage services on Telefonica's networks. When implemented, the agreements will allow us to enhance our service offerings by expanding the areas in which customers using our WCDMA services in Brazil and Mexico can access voice and data services. We plan to expand the coverage and quality of our networks in Brazil and Mexico in 2014. We also offer service on our iDEN network in Argentina. Our current spectrum holdings are sufficient to enable us to deploy networks that utilize long-term evolution, or LTE, technology in certain areas in Brazil and Mexico, and we currently plan to upgrade our WCDMA networks to support LTE services in select cities in Brazil and Mexico in 2014.

As we transition to our WCDMA and LTE-based networks, we will be able to offer a substantially broader range of services and subscriber units that support our services, including our push-to-talk services, data services and, in some cases, both. For example, our Prip service, which is currently available in Mexico and Chile and is expected to be available in Brazil in 2014, expands the availability of our push-to-talk services to a wider range of handsets, including certain iPhones and other types of smartphones.

Our transition to standards-based technologies will also give us more flexibility to offer customers the option of purchasing services by acquiring the subscriber identity module, or SIM, cards from us separately, providing the customer with the option to use the SIM cards in one or more devices that they acquire from us or from other sources. In addition, certain subscriber units that we offer support two SIM cards, enabling subscribers to seamlessly transition between our iDEN and WCDMA networks on the same device.

Business Update

State of the Business. During the second half of 2013, we experienced a significant decline in subscribers in Mexico and a reduction in operating revenues and operating cash flows generated by Nextel Brazil and Nextel Mexico as a result of continued competitive pressure, the depreciation of the local currency in Brazil, and delays in the deployment and launch of services on our WCDMA networks. In Mexico, our subscriber base, operating revenues and operating cash flows were also negatively impacted by Sprint Corporation's, or Sprint's, deactivation of its iDEN network in the U.S. in mid-2013 and our failure to effectively deploy and optimize our WCDMA network to meet the needs of customers who were seeking new services to replace their iDEN services, particularly customers living in areas near the border of Mexico and the U.S. These factors contributed to negative market perception of our brand and WCDMA network that developed in Mexico in late 2013. We believe iDEN subscriber losses will continue to outpace our ability to attract subscribers to services on our WCDMA network in Mexico into 2014. In addition, as a result of the delays in the deployment and optimization of our WCDMA network in Brazil, we proceeded with launches of our full voice and data services in that market late in 2013 that led to subscriber and revenue growth rates that were significantly lower than we had originally anticipated. These conditions, and their impact on our liquidity, in combination with the potential impact if we cannot satisfy certain financial covenants under our current debt obligations in 2014, raise substantial doubt about our ability to continue as a going concern under the applicable authoritative literature. See "Item 7. — Management's Discussion and Analysis of Financial Condition and Results of Operations — D. Future Capital Needs and Resources — Future Outlook, Liquidity Plans and Going Concern." and Note 1 to our consolidated financial statements. For additional discussion of these matters and their potential impact on us, see "Item 1A. — Risk Factors."

As illustrated in the table below, as of December 31, 2013, our operating companies had a total of about 9.49 million subscriber units in commercial service, which represented a decrease of about 213,000, or 2%, from December 31, 2012. We refer to these subscriber units in commercial service collectively as our subscriber base.

Country	Subscriber Units in Commercial Service	
	As of December 31,	
	2013	2012
	(in thousands)	
Brazil (1)	3,958.2	3,846.3
Mexico (1)	3,264.5	3,901.7
Argentina	2,023.1	1,755.6
Chile (1)	243.5	198.4
Total	9,489.3	9,702.0

(1) Includes subscriber units on both our WCDMA and iDEN networks.

Sale of Nextel Peru. In August 2013, we, together with our wholly-owned subsidiaries NII Mercosur Telecom, S.L. and NII Mercosur Moviles, S.L., completed the sale of all of the outstanding equity interests of our wholly-owned subsidiary, Nextel del Peru, S.A., or Nextel Peru, to Empresa Nacional de Telecomunicaciones S.A. and one of its subsidiaries, Entel Inversiones, S.A., which we refer to collectively as Entel, for \$405.5 million in cash, which includes \$50.0 million that was deposited in escrow on our behalf to satisfy potential indemnification claims. In connection with the sale of Nextel Peru to Entel, we have reported Nextel Peru as a discontinued operation in this annual report on Form 10-K. Accordingly, we have reclassified Nextel Peru's results of operations for all periods presented to reflect Nextel Peru as discontinued operations. Unless otherwise noted, amounts included in this annual report on Form 10-K exclude amounts attributable to discontinued operations.

Strategy

In light of our financial condition, our goal for 2014 is to expand our subscriber base on our WCDMA network in Brazil, stabilize our business in Mexico and achieve a partial to full reversal of the subscriber loss trends we experienced in 2013. See "Item 7. — Management's Discussion and Analysis of Financial Condition and Results of Operations — D. Future Capital Needs and Resources — Future Outlook, Liquidity Plans and Going Concern." More broadly, our goal is to generate higher revenues and increase the number of subscriber units operating on our networks by providing differentiated wireless communications services that are valued by our existing and potential customers while improving our profitability and cash flow over the long term. Our strategy for achieving this goal is based on several core principles, including:

- focusing on higher value customer segments in our core markets, such as segments that comprise the small, medium and large business markets, as well as certain consumer market segments that value our differentiated wireless communications services;
- offering a broad array of differentiated services and devices that build upon and complement our push-to-talk services, which give our customers the ability to communicate with each other instantly;
- offering new services supported by high quality WCDMA networks;
- offering a superior customer experience; and
- building on the strength of the unique positioning of the Nextel brand.

To enhance our service offerings, we have deployed and are continuing to enhance our networks that utilize WCDMA technology. These networks enable us to offer a wider variety of applications and services, particularly applications and services that are supported by high speed data and internet access; increase our network capacity; and ultimately reduce the costs of supporting the services we offer when compared to our original iDEN networks. We plan to continue to focus on our current high value subscriber base using the differentiated services available on both our networks and to expand our targeted subscriber base using the handsets and devices, service offerings, applications and pricing plans made possible by our WCDMA networks.

Historically, we have focused on postpaid rate plans. With the expansion of our target customer base, we have been offering more prepaid rate plans and hybrid rate plans that combine both postpaid and prepaid features and expect our sales of these types of service plans to increase over time.

We seek to add subscribers at rates and other terms that are competitive with other offerings in the market, but that are consistent with our strategy of balancing growth and profitability regardless of the competitive landscape. We believe that the wireless communications industry in the markets in which we operate has been and will continue to be highly competitive on the basis of price, the types of services offered, the diversity of handsets and other devices offered, speed of data access and quality of service. In each of our markets, we compete with at least two large, well-capitalized competitors with substantial financial and other resources. Some of these competitors have the ability to offer bundled telecommunications services that include local, long distance and data services, and can offer a larger variety of handsets and other devices with a wide range of prices, brands and features. Although competitive pricing of services and the variety and pricing of handsets and other devices are often important factors in a customer's decision making process, we believe that the users who primarily make up our current subscriber base and the customers we plan to pursue are also likely to base their purchase decisions on quality and reliability of wireless service and customer support, as well as on the availability of differentiated features and services, like our push-to-talk services, that make it easier for them to communicate quickly, efficiently and economically. To address competitive pressures, we have, among other things:

- improved the coverage, quality and performance of our WCDMA network in Mexico, launched WCDMA services in Brazil in the cities and surrounding regions within Sao Paulo and Rio de Janeiro and took steps to expand the coverage of our services in Brazil and Mexico through our roaming relationship with Telefonica;

- launched commercial campaigns offering handsets at a lower cost and offering service plans with prices and terms that are more competitive, including hybrid, prepaid and control rate plans that incorporate a combination of postpaid services and prepaid characteristics;
- implemented customer retention programs that are focused on our high value customers that include lower priced plans that better fit our customers' needs and/or provide them with new handsets or other devices at reduced prices in exchange for their commitment to extend the term of their service contracts;
- expanded our distribution channels to make our services more widely accessible to a broader range of customers;
- refreshed and tailored our marketing approach to this broader set of customers, especially consumer customers, to make them aware of our new services and capabilities, our broader range of available handsets and devices, and the quality and performance of our networks;
- worked with device suppliers to develop new handset models and features supported by our WCDMA networks, including devices and smartphones from suppliers like Samsung, LG, Sony, Alcatel, Huawei, Motorola Mobility and Apple; and
- developed and launched a new high performance push-to-talk service, which we refer to as Prip, which operates on a wide range of standard smartphones, including handsets from suppliers like Samsung and Apple, allowing users to experience a high quality push-to-talk capability that interoperates with our current iDEN and QChat Direct Connect solutions both in their home markets and while roaming internationally. The Prip service, which is currently available in Mexico and Chile and will be available in Brazil in 2014, operates on WiFi, as well as on WCDMA- and LTE-based networks outside our markets where data roaming services are available, including in the U.S.

We operate our business with a focus on generating growth in operating income and cash flow over the long term and enhancing our profitability by attracting and retaining high value wireless subscribers while maintaining appropriate controls on costs. To support this goal, we plan to continue to expand the coverage of our WCDMA networks in our markets, focusing particularly on our core markets in Brazil and Mexico, and grow our existing subscriber base while managing our costs in a manner designed to support that growth and improve our operating results. We have also made significant capital and other investments as we deployed our WCDMA networks and plan to continue to invest in those networks with a particular focus on improving the coverage, capacity and performance of those networks and improving results in our largest markets of Brazil and Mexico. Although these investments increase our costs and have a negative impact on our profitability as we incur the costs of operating our WCDMA networks while we build the subscriber base served by them, we believe that over the long term our investments in these networks will enhance the competitiveness of our service offerings and support the differentiated services and superior customer service that have historically been significant factors supporting our growth.

Consistent with this strategy, we have implemented and will continue to implement changes in our business to support our planned growth and to better align our organization and costs with our operational and financial goals. These changes have included significant reductions in our headquarters staff in connection with the reorganization of the roles and responsibilities of our headquarters and market teams and significant staff reductions in our market operations designed to reduce costs while maintaining the support necessary to meet our customers' needs. We are also taking steps to improve the performance and efficiency of our supporting systems and functions, including implementing improvements to our information technology and related supporting systems and processes, and modifications to some of our key vendor relationships that are designed to improve the overall quality and efficiency of the service provided and enhance the quality of the service we provide our customers.

Finally, as we implement changes to our business strategy that are designed to improve our results, we expect that we will allocate more of our financial and other resources to our operations in Brazil and Mexico, which in 2013 collectively produced about 86% of our total consolidated operating revenues. Consistent with this approach, in August 2013, we completed the sale of all of the outstanding equity interests of Nextel Peru to Entel for \$405.5 million in cash, which includes \$50.0 million that was deposited in escrow on our behalf to satisfy potential indemnification claims. While we will also continue to support our operations in Argentina and Chile, this change in emphasis makes it appropriate for us to consider and explore a variety of strategic options for these markets, such as partnerships, service arrangements and asset sales in an effort to maximize the value of those businesses.

Our Products, Services and Solutions

We offer a wide range of wireless communications services and related subscriber equipment and a variety of service plans with different rate plan structures and bundles that are designed to meet the needs of our targeted customer groups. These services and equipment have been designed to provide innovative features that meet those customers' needs for fast and reliable voice and data communications that allow them to conduct business quickly and efficiently. We offer the following services and products that we believe reflect certain points of differentiation from those offered by our competitors:

1. Voice Services. We offer traditional mobile telephony services with calling features that include voicemail, call waiting, call forwarding and three-way calling. Our voice services also include our push-to-talk services that give our customers the ability to communicate with each other instantly. These push-to-talk services give our customers the ability to instantly set up a conference — either privately (one-to-one) or with a group (one-to-many) — which allows them to initiate and complete communications much more quickly than is possible using a traditional mobile telephone call. These push-to-talk services are available on most of the handsets we offer.

Although a number of our competitors have introduced competitive push-to-talk products, and while we do not believe that these services offer the same level of performance as our push-to-talk services in terms of latency, quality, reliability or ease of use, our competitors could deploy new or upgraded technologies in their networks that could enable them to implement new features and services that compete more effectively with our push-to-talk and similar services.

2. Wireless Data Services. We offer a variety of wireless data services and solutions that are designed to help our customers increase their productivity through the delivery of real-time information to mobile workers anytime and anywhere. Examples of these services include:

- **Internet Access.** We offer our customers always-on connectivity to the internet directly from their device through mobile internet access, which combines the vast resources of the internet with convenient mobile content services. The launch of services on our WCDMA networks in Brazil, Mexico and Chile provide internet access at mobile broadband speeds supported by our WCDMA-enabled handsets, data air cards and other data access devices via our Internet Nextel® data service plans in Mexico and other similar plans in Brazil and Chile;
- **Messaging Services.** We offer a range of messaging services, including SMS, multimedia messaging, or MMS services, and mobile email;
- **Mobile Content and Applications.** Our handsets can support a broad array of specialized and differentiated applications, and many of our handsets incorporate the Android operating system, which provides an open environment for the distribution and support of hundreds of thousands of business and consumer applications and digital media content to meet the needs of a broad set of subscribers; and
- **Business Solutions.** Our data solutions, which are accessible via our wireless handsets, laptop computers and handheld computing devices, facilitate quick responses among workers in the field by streamlining operations through faster exchanges of information to support workforce mobility. We also design wireless business solutions to meet the needs of specific customers based on their industry and individualized business needs, including a wide array of fleet and workforce management services that utilize the unique capabilities of our data network, such as the ability to accurately and in near real-time, locate devices using GPS technology. Our wireless business solutions are backed by customer support teams that help our customers build, distribute and manage wireless applications to meet their unique business needs.

3. Roaming and International Calling Services. With the deployment and expansion of our WCDMA networks in Brazil, Mexico and Chile, we have entered into domestic and international roaming arrangements with operators of compatible networks to allow our customers using services supported by our new networks to roam in countries around the world. The availability of these voice and data roaming services, which are expected to be more broadly available than iDEN roaming due to the wider adoption of network technologies that are compatible with WCDMA, is subject to reaching agreements with the operators of those networks and the implementation of required back office systems that support those arrangements.

We have entered into agreements providing for domestic roaming services that utilize other operators' networks in our markets in Brazil, Mexico and Chile. For example, in December 2013, we signed agreements with Telefonica to provide Nextel Brazil and Nextel Mexico with nationwide roaming voice and data coverage services on Telefonica's networks. When implemented, the agreements will allow us to enhance our service offerings by expanding the areas in which customers using our WCDMA-based services in Brazil and Mexico can access voice and data services.

We have also entered into international roaming arrangements that allow us to offer a number of traditional, as well as differentiated, international calling and roaming services. First, we complement our standard international voice calling services with our International Direct Connect service, which allows our subscribers to communicate instantly across national borders to other subscribers who use our push-to-talk services across our markets. We have also implemented network gateways designed to enable our subscribers who use services supported by our networks to use our International Direct Connect service to communicate with subscribers of Sprint's QChat service in the U.S. and for Sprint's subscribers to communicate to our subscribers anywhere in Latin America. Our customers are also able to communicate using push-to-talk services with users of the Prip service located throughout the world.

4. Wireless Devices. We offer our customers a broad array of wireless handsets, including smartphones and feature phones capable of supporting our push-to-talk services on both our WCDMA and iDEN networks. Our smartphone portfolio includes a

variety of devices using the Android operating systems that enable our subscribers to access the internet on their handsets. In February 2014, we began offering the iPhone to our customers in Brazil and plan to extend the iPhone offering in Mexico and Chile in the first half of 2014. Additionally, we offer mobile broadband devices, including data air cards and personal WiFi access devices, or MiFi, to our subscribers in Brazil, Mexico and Chile on our WCDMA networks.

Our Networks and Wireless Technologies

We currently offer services supported by networks that utilize WCDMA technology in Brazil, Mexico and Chile. WCDMA is a standards-based technology being deployed by wireless carriers throughout the world that provides new service capabilities such as high speed internet access, increased network capacity and reduced costs for voice and data services when compared to previous technologies. Throughout 2014, we expect to continue to expand the geographic areas served by our WCDMA networks focusing particularly on the expansion of the coverage of our networks in our core markets of Brazil and Mexico, and we currently plan to upgrade our WCDMA networks to support LTE services in select cities in Brazil and Mexico in 2014.

The following chart details our significant spectrum holdings in each of our markets in spectrum bands that support the WCDMA technology:

Country	Spectrum Band	Amount/Coverage
Brazil	1.9 GHz/2.1 GHz	20 MHz in 11 of 13 regions (includes all major metropolitan areas)
Mexico	1.7 GHz/2.1 GHz	30 MHz nationwide
Chile	1.7 GHz/2.1 GHz	60 MHz nationwide

Additionally, we have significant spectrum holdings in the 800 MHz specialized mobile radio, or SMR, spectrum band that support our iDEN networks. Our 800 MHz holdings in each of our markets are as follows:

Country	Amount/Coverage (1)
Brazil	15 MHz nationwide weighted average
Mexico	20 MHz nationwide weighted average
Argentina	20 - 22 MHz nationwide weighted average
Chile	15 MHz nationwide weighted average

(1) Weighted average coverage is a function of the population in each country, as well as the amount of spectrum. Spectrum amounts vary greatly across regions and cities.

We also have additional spectrum holdings in some of our markets, including 20 MHz of spectrum in the 1.8 GHz spectrum band in portions of Brazil, which we plan to use to support our planned deployment of LTE-based networks in Rio de Janeiro, and 10 MHz of spectrum in the 1.9 GHz spectrum band in Monterrey and 50 MHz of spectrum in the 3.5 GHz spectrum band in Mexico.

As we make the transition from our iDEN networks to our new WCDMA networks, we will evaluate ways in which we can use our 800 MHz spectrum to support existing or new services. In Brazil and Argentina, our current 800 MHz spectrum holdings are largely contiguous, making it possible to use that spectrum to support future technologies, including LTE-based technologies, if certain technical, operational and regulatory requirements are met, including, for example, the availability of compatible network and subscriber equipment. The availability of that equipment will likely depend upon a number of things, including the technology decisions made by other wireless carriers, and the willingness of infrastructure and device manufacturers to produce the required equipment. In Mexico and Chile, our 800 MHz spectrum is either partially contiguous or non-contiguous and would not be expected to support the deployment of future technologies until a reconfiguration of the spectrum band to create contiguous spectrum is completed. It is likely that the implementation of such a reconfiguration would require support from and actions by the regulators in those markets to be effective.

In each of our markets, we currently offer services supported by networks that utilize the iDEN technology developed and designed by Motorola. The iDEN technology is a digital technology that is able to operate on non-contiguous spectrum frequencies and was previously usable only for two-way radio calls and is a proprietary technology that relies solely on the efforts of Motorola and any future licensees of this technology for product development and innovation. The iDEN technology is also based on an earlier technology platform that is not capable of transmitting the volume of data at speeds that are supported by current technologies like WCDMA. In addition, the more limited worldwide deployment of the iDEN technology makes services offered on the iDEN network less attractive to subscribers who travel internationally because most of the iDEN handsets that we offer are not currently designed to roam onto non-iDEN wireless networks.

Motorola Solutions is the primary supplier of iDEN network equipment, and Motorola Mobility is the primary supplier of iDEN handsets throughout our markets. We expect to continue to rely on Motorola Solutions and Motorola Mobility for iDEN network equipment and handsets. Motorola Solutions also provides integration services in connection with the deployment of our iDEN network elements and supports us by providing iDEN system maintenance, optimization and field service employees.

As we make the transition to our WCDMA networks, and in light of Sprint's deactivation of its iDEN network in the U.S. in mid-2013, the significant reduction in demand for iDEN network equipment and handsets may make it uneconomic for Motorola Solutions to continue to provide the same level of ongoing support for our iDEN networks. We also expect that this transition could also affect Motorola Mobility's ability or willingness to provide support for the development of new iDEN handsets beyond their contractual obligations and may also result in an increase in our costs for those handsets, including handsets that are capable of operating on both our iDEN and WCDMA networks. The impact of this transition may be more significant in Argentina where we do not currently hold spectrum that would support the deployment of a WCDMA network. See "Item 1A. — Risk Factors — 11. *Because we rely on one supplier for equipment used in our iDEN networks, any failure of that supplier to perform could adversely affect our operations.* "

Because our next generation networks utilize WCDMA technology, which is a more widely utilized standards-based platform, we believe that we will be able to purchase network equipment and subscriber handsets and other devices from a broader range of suppliers. To date, we have entered into agreements with Huawei to provide network equipment and with a number of suppliers, including Apple, HTC, Huawei, Motorola Mobility and Samsung, to supply handsets and other devices that will support services on our new networks. We expect to enter into agreements with additional vendors of handsets and other subscriber devices in the future. While we expect to capture cost benefits from our transition to a more widely-used technology, our plans to continue to offer push-to-talk services as a key differentiator may result in the cost of some of our handsets being somewhat higher than phones without that feature because they will not be produced in the same quantities as our competitors' more standard WCDMA handsets. Our Prip service, which is an application-based push-to-talk solution that can be implemented on standard smartphones, allows us to offer our customers the ability to connect instantly with our customer base without using a specialized device.

Network Implementation, Design and Construction

Our deployment of WCDMA networks, which are not compatible with our existing iDEN-based networks, requires us to pursue a network construction strategy that includes a substantially broader deployment of transmitter and receiver sites to support service that meets the coverage needs of our customers than would be the case if we were deploying a compatible technology that would allow more limited upgrades in specific markets. In addition, because we are deploying our new networks on spectrum that is at a higher frequency than the spectrum used for our iDEN networks, the propagation characteristics of that spectrum make it necessary for us to deploy significantly more sites to provide coverage that is comparable to our existing iDEN network coverage, particularly with respect to coverage that supports in-building use of our services.

As we continue to deploy our WCDMA networks, we seek to maximize our capital efficiencies by utilizing our existing iDEN transmitter and receiver sites to support our new networks when feasible. We also refer to our WCDMA and iDEN transmitter and receiver sites as communication towers or towers, although in some instances these towers are located on rooftops and other structures. However, our commercial strategies, the factors described above and the coverage requirements associated with the spectrum licenses being utilized for those networks require us to construct more transmitter and receiver sites in a shorter period of time and to identify and build sites that provide coverage that is competitive with the offerings of other carriers who have been building and expanding their network coverage using compatible network platforms for several years. As a result, we have encountered and are likely to continue to encounter, difficulties in acquiring necessary sites that can affect the quality of our services and the timing of our launch of those services.

Our network construction efforts incorporate frequency planning and a system design process that is focused on developing a network that will efficiently meet our coverage requirements and involves the selection of transmitter sites on the basis of their proximity to targeted customers, the ability to acquire and build the sites, and frequency propagation characteristics. Site procurement efforts include obtaining leases and permits and, in many cases, zoning approvals. See "Item 1A. — Risk Factors — 9c. *Our operating companies are subject to local laws and government regulations in the countries in which they operate, and we are subject to the U.S. Foreign Corrupt Practices Act, which could limit our growth and strategic plans and negatively impact our financial results.*" The preparation of each site, including grounding, ventilation, air conditioning and construction, as well as the installation and optimization of equipment, typically takes four months. Any scheduled build-out or expansion may be delayed due to typical permitting, construction and other delays. These delays can affect the quality or coverage of our services.

Sales and Distribution and Customer Care

We target customers who use our differentiated products and services in their businesses and individuals that have medium to high usage patterns, both of whom value our unique services, including our push-to-talk services, and our high level of customer service. Consistent with our growth strategy and the capabilities of our WCDMA networks, we have expanded our target market

to include additional business customers and high-value consumers who exhibit above average usage, revenue and loyalty characteristics and who we believe will be attracted to the innovative services and attractive pricing plans we offer, the quality of and data speeds provided by our WCDMA networks and the quality of our customer service. We use a variety of sales channels as part of our strategy to increase our subscriber base. These sales channels may include direct sales representatives, indirect sales agents, retail stores and kiosks and other subscriber convenient sales channels such as online purchasing. Each of our operating companies is continuously optimizing the mix of sales channels to take into consideration the methods that best meet local subscriber preferences, most cost effectively sell and provide support to our different segments and facilitate our overall strategy of attracting and retaining subscribers in our targeted groups.

We employ direct sales representatives who market our services directly to potential and existing customers. The focus of our direct sales force is primarily on businesses that value our industry expertise and differentiated services, as well as our ability to develop tailored custom communications capabilities that meet the specific needs of these customers.

We also utilize indirect sales agents, which mainly consist of local and national non-affiliated dealers that solicit customers for our service and are generally paid through commissions. These dealers participate with our operating companies' direct sales forces in varying degrees in pursuing each of our targeted customer groups.

Our sales channels also include distribution through subscriber-convenient channels, including telesales and sales through our Nextel retail stores, shopping center kiosks and other locations. With the launch of services on our WCDMA networks, we have significantly expanded these channels and locations and have also expanded our marketing through regional and national retailers with store kiosks and handset and prepaid card distribution offers. We utilize our websites as a marketing tool that allows subscribers to compare our various rate plans and research the suite of our products and services, including handsets, accessories and special promotions, and in some of our markets, we use online purchases as an additional sales channel to allow subscribers to purchase our services directly.

Our customer care organization works to improve our subscribers' experience, with the goal of retaining our subscribers and encouraging them to expand their relationship with us.

Marketing

We are a full service provider of wireless services, offering our customers packages of services and features that combine multiple communications services in one handset, including voice and data services and our differentiated push-to-talk services, which allow our customers to communicate more effectively and efficiently.

We offer a variety of pricing options and plans, including plans designed to combine features and services that meet the needs of the customers we serve and target. In most instances, our services are sold on a postpaid basis pursuant to a service contract, typically for periods of one to two years, with services billed on a monthly basis according to the applicable pricing plan. In some markets, we also offer prepaid services as a means of attracting customers within our targeted base who may not meet our customer credit requirements, who prefer the flexibility of paying for their service in advance, or who want to purchase certain services, such as wireless data services, on a prepaid basis as an add-on service to their postpaid contract. We also offer hybrid or controlled rate plans that incorporate a combination of postpaid services and prepaid characteristics. As we move forward with our plans to expand our targeted customer base, we expect that we will expand our prepaid and hybrid service offerings to meet the needs of our existing and potential customers. As a result, we expect that the number of our subscribers who purchase services under these prepaid or hybrid plans will increase. Based on our experience in offering prepaid services and the experience of other carriers who have a substantially larger portion of their subscriber bases purchasing service under prepaid plans, including our competitors, we expect that the average revenue per subscriber for subscribers using prepaid plans will be at a lower level than we have experienced for subscribers under contract, and that the turnover for those subscribers will be higher. As a result, we will focus our efforts on designing those plans in a way that is competitive in the market while preserving overall profitability by reducing the costs of acquiring and serving those subscribers.

Since our reorganization in 2002, we have offered services under the Nextel brand under a trademark granted by Nextel Communications, Inc., a subsidiary of Sprint. In September 2011, we launched a new brand identity in each of our markets and at the corporate level, which we believe has and will continue to enhance the recognition of our brand and unify our brand identity across our markets as we seek to expand our target market to include new subscriber segments. In connection with the launch of this new brand identity, we signed an amended trademark agreement with Nextel Communications, Inc., which, among other things, approves our use of the new brand identity, provides us with greater flexibility in the use of the brand and implements other enhancements to our right to use the Nextel brand in our markets.

Competition

The Latin American mobile communications industry has undergone significant growth in recent years. We believe that the wireless communications industry has been and will continue to be characterized by intense competition on the basis of price, the

types of services offered, variety, features and pricing of handsets and quality of service. In addition, as we have pursued our plans to extend our target market to include more high-value consumers, we are increasingly competing more directly for subscribers that are also targeted by our largest competitors.

In the countries in which we operate, there are principally two other multinational providers of mobile wireless voice communications with whom we compete:

- America Movil, which has the largest wireless market share in Mexico and has significant operations in Brazil, Argentina and Chile; and
- Telefonica, which has the largest wireless market share in Brazil, and has significant wireless operations in Mexico, Argentina and Chile.

We also compete with regional or national providers of mobile wireless voice communications, such as Telemar's Oi in Brazil, Telecom Italia Mobile, or TIM, in Brazil and Argentina, which is in the process of being acquired by Fintech, Entel in Chile and Iusacell in Mexico.

Many of our competitors have a larger spectrum position than ours, including more spectrum that can be used to support a wide range of wireless technologies, and have greater coverage areas and/or name recognition than we do, making it easier for them to expand into new markets and offer new products and services. Our competitors typically have more extensive distribution channels than ours or are able to use their scale advantages to acquire subscribers at a lower cost than we can, and most of them have implemented network technology upgrades that support high speed data services. Although we do not believe that the push-to-talk services launched by our competitors offer the same level of performance as our push-to-talk services in terms of latency, quality, reliability or ease of use, our competitors' current networks and their future deployments of new or upgraded technologies in their networks could enable them to implement new features and services that compete more effectively with our push-to-talk services and other differentiated services that we offer. Finally, because a number of our competitors operate or are affiliated with entities that provide wireline-based telecommunications services, they have the ability to offer a wider range of services, including bundles of wireline voice, high speed internet and wireless services that may be more attractive to some subscribers.

We compete with other communications services providers, including other wireless communications companies and wireline telephone companies, based primarily on our high quality customer service and differentiated wireless service offerings and products, including our push-to-talk services, that make it easier for them to communicate quickly and efficiently. We have continued to focus on this differentiated approach as we offer services on our WCDMA networks and pursue our plans to extend our target market with an expanded message that focuses on the quality and speed of the data services supported by our new networks. Historically, our largest competitors have focused their marketing efforts on subscribers in the mass market retail and consumer segments who purchase services largely on the basis of price rather than quality of service, but recently, those competitors have placed more emphasis on attracting postpaid subscribers within our target segments, which are considered the premium segments in our markets because they typically generate higher average monthly revenue per subscriber. With this shift in focus, some of our largest competitors have recently begun to concentrate on enhancing their network quality and their customer service and customer care functions, which may minimize the value of our network quality and speed (for our new networks) and the quality of our customer service as points of differentiation, enabling those competitors to compete more effectively with us. We believe that the users who primarily make up our targeted subscriber base are likely to base their purchase decisions on network quality and the quality of customer support, as well as on the availability of differentiated features and services, like our push-to-talk services, that make it easier for them to communicate quickly, efficiently and economically. However, because pricing is one of a number of important factors in potential customers' purchase decisions, increased price competition in the customer segments we target has required us and could continue to require us to decrease prices or increase service and product offerings, which has lowered our revenues and increased our costs.

Many of our competitors are owned by or affiliated with large multinational communications companies. As a result, these competitors have substantially greater financial resources than we do, which allows them to spend substantially more than we do in their advertising/brand awareness campaigns and may enable them to reduce prices in an effort to gain market share. These competitors may also use those resources to deploy new services or technologies that could impact our ability to attract or retain customers. Because we plan to continue to use push-to-talk services as a key differentiator, we expect that the cost of handsets that are designed specifically to support those differentiated services on our WCDMA networks will be higher because they will not be produced at levels comparable with more standard WCDMA handsets. This will not be the case for customers who utilize our Prip service that provides high performance push-to-talk capabilities on standard smartphones. In addition, because the iDEN technology has been adopted by fewer carriers worldwide and does not benefit from the scale of other more widely adopted technologies, the cost of our handsets tends to be higher relative to the comparable handsets offered by our competitors. As a result, we must absorb a comparatively larger part of the cost of offering iDEN handsets or WCDMA handsets that are designed specifically to support our push-to-talk services to new and existing customers, which can place us at a competitive disadvantage with respect to the pricing of our handsets and our ability to offer new handsets at discounted prices as an incentive to retain our existing subscribers. In recent years, the prices we have been able to charge for our handsets and services have declined as a result

of intensified competition in many of our markets, including as a result of the introduction by our competitors of aggressive pricing promotions, such as plans that allow shared minutes between groups of callers. We expect that this trend will continue in coming years. This increased competition may also affect our ability to attract and retain subscribers.

For a more detailed description of the competitive factors affecting each operating company, see the “Competition” discussion for each of those operating companies under “— Operating Companies.”

Regulation

The licensing, construction, ownership and operation of wireless communications systems are regulated by governmental entities in the markets in which our operating companies conduct business. The granting, maintenance, and renewal of applicable licenses to use spectrum and radio frequency allocations are also subject to regulation. In addition, these matters and other aspects of wireless communications system operations, including rates charged to subscribers, the rates charged by carriers to terminate calls not originated on their networks and the resale of wireless communications services, may be subject to regulation in the jurisdiction in which service is provided. Further, statutes and regulations in some of the markets in which our operating companies conduct business impose limitations on the construction of transmitter and receiver sites by wireless carriers and on the ownership of telecommunications companies by foreign entities. Changes in the current regulatory environments, the interpretation or application of current regulations, or future judicial intervention in those countries could impact our business. These changes may, among other things:

- affect the terms of interconnection arrangements that allow our subscribers to complete calls to our competitors’ subscribers, including the charges imposed for the completion of those calls;
- establish restrictions that limit or otherwise affect the deployment of transmitter and receiver sites needed to support the coverage and capacity of our networks;
- establish minimum network construction, coverage or quality of service obligations that can result in increased capital investments or require other changes to our business;
- establish prices our operating companies are required to charge for their services or impose other terms of service that can affect our revenues or costs; or
- impose foreign ownership limitations on telecommunications providers that may affect our ability to own and operate our business.

In some of our markets, there is an increasing focus on more significant regulation of transmitter and receiver sites and the deployment of tower structures used to support wireless services, and local governments are adopting stringent rules and regulations related to the placement and construction of wireless towers, or have placed embargoes on some of the transmitter and receiver sites owned by our operating companies, which can significantly impede the planned expansion of our service coverage area, eliminate existing towers, result in unplanned costs, negatively impact network performance and impose new and onerous taxes and fees. There has also been an increased focus on service and quality standards in some of our markets as local governments monitor telecommunications providers’ voice quality, customer complaints, call failure rates, capacity to handle call traffic levels in peak calling periods and failed interconnection of calls, which could potentially increase our operating costs and affect rates charged to subscribers. For a more detailed description of the regulatory environment in each of the countries in which our operating companies conduct business, see the “Regulatory and Legal Overview” discussion for each of those operating companies under “— Operating Companies.”

Foreign Currency Controls and Dividends

In some of the countries in which we operate, the purchase and sale of foreign currency is subject to governmental control, which may impose formal or informal limitations on our ability to transfer funds out of those countries. Additionally, local law in some of these countries may limit the ability of our operating companies to declare and pay dividends. Local law may also impose a withholding tax in connection with certain intercompany agreements and the payment of dividends, or otherwise limit our operating companies’ ability to make payments to upstream companies. Financing arrangements that we enter into at the local level may also limit our ability to pay dividends or other upstream payments. For a more detailed description of the foreign currency controls and dividend limitations and taxes in each of the countries in which our operating companies conduct business, see the “Foreign Currency Controls, Dividends and Tax Regulation” discussion for each of those operating companies under “— Operating Companies.”

Operating Companies

1. Brazil

Operating Company Overview. We refer to our wholly-owned Brazilian operating company, Nextel Telecomunicacoes Ltda., as Nextel Brazil. Nextel Brazil provides wireless services in major business centers, including Rio de Janeiro, Sao Paulo, Belo Horizonte and Brasilia, in areas in the northeast region of Brazil, including Salvador, Fortaleza and Recife, as well as in Vitoria, which is in the southeast region of Brazil and along related transportation corridors and in a number of smaller markets. In the second half of 2013, Nextel Brazil commercially launched services on its WCDMA network in Sao Paulo and Rio de Janeiro and surrounding areas and plans to extend those services to other areas in Brazil in 2014 by expanding the coverage of its network and utilizing roaming services pursuant to agreements that it recently reached with affiliates of Telefonica in Brazil. As of December 31, 2013, Nextel Brazil provided service to 3,958,200 handsets and other devices, which we estimate to be about 1.4% of the total mobile handsets and other devices in commercial service in Brazil.

Nextel Brazil's operations are headquartered in Sao Paulo, with branch offices in Rio de Janeiro and various other cities. As of December 31, 2013, Nextel Brazil had 5,925 employees.

In late 2010, Nextel Brazil participated in a series of spectrum auctions and was the successful bidder for 20 MHz of spectrum in 1.9/2.1 GHz spectrum bands in 11 of the 13 auction lots covering approximately 98% of the Brazilian population for \$714.4 million. Nextel Brazil also successfully bid on 20 MHz of spectrum in the 1.8 GHz band in Rio de Janeiro, Minas Gerais and some states in the north and northeast regions of Brazil for a total bid price of approximately \$121.7 million. Nextel Brazil is utilizing this 1.9/2.1 GHz spectrum to support its WCDMA network and plans to use the 1.8 GHz spectrum to support its long-term strategy, including its planned deployment of an LTE-based network in Rio de Janeiro. The licenses relating to the spectrum won by Nextel Brazil in the auction were granted in June 2011 and have a term of 15 years. These licenses are renewable once for an additional 15-year period and require Nextel Brazil to meet specified network coverage construction requirements within specified timeframes.

Competition. Nextel Brazil competes with cellular and personal communications services, or PCS, providers. The largest competitors are Vivo, which is owned by Spain's Telefonica and has the largest market share in the Sao Paulo metropolitan area and Rio de Janeiro; Claro, which is controlled by Mexico's America Movil; Telecom Italia Mobile, or TIM, a subsidiary of Italy's Telecom Italia; and TNL PCS S.A., a subsidiary of Telemar Norte Leste, Brazil's largest wireline incumbent, that offers its services under the brand name "Oi." Portugal Telecom, which has historically held significant equity stakes in telecommunications providers in Brazil including until recently a significant equity interest in Vivo, now holds a substantial equity interest in, and has proposed to acquire all of the outstanding equity interests in, Telemar Norte Leste. All of Nextel Brazil's largest competitors have launched and offer services supported by WCDMA-based networks and some also launched LTE-based networks during 2013. Nextel Brazil also competes with other regional cellular and wireless operators.

We believe that the most important factors upon which Nextel Brazil competes are the quality of our customer service and network, recognition of our brand and our differentiated services, including our push-to-talk services. With the launch of services on our WCDMA network in 2013, we expect to increasingly rely on the quality of our network, the speed of our data services and the unique value proposition of our service plans as key points of differentiation from our competitors' offerings. While its competition generally targets the prepaid market and competes on the basis of price, Nextel Brazil primarily targets subscribers who utilize its services in their businesses and individuals that have medium to high usage patterns who are more concerned with network quality and the quality of the customer care and service they receive. Nextel Brazil's focus on the quality of its network, and the quality of its customer service and care are important components of our strategy to attract and retain subscribers within our targeted subscriber groups. Substantially all of our subscribers in Brazil purchase our services on a postpaid basis pursuant to contracts that provide for recurring monthly payments for services over a specified term. Nextel Brazil's competitors compete aggressively, but with the launch of its WCDMA network, Nextel Brazil is able to not only continue to offer its differentiated push-to-talk services, but is also able to offer a more competitive portfolio of devices and services, including high speed data services, that are supported by its new network. We expect to continue to experience intense competitive conditions in Brazil that have made it, and that are expected to continue to make it, more difficult and costly for Nextel Brazil to attract new subscribers and retain its existing subscribers.

Regulatory and Legal Overview.

SMR Operation. Prior to 2000, the Brazilian telecommunications regulations imposed various restrictions that significantly limited the ability of Nextel Brazil to provide mobile services to all potential subscriber groups. With the changes to the Brazilian regulations enacted by Brazil's telecommunications regulatory agency, Agencia Nacional de Telecomunicacoes, known as ANATEL, in 2000 and in subsequent years, Brazil began opening its markets to wider competition in the mobile wireless communications market where we operate. These regulations govern services provided on our iDEN network in Brazil.

Some of the key regulatory changes that have been adopted include changes to the rules that limit the amount of spectrum in the 800 MHz band that Nextel Brazil is allowed to hold in a service area, the adoption of rules relating to the interconnection

of Nextel Brazil's networks with those of other carriers and the calculation of calling party pays charges. Under the changes to the rules adopted in November 2008, Nextel Brazil may own up to 25 MHz of 800 MHz spectrum, which allows Nextel Brazil to increase the capacity of its networks more efficiently.

Under the rules adopted by ANATEL relating to interconnection charges, we have negotiated agreements for our SMR operation with all significant fixed line and wireless operators in Brazil to reflect the additional payments between carriers as a result of the calling party pays charges. The calling party pays charges, which are required to be paid to mobile operators in Brazil for termination of calls on their networks, are based on rates, which we refer to as mobile termination rates, that are substantially higher than those that apply in our other markets. Because Nextel Brazil's subscriber base is smaller than those of its competitors and its subscribers tend to make a higher number of calls terminating on other carriers' networks, these higher mobile termination rates result in substantial charges relating to the "off net" termination of calls by our subscribers. To partially address this, the calling party pays structure adopted by ANATEL permits Nextel Brazil to compensate other mobile operators for calls terminated on their network, including calls originated on our iDEN network, under a formula that reduces the amount paid to them by allowing a percentage of these calls to be treated as "partial bill and keep." Since their adoption, these regulations have resulted in significant cost savings to Nextel Brazil when terminating calls originated on its iDEN network. Finally, in late 2011, ANATEL announced a plan to reevaluate the current methodology used to determine mobile termination rates in the calling party pays structure. ANATEL officially reduced the mobile termination rates in March 2012 and again in April 2013, both of which resulted in substantial reductions in the charges paid by Nextel Brazil to terminate calls on other mobile carriers' networks. In November 2012, ANATEL confirmed its plans to make the transition to a cost-based model for determining mobile termination rates beginning in 2016 and announced further reductions in those rates through 2015 as part of the transition to cost-based rates. These changes do not affect the current partial bill and keep payment structure that applies to the settlement of mobile termination charges for calls originated on our iDEN network and terminated on other wireless carriers' networks.

Nextel Brazil has, from time to time, been the target of complaints filed with the Brazilian regulatory authorities by one or more of our competitors in which our competitors seek to challenge the manner in which we conduct business, and certain competitors have also petitioned the Brazilian regulators seeking changes to the regulations applicable to our operations in an effort to make it more difficult or costly for us to operate. In this regard, some of our competitors in Brazil, through Brazil's Associacao Nacional das Operadoras Celulares, or ACEL, filed a lawsuit against ANATEL to challenge the partial bill and keep settlement process that allows us to retain a portion of the amounts we would otherwise be obligated to pay to other carriers for calls originating on our iDEN-based network under the calling party pays structure in Brazil. Because the lawsuit against ANATEL would interfere with the regulation as it relates to Nextel Brazil, Nextel Brazil was also summoned to join the lawsuit as a co-defendant. Because the current settlement process results in a significant reduction in our overall interconnection charges, our competitors have sought changes to these processes in order to increase our payments for call terminations. The court ruled against ACEL, thereby preserving the bill and keep rule currently favoring SMR operators like Nextel Brazil, as regulated by ANATEL. ACEL has appealed this decision, and the case will be reviewed by a higher court. We anticipate that our competitors may initiate other proceedings challenging the partial bill and keep settlement process. If ANATEL eliminates this settlement process or modifies it to increase the amounts we pay to terminate calls, those actions could have an adverse effect on the costs we incur to operate, which could adversely affect the results of our SMR operations that utilize our iDEN network.

PCS Operation. Nextel Brazil was the successful bidder for spectrum in the areas covered by 11 of the 13 auction lots offered in the 1.9/2.1 GHz spectrum auction completed in late 2010. These areas include approximately 98% of the Brazilian population. Nextel Brazil is currently offering services supported by its WCDMA network in over 250 cities, including cities in and around Sao Paulo and Rio de Janeiro. The rules require that Nextel Brazil's services comply with start-up terms and minimum service availability and quality requirements detailed in the regulations, which are different from those that apply to services supported by our iDEN networks and which are subject to the regulations relating to our SMR operation. The rules also require Nextel Brazil to meet specified network coverage construction requirements within certain time frames. Failure to meet ANATEL's requirements may result in enforcement of the performance bonds related to the licenses, forfeiture of the channels and revocation of licenses. We believe that Nextel Brazil is currently in compliance with the applicable operational requirements of its licenses in all material respects.

Nextel Brazil has negotiated interconnection agreements with mobile and fixed line operators to support its PCS operation. ANATEL has defined that Nextel Brazil is a new PCS entrant, and as a result, its mobile termination rate is 20% higher than PCS operators with significant market power in Brazil. In November 2012, ANATEL approved a general plan of competition, which establishes a number of rules that are aimed at promoting competition in the PCS market, including the transition to a cost-based model for determining mobile termination rates beginning in 2016 and additional reductions in those rates that began in 2013 and will continue through 2015 as part of the transition to cost-based rates. A key component of ANATEL's plan includes the introduction of a partial bill and keep settlement structure similar to the one that applies to our SMR operation for mobile termination charge settlements between PCS operators that hold significant market power and PCS operators like Nextel Brazil that have less market power. This partial bill and keep structure, which effectively reduces the amount of mobile termination charges paid by Nextel Brazil for calls originated on its WCDMA network, began in 2013 and will continue to be gradually phased out through 2015

while the transitional reductions in mobile termination rates are implemented and will be eliminated in 2016 when ANATEL expects to implement the cost-based structure for determining mobile termination rates applicable in the calling party pays structure. The application of this partial bill and keep settlement structure to our PCS operation in Brazil, combined with the scheduled mandatory reductions in mobile termination rates, will result in significant cost savings for Nextel Brazil as we make the transition to services supported by our new WCDMA network. These cost savings have also enabled us to develop and offer attractive pricing plans that reduce or eliminate the significant differentiation in the cost of on net and off net calls that are common in Brazil due to the historically high mobile termination rates there, providing opportunities for Nextel Brazil to offer unique service plans that will improve its ability to compete more effectively.

Foreign Currency Controls, Dividends and Tax Regulation. The purchase and sale of foreign currency in Brazil continues to be subject to regulation by the Central Bank of Brazil despite regulatory changes enacted in 2005 that were designed to reduce the level of government regulation of foreign currency transactions. Exchange rates are freely negotiated by the parties, but purchase of currency for repatriation of capital invested in Brazil and for payment of dividends to foreign stockholders of Brazilian companies may only be made if the original investment of foreign capital and capital increases were registered with the Brazilian Central Bank. There are no significant restrictions on the repatriation of registered share capital and remittance of dividends. Nextel Brazil has registered substantially all of its investments with the Brazilian Central Bank.

The Nextel Brazil subsidiaries through which any dividend is expected to flow have applied to the Brazilian Central Bank for registration of their investments. We intend to structure future capital contributions to Brazilian subsidiaries to maximize the amount of share capital and dividends that can be repatriated through the exchange market.

Brazilian law provides that the Brazilian government may, for a limited period of time, impose restrictions on the remittance by Brazilian companies to foreign investors of the proceeds of investments in Brazil. These restrictions may be imposed whenever there is a material imbalance or a serious risk of a material imbalance in Brazil's balance of payments. The Brazilian government may also impose restrictions on the conversion of Brazilian currency into foreign currency. These restrictions may hinder or prevent us from purchasing equipment required to be paid for in any currency other than Brazilian reais. Under current Brazilian law, a company may pay dividends from current or accumulated earnings. Dividend payments from current earnings are not subject to withholding tax. Interest on foreign loans is generally subject to a 15% withholding tax. The entry of funds into Brazil as a foreign loan is subject to a 6% foreign exchange transaction, or IOF, tax, except if the average repayment term of the loan is more than 360 days, in which case the IOF tax will be fully exempted. The first possible date of exercise for put or call provisions established on the foreign loan will be considered the date of effective repayment of the loan. Interest and payments of principal on foreign loans are currently exempted from the IOF tax.

2. Mexico

Operating Company Overview. We refer to our wholly-owned Mexican operating company, Comunicaciones Nextel de Mexico, S.A. de C.V., as Nextel Mexico. Nextel Mexico is headquartered in Mexico City and has many regional offices throughout Mexico. As of December 31, 2013, Nextel Mexico had 5,206 employees.

Nextel Mexico provides wireless services in major business centers, including Mexico City, Guadalajara, Puebla, Leon, Monterrey, Toluca, Tijuana, Torreon, Ciudad Juarez and Cancun, as well as in smaller markets and along related transportation corridors throughout Mexico. As of December 31, 2013, Nextel Mexico provided service to 3,264,500 handsets and other devices, including handsets supported by its WCDMA and iDEN networks, which we estimate to be about 3.5% of the total mobile handsets and other mobile devices in commercial service in Mexico. Our WCDMA network in Mexico uses the HSPA+ version of the WCDMA technology that supports significantly faster data delivery speeds than are available on earlier versions of the technology, allowing Nextel Mexico to offer high speed broadband services to customers on its new network. In the third quarter of 2013, Nextel Mexico's WCDMA network reached geographic parity with its iDEN network.

We experienced a significant decline in subscribers in Mexico and a reduction in operating revenues and operating cash flows generated by Nextel Mexico during the second half of 2013 as a result of continued competitive pressure and delays in the deployment and launch of services on our WCDMA network. Nextel Mexico's subscriber base, operating revenues and operating cash flows were also negatively impacted by Sprint's decision to deactivate its iDEN network in the U.S. in mid-2013 and our failure to effectively deploy and optimize our WCDMA network to meet the needs of customers who were seeking new services to replace their iDEN services, particularly customers living in areas near the border of Mexico and the U.S. These factors contributed to a negative market perception of our brand and WCDMA network that developed in Mexico in late 2013.

Competition. Nextel Mexico competes with cellular and personal communications services system operators in all of its market areas. Nextel Mexico competes on a nationwide basis with Telcel, which is the largest provider of wireless services in Mexico and is owned by America Movil; Movistar, which is owned by Telefonica; and with Iusacell and Unefon, both of which are currently controlled by Grupo Iusacell, which is operated by a joint venture between Televisa and TV Azteca, Mexico's two national television broadcasters.

We believe that the most important factors upon which Nextel Mexico competes are network quality, including the speed of the data services supported by its WCDMA network, the quality of our customer service, the reputation of our brand and our differentiated services, including our push-to-talk services. Nextel Mexico's competitors compete aggressively, and all three of its largest competitors offer services supported by WCDMA-based networks in a significant portion of their coverage areas. Movistar and Telcel have also introduced services supported by an LTE-based network in certain cities in Mexico.

Regulatory and Legal Overview. The Federal Institute of Telecommunications, or the IFT, regulates the telecommunications industry in Mexico. The IFT was created in September 2013 as a constitutional autonomous body whose purpose is the efficient development of the broadcasting and telecommunications industries. The IFT also regulates economic competition in these sectors. Prior to September 2013, the Secretary of Communications and Transportation of Mexico, or the SCT, regulated the telecommunications industry in Mexico, and the Mexican Federal Commission of Telecommunications, or COFETEL, oversaw specific aspects of the telecommunications industry on behalf of the SCT. Prior to June 2013, the telecommunications law in Mexico restricted foreign ownership in telecommunications to a maximum of 49% voting equity interest except for cellular telephony, which had no such restriction. As the result of a constitutional amendment, beginning in June 2013, the current telecommunications law allows up to 100% foreign ownership in telecommunications and satellite communications companies.

The IFT was created with the directive of regulating, promoting and supervising the use of spectrum, networks and broadcasting and telecommunications services. Although no actions have been adopted to date, based on the constitutional mandate of this organization, the IFT may take several types of actions, including making decisions related to mobile termination rates, determining the existence of dominant carriers and possibly imposing asymmetric rates, issuing rules for the unbundling of the local network elements of dominant carriers and reviewing the compliance of licenses. We cannot predict how the IFT's future actions will affect Nextel Mexico's business.

Other than the licenses described below, licenses acquired by Nextel Mexico after January 1, 2000 are held through Inversiones Nextel de Mexico, S.A. de C.V., or Inversiones Nextel, a corporation with a capital structure known under applicable corporate law as "neutral stock," and in which Nextel Mexico owns approximately 99.99% of the economic interest, but only 49% of the voting shares, or through Delta Comunicaciones Digitales, S. de R.L. de C.V., or Delta Comunicaciones, a subsidiary of Inversiones Nextel. The remaining 51% of the voting shares in Inversiones Nextel, which is held by one Mexican shareholder, is subject to a voting trust agreement and a shareholders' agreement between Nextel Mexico and this shareholder that establish governance controls and transfer restrictions that are designed to protect Nextel Mexico's interests. In accordance with a recent constitutional amendment, legal restriction over foreign investment on telecommunications has been withdrawn, and as a result, we are in the process of transferring ownership of the shares in Inversiones Nextel from the Mexican shareholder to Nextel Mexico.

In March 2009, Inversiones Nextel obtained authorization from the SCT to provide mobile and fixed wireless access, including telephone services in the 800 MHz band within Mexico. In December 2009, Inversiones Nextel and Delta Comunicaciones received authorization to provide these services in some of Mexico's largest cities, including Mexico City. Between December 2009 and April 2010, 19 SMR licenses were renewed by the SCT, and in 2012, the SCT granted the remaining 12 license renewals, which included authorization to provide mobile and fixed wireless access services.

Prior to August 2012, Operadora de Comunicaciones, S.A. de C.V., or Opcom, was an indirect subsidiary of Nextel Mexico with licenses to provide mobile and fixed wireless access, including telephone services, which it used to execute local-to-local interconnection agreements with a number of local carriers and mobile carriers, including Telmex and Telcel. In July 2011, Opcom was converted to a limited liability company, and in August 2012, Opcom was merged into a subsidiary of Nextel Mexico, NII Digital, S. de R.L. de C.V., or NII Digital, and all interconnection agreements and infrastructure previously owned by Opcom was transferred to NII Digital. As a result of this merger, Nextel Mexico's interconnection arrangements apply to the operation of both its iDEN and WCDMA networks.

As a result of the spectrum auctions that were completed in 2010, a subsidiary of Nextel Mexico, NII Digital, was awarded a nationwide license for 30 MHz of spectrum in the 1.7 GHz and 2.1 GHz bands during the fourth quarter of 2010. In November 2012, Inversiones Nextel received authorization from the SCT to acquire a 100 MHz nationwide point-to-point 23 GHz link license from Miditel, S.A. de C.V., or Mitidel, which may be used for its WCDMA network, as well as to provide services to third parties.

In July 2013, Nextel Mexico requested that the SCT extend its Miditel license in agreement with the Federal Telecommunications Act.

In August 2013, Nextel Mexico requested that the SCT extend all of its older licenses, including its Mitidel license. Beginning in January 2014, the reformed tax law imposes annual spectrum fees for licenses to use spectrum in the 800 MHz trunking band and other bands that are suitable to render mobile services.

The rates paid by Nextel Mexico to terminate calls on other carriers' networks are negotiated between the parties, subject to the right of carriers to submit disputes to the IFT (and previously COFETEL), for resolution in instances where the carriers are unable to agree on the rates or other terms. On December 31, 2010, the agreements between Nextel Mexico and its mobile

competitors that established the applicable rate for mobile termination charges expired. In May 2011, COFETEL ordered a reduction in the mobile termination rates, retroactive to January 1, 2011.

Nextel Mexico entered into agreements with Telcel and most of the fixed operators which called for reduced mobile termination rates for 2011 consistent with the COFETEL's order, and agreements calling for further mobile termination rate reductions in 2012 through 2014. Iusacell and Unefon agreed to the reduced mobile termination rates for 2011, but have not agreed to either extend the current mobile termination rates or to further reductions of mobile termination rates in subsequent years. Telefonica has refused to agree to any reductions in mobile termination rates, including reductions consistent with the COFETEL's order, and it has initiated an administrative appeal for review against COFETEL's decision, as well as other proceedings challenging that decision. These proceedings are currently pending before the IFT in its role as the new regulator of the Mexican telecommunications industry. Nextel Mexico has filed interconnection disputes with Iusacell, Unefon and Telefonica regarding these unresolved mobile termination rates, all of which are pending before the IFT.

Foreign Currency Controls, Dividends and Tax Regulation. Because there are no foreign currency controls in place, Mexican currency is convertible into U.S. dollars and other foreign currency without restrictions. Mexican companies may distribute dividends and profits outside of Mexico if the Mexican company meets specified distribution and legal reserve requirements. Under Mexican corporate law, approval of a majority of stockholders attending an ordinary stockholders' meeting of a corporation is required to pay dividends. Beginning in 2014, dividends out of the post-2013 earnings of Mexican companies are subject to a 10% dividend withholding tax or a reduced withholding tax rate if a tax treaty is applicable. Prior to 2014, dividends paid out of Nextel Mexico's accumulated taxable income were not subject to withholding tax; a tax of up to 43% was imposed on Nextel Mexico if it paid dividends in excess of the accumulated taxable income. This tax was creditable against Nextel Mexico's future tax liability. In addition, a 15% withholding tax applies to interest paid by Nextel Mexico to NII or its U.S. affiliates with respect to intercompany loans made by NII Holdings or its U.S. subsidiaries to Nextel Mexico.

In December 2012, the Mexican government enacted legislation that delays by one year the scheduled reduction in the corporate tax rate. Previously enacted legislation called for the 30% tax rate that applied in 2012 to decrease to 29% in 2013 and to 28% in 2014 and subsequent years. The 2012 legislation extended the 30% tax rate to 2013 and reduces the rate to 29% in 2014 and to 28% in 2015 and subsequent years. Effective January 1, 2014, the corporate tax rate was fixed at 30%, which repealed the scheduled reductions that were previously approved in December 2012. Dividends paid in excess of the accumulated taxable income were subject to a tax of up to 43% for 2012 and 2013.

3. Argentina

Operating Company Overview. We refer to our wholly-owned Argentine operating company, Nextel Communications Argentina S.R.L., as Nextel Argentina. Nextel Argentina provides wireless services in major business centers including Buenos Aires, Cordoba, Rosario and Mendoza, along related transportation corridors and in a number of smaller markets. As of December 31, 2013, Nextel Argentina provided service to 2,023,100 handsets, which we estimate to be about 3.1% of the total mobile handsets and other mobile devices in commercial service in Argentina.

Nextel Argentina is headquartered in Buenos Aires and has regional offices in Mar del Plata, Rosario, Mendoza and Cordoba, and numerous branches in the Buenos Aires area. As of December 31, 2013, Nextel Argentina had 1,432 employees.

Competition. Nextel Argentina competes with Movistar, which is controlled by Telefonica, Claro, which is controlled by America Movil, and Personal, which is controlled by Telecom Italia Mobile and is in the process of being acquired by Fintech. Each of these companies provides a variety of services, including mobile voice and data communications throughout Argentina. Nextel Argentina's competitors compete aggressively, and all three of the established mobile telephone service providers now offer services supported by a WCDMA-based network in a significant portion of their coverage areas.

We believe that the most important factors upon which Nextel Argentina competes are the quality of our customer service and network, brand recognition and our differentiated services, including our Direct Connect service. While its competition generally targets the mass market, Nextel Argentina primarily targets subscribers who utilize its services in their businesses and individuals that have medium to high usage patterns who are more concerned with the quality of customer care and service they receive.

In September 2012, the Argentine government canceled the auction of PCS and 850 band cellular spectrum and subsequently awarded this spectrum to Empresa Argentina de Soluciones Satelitales S.A., or ARSAT, a government-owned telecommunications company. We were previously expecting to participate in that auction and to use any spectrum we acquired in the auction to support a WCDMA-based network in Argentina. As a result of this decision by the Argentine government, Nextel Argentina does not currently hold spectrum that would support the deployment of a WCDMA-based network nor are there any current proposals by the Argentine government to make additional spectrum of that type available to Nextel Argentina or to other carriers via auction or otherwise. As a result, we expect to continue to use the iDEN technology and are currently considering other strategic approaches that could support our transition to new technologies. While we are in the process of evaluating these spectrum options and strategic

possibilities, it may become more difficult for Nextel Argentina to compete for customers in our historic segments using this iDEN technology, and it may become more difficult or costly for Nextel Argentina to acquire handsets that operate using the iDEN technology.

Regulatory and Legal Overview. The Comisión Nacional de Comunicaciones, referred to as the CNC, the Secretary of Communications, and the Ministry of Federal Planning, Public Investments and Services are the Argentine telecommunications authorities responsible for the administration and regulation of the telecommunications industry. Licenses and spectrum authorizations granted in Argentina may not be transferred or assigned without the regulators' authorization.

Under its licenses, Nextel Argentina is authorized to offer any and all types of telecommunications services and is free to choose the geographic area, technology and network architecture it uses to provide those services. Nextel Argentina is deemed to have registered SMR services, paging, data transmission and other value added services, as well as long distance telephony. Service fees are not regulated and may be freely established by Nextel Argentina.

The use of the SMR spectrum used by Nextel Argentina in support of its services is subject to the prior granting of an authorization to use that spectrum in a specified, limited geographical area. SMR authorizations granted through the year 2000 have an indefinite term, and those granted beginning in 2001 expire after a 10-year term. Nextel Argentina holds licenses to use 1,815 channels, including those covering the major business markets areas, with indefinite terms, and 1,760 channels with 10-year terms, mostly in smaller markets. SMR authorizations are subject to service launch and subscriber loading requirements. We believe that Nextel Argentina has met all material requirements of these authorizations.

SMR service providers are assured interconnection with other operators' networks, including the public switched telephone network, on a nondiscriminatory basis. Interconnection terms and prices are freely negotiated between the parties, although the regulations include guidelines that are generally followed in practice and can be imposed by the Secretary of Communications if an agreement between the parties is not reached. All interconnection agreements entered into must be registered with the CNC. Additional requirements are imposed or may be imposed on all dominant carriers to avoid monopolization and ensure competition in the Argentine telecommunications market. Nextel Argentina provides services to its subscribers that allow calls to be completed on other carriers' networks under interconnection agreements with mobile operators, Telefonica de Argentina S.A. and Telecom Argentina S.A., as well as other smaller local carriers. Nextel Argentina has also implemented a calling party pays program with the fixed line carriers with whom it interconnects under which Nextel Argentina is compensated at agreed rates for calls made to its subscribers from fixed line networks for those subscribers who purchase our services under calling party pays rate plans. Charges recovered by Nextel Argentina for calling party pays calls originated on fixed lines depend on a reference price set periodically by the Minister of Federal Planning, Public Investments and Services.

In recent years, growing government involvement in key sectors of the economy, including the telecommunications sector, has resulted in new regulations that have set higher service standards, limit the right to freely establish service fees and increase reporting requirements, which have affected and may continue to affect Nextel Argentina's operations.

Foreign Currency Controls, Dividends and Tax Regulation. Formal and informal restrictions on the transfer of the cash held by Nextel Argentina effectively prevent the transfer of such funds outside of Argentina. On January 6, 2002, an Argentine emergency law became effective, and the government formally declared a public emergency in economic, administrative, financial and exchange control matters. The law empowered the Federal Executive Power to regulate those areas until December 10, 2003, subject to oversight by the National Congress. The Emergency Law amended several provisions of the 1991 Convertibility Law No. 23,928, the most significant of which was to repeal the peg of the Argentine peso to the U.S. dollar. The effectiveness of the Argentine Emergency Law has been extended through December 31, 2015 by the passing of a subsequent law on October 22, 2013.

The Argentine Central Bank has implemented certain formal and informal requirements related to the acquisition of foreign currency by Argentine and non-Argentine residents and on the inflow and outflow of capital to and from Argentina, including those for the purposes of repayment of principal and interest, dividend payments and repatriation of capital. In addition, there are specific guidelines that must be complied with in order to make any repayment of principal or interest to foreign creditors. According to these regulations, payments of profits and dividends abroad may be carried out as long as they correspond to financial statements certified by external auditors. These formal and informal requirements have restricted the convertibility of currency and the ability to repatriate capital from Nextel Argentina to its parent companies in 2013 and are expected to continue to restrict convertibility and the ability to repatriate capital in 2014.

On June 9, 2005, the Federal Executive Power issued a decree that introduced certain requirements surrounding the transfer of funds to and from Argentina and created a mandatory deposit of 30% of the funds transferred to Argentina. This decree provides that, under certain circumstances, both Argentinean and non-Argentinean residents transferring funds from abroad to Argentina are obligated to make a 365-day registered non-transferable non-interest bearing cash deposit equal to 30% of the funds transferred by them to Argentina. Among others, foreign direct investment and subscription of primary issuances of debt or cash securities with public offering in the capital or stock markets are exempt from such restricted deposit requirement.

Under applicable Argentine corporate law, a company may pay dividends only from liquid and realized profits as reported in the company's financial statements prepared in accordance with Argentine generally accepted accounting principles and duly approved by the shareholders meeting. Of those profits, 5% must be set aside until a reserve of 20% of the company's capital stock has been established. Effective September 23, 2013, dividend payments are subject to a 10% withholding tax. In addition, when the dividend payments are the result of profits paid out in excess of the accumulated profits computed for income tax purposes as of the financial year preceding the date of the distribution of such dividends, a 35% withholding tax applies on the amount of the surplus. A withholding tax of 35% applies to interest paid by Nextel Argentina to NII Holdings or any of its U.S. subsidiaries with respect to intercompany loans made by NII Holdings or its U.S. subsidiaries to Nextel Argentina.

4. Chile

Operating Company Overview. We refer to our wholly-owned Chilean operating company, Nextel S.A., as Nextel Chile. Nextel Chile currently provides nationwide wireless services through its WCDMA and iDEN networks in Santiago, Valparaiso and Vina del Mar, along related transportation corridors and on a limited basis in San Antonio, Rancagua, Melipilla, Talagante, San Felipe, Concepcion and Antofagasta and through roaming agreements that provide additional coverage for its WCDMA-based services in other areas of Chile. As of December 31, 2013, Nextel Chile provided services to 243,500 handsets, which we estimate to be about 0.9% of the total mobile handsets and other mobile devices in commercial service in Chile.

Nextel Chile is headquartered in Santiago, Chile. As of December 31, 2013, Nextel Chile had 831 employees.

In late 2009, Nextel Chile participated in the auctions of spectrum in Chile and was awarded 60 MHz of spectrum in the 1.7 GHz and 2.1 GHz bands throughout Chile. In May 2012, Nextel Chile began providing services on its WCDMA network using this spectrum.

Competition. The three established mobile telephone service providers, Entel Chile, Movistar, which is controlled by Telefonica and Claro, which is controlled by America Movil, provide services throughout Chile that compete with Nextel Chile's wireless services. In 2012, additional mobile telephone service providers launched mobile offerings, including VTR Banda Ancha (Chile), S.A., or VTR, which is Chile's largest cable television and broadband provider. In addition, a number of mobile virtual network operators, or MVNOs, such as Virgin Mobile, Fallabella Movil, GTD Telsur and Netline Movil, also participate in the market through the resale of services over the networks of one of the existing wireless carriers.

Regulatory and Legal Overview. The main regulatory agency of the Chilean telecommunications sector is the Ministry of Transportation and Telecommunications, which acts primarily through the Undersecretary of Telecommunications.

Telecommunications licenses granted by the Chilean regulatory authorities are not limited as to their number, type of service or geographical area. Therefore, it is possible to grant two or more licenses for the provision of the same service on the same location, except where technical limitations exist. Licenses for the provision of public telecommunications services are generally granted for a 30-year period and may be renewed for additional 30-year periods if requested by the licensee.

In Chile, licensees of public telecommunications services and long distance telephony services are required by law to establish and accept interconnection with each other in accordance with regulations adopted by the Chilean regulatory authorities. Additionally, providers of public telecommunications services of the same type that are authorized to be interconnected with public telephone networks are also able to request the assignment of specific numbering blocks for their subscribers. Our operating companies have been granted numbering blocks and are currently interconnected to the public switched telephone network.

The fees and tariffs charged by a telecommunications licensee to other licensees for services rendered through interconnection, including access fees, are determined and established by the regulatory authorities in accordance with a tariff-setting procedure based upon, among other things, the cost structure, including expansion plans, of an efficient licensee, as set forth in the General Telecommunications Law. Once every five years, the regulatory authorities establish the tariff for access to the networks of our three primary competitors in Chile, including the charges for terminating calls on those competitors' networks. The most recent determination of those rates became effective in January 2009. Tariffs for interconnection costs associated with Nextel Chile's iDEN services were fixed in September 2011, and the interconnection costs for calls terminating on Nextel Chile's WCDMA network have not yet been determined. In January 2014, the Chilean government concluded on the new termination fees for the five mobile telephony operators, and these decrees are currently being reviewed prior to their issuance and official publication. Administrative remedies have been filed to amend these decrees and are currently under review. The new decrees prohibit "on-net off-net" price discrimination, which will foster competition for new entrants into the market.

The legislature in Chile passed a nationwide law in early 2012 that limited tower siting and imposed height, co-location and camouflage requirements in certain locations, and imposed outright bans on constructing new towers in other locations. The new law is expected to impact our business strategies and has caused us to incur unplanned costs; required the elimination of existing towers, which could negatively impact the performance of both our WCDMA and iDEN networks; and imposed new and onerous taxes and fees.

Foreign Currency Controls, Dividends and Tax Regulation. The purchase and sale of foreign currency in Chile is not subject to governmental control. There are two foreign exchange markets in Chile, one of which is a formal exchange market and the other of which is an informal exchange market. The formal exchange market is subject to regulations of the Chilean Central Bank and consists of banks and other entities authorized to participate in the formal market by the Central Bank. This market is generally used for trade-related transactions, such as import and export transactions, regulated foreign currency investments and other transactions, such as remittances abroad and operates at floating rates freely negotiated between the participants.

Foreign investments are subject to regulations in Chile that impose certain requirements that affect the repatriation of those investments. The investment of capital exceeding \$10,000 in Chile and the repatriation of the investment and its profits must be carried out under applicable law. Foreign funds registered under certain regimes provide specified guarantees with respect to the ability to repatriate funds and the stability of the applicable tax regime and permit foreign investors to access the formal exchange market to repatriate their investments and profits. Although the foreign investment regulations may permit foreign investors to access the formal exchange market to repatriate their investments and profits, they do not guarantee that foreign currency will be available in the market.

Under Chilean corporate law, corporations, such as our Chilean companies, may distribute dividends among their stockholders only from the net profits of a specific fiscal year or from retained profits recognized by balance sheets approved by the stockholders' meeting. However, if the company has accumulated losses, profits of that corporation must first be allocated to cover the losses. Losses in a specific fiscal year must be offset with retained profits, if any.

Unless otherwise agreed at a stockholders meeting by the unanimous vote of all issued shares, publicly traded corporations must annually distribute at least 30% of the net profits of each fiscal year. This distribution must be in the form of a cash dividend to their stockholders in proportion to their ownership or as otherwise stated in the bylaws. Privately held corporations, such as our Chilean operating companies, must follow the provisions of their bylaws; if the bylaws do not contain these provisions, the rules described above for the distribution of profits by publicly traded stock corporations apply. In any event, the board of directors may distribute provisional dividends if the corporation has no accumulated losses, subject to the personal responsibility of the directors approving the distributions. As a general rule, any dividend paid by Nextel Chile to its foreign shareholders will be subject to a 35% withholding tax rate, reduced by a tax credit to recognize the 20% corporate tax paid by Nextel Chile on the income distributed or remitted abroad. As a general rule, a 35% withholding tax applies to interest paid by Nextel Chile to NII Holdings or its U.S. affiliates with respect to intercompany loans made by NII Holdings or its U.S. subsidiaries to Nextel Chile.

On July 31, 2010, a temporary increase in the Chilean corporate income tax rate was published. The 17% corporate tax rate was increased to 20% for 2011, adjusted to 18.5% for 2012 and was scheduled to revert back to 17% for 2013 and thereafter. In September 2012, the Chilean government enacted legislation to permanently increase the corporate tax rate to 20%. This increased rate applies to income derived and accrued in 2012 and thereafter.

Employees

As of December 31, 2013, we had about 13,600 employees. Nextel Brazil is a party to a legally mandated collective bargaining agreement that covers all of its employees and expires on September 30, 2014. Although Nextel Mexico is a party to certain collective bargaining agreements, as of December 31, 2013, none of Nextel Mexico's employees have chosen to participate under these agreements. In addition, beginning in February 2014, Nextel Argentina is also a party to a collective bargaining agreement that covers the majority of its employees. Neither NII Holdings nor Nextel Chile is a party to any collective bargaining agreement. We believe that the relationship between us and our employees, and between each of our operating companies and its employees, is good.

Access to Public Filings and Board Committee Charters

We maintain an internet website at www.nii.com. Information contained on our website is not part of this annual report on Form 10-K. Stockholders of the Company and the public may access our annual reports on Form 10-K, quarterly reports on Form 10-Q, current reports on Form 8-K and amendments to these reports filed with or furnished to the SEC under the Securities Exchange Act of 1934, as amended, through the "investor relations" section of our website. This information is provided by a third party link to the SEC's online EDGAR database, is free of charge and may be reviewed, downloaded and printed from our website at any time.

We also provide public access to our code of ethics, entitled the NII Holdings, Inc. Code of Conduct and Business Ethics, and the charters of the following committees of our Board of Directors: the Audit Committee, the Compensation Committee, the Corporate Governance and Nominating Committee and the Finance Committee. The committee charters may be viewed free of charge on the Investor Relations link of our website at the following address: www.nii.com. You may obtain copies of the committee charters and the Code of Conduct and Business Ethics free of charge by writing to: NII Holdings Investor Relations, 1875 Explorer Street, Suite 1000, Reston, Virginia 20190. If a provision of our Code of Conduct and Business Ethics required under the

Nasdaq Global Select Market corporate governance standards is materially modified, or if a waiver of our Code of Conduct and Business Ethics is granted to a director or executive officer, we will post a notice of such action on the Investor Relations link of our website at the following address: www.nii.com. Only the Board of Directors or the Audit Committee may consider a waiver of the Code of Business Conduct and Ethics for an executive officer or director.

Item 1A. Risk Factors

Investors should be aware that we and our business are subject to various risks, including the risks described below. Our business, financial condition or results of operations could be materially adversely affected by any of these risks. The trading price of our common stock could decline due to any of these risks, and investors may lose all or part of any investment. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and included elsewhere. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

1. Due to our recent results of operations, we may not be able to continue as a going concern.

Recently, our results of operations, including our operating revenues and operating cash flows, have been negatively affected by a number of factors, including competitive pressure across all of our markets, and a series of events that first arose or started to affect us to an unexpected degree in the third quarter of 2013. These events included:

- the impact of Sprint's deactivation of its iDEN network in the U.S.;
- the depreciation of local currencies;
- the impact of delays in the deployment and launch of services on our WCDMA networks, which delayed our ability to generate subscriber growth and revenues on those networks from what we had previously expected; and
- the increased costs to support our WCDMA networks.

In particular, Sprint's deactivation of its iDEN network in the U.S., combined with competitive pressures and delays in our deployment and optimization of our WCDMA network in Mexico, resulted in a significant loss of subscribers on our iDEN network that we were unable to offset with new subscribers on our WCDMA network. This subscriber loss resulted in a significant decline in subscribers and a reduction in operating revenues and operating cash flows in Mexico during the second half of 2013. We currently expect this trend in Mexico to continue into 2014 as iDEN subscriber losses continue to outpace our ability to attract customers to our new network. In addition, negative market perceptions of our WCDMA service in Mexico developed in late 2013 due primarily to Sprint's deactivation of its iDEN network and delays in effectively deploying and optimizing our WCDMA networks to meet the needs of customers who were seeking to replace the iDEN services that no longer met their needs, particularly in the border area with the U.S. These negative perceptions, if they persist, could further hinder our ability to attract the level of customers to our new network that we had previously anticipated. Similarly, delays in the deployment and optimization of our WCDMA network in Brazil made it difficult to proceed with our scheduled launches of WCDMA services in that market. As a result, we proceeded with launches of full voice and data services in Brazil late in 2013, which led to subscriber and revenue growth rates that were significantly lower than originally anticipated.

These factors had a significant negative impact on our results during the second half of 2013, and as a result, we ended 2013 with a significantly smaller subscriber and revenue base than we had previously expected. We plan to use our available funding, together with cash provided by our operations, to finance our current business plan; however, with a smaller subscriber base in Mexico and Brazil, absent changes to our outlook, it is probable that we will not be able to generate sufficient growth in our operating revenues and operating cash flows to meet our obligations through 2015. These conditions, and their impact on our liquidity, in combination with the potential impact if we cannot satisfy certain financial covenants under our current debt obligations in 2014 as more fully discussed below, raise substantial doubt about our ability to continue as a going concern under applicable authoritative literature. For this purpose, we assume that a business is generally considered to be a going concern if there is neither the intention nor the need to liquidate or materially curtail the scope of its business plans.

a. We may not be able to execute our business plans or meet our obligations.

Assuming that we are not required to repay the outstanding debt under our operating company financing agreements prior to their scheduled maturity dates as described below, see "*1.b. We could be in violation of one or more of our financing arrangements if we do not significantly improve our operating cash flows or otherwise address any failure to comply with such arrangements,*" we believe our current sources of funding will be adequate to allow us to execute our business plan and meet our obligations

through 2014, but that we will likely not have sufficient funding to do so throughout 2015. To meet our funding needs in 2014, we expect operating cash flows to improve in the second half of 2014, and we intend to reduce our investment in capital expenditures, including our investments in our networks, below the \$882.9 million we invested in 2013. Our current business plan assumes that customers will find our services attractive and that we will be able to expand our subscriber base on our WCDMA network in Brazil. We also assume that in 2014 we will be able to stabilize our business in Mexico and achieve a partial to full reversal of the subscriber loss trends we experienced in 2013. However, given the factors that have negatively affected our business and the difficulties associated with predicting our ability to overcome these factors, there can be no assurance that these assumptions will be correct.

In light of the liquidity issues we face, we continue to assess our ability to significantly improve our operating cash flows and are considering a number of options to do so, including:

- reducing or delaying our investments in capital expenditures, including scaling back our network development and deployment efforts;
- reducing the scope of our operations in one or more markets that we currently serve;
- selling assets or operations;
- restructuring, reorganizing or refinancing all or a portion of our existing debt obligations, including modifying the terms of those obligations to reduce or delay our debt service requirements;
- seeking additional equity capital or borrowing additional funds;
- creating partnerships or alliances; or
- selling our company.

Some of these actions could have the effect of increasing our debt, negatively impacting the quality of our customer service or customer confidence in our ability to provide products and services, reducing our ability to raise additional capital, and further delaying our ability to operate profitably and generate operating cash flows. These actions could also have a significant adverse impact on the value of our business and the value of our outstanding debt and equity securities. There can be no assurance that any of these potential actions could, if necessary, be implemented on commercially reasonable terms, or at all, or that they would alone or in combination with other actions adequately preserve our liquidity or enable us to meet our ongoing funding requirements, including our debt service obligations. In addition, if we are able to and do incur additional debt, the risks associated with our substantial leverage, including the risk that we will be unable to service our debt or generate enough cash flow to fund our liquidity needs, could intensify.

As part of our current assessment or assessments in the future, if we believe we will be unable to significantly improve our cash flow from operations or implement measures to enable us to continue to satisfy our obligations, we may voluntarily commence reorganization proceedings, which could mean that debt and equity holders could lose all or part of their investment.

b. We could be in violation of one or more of our financing arrangements if we do not significantly improve our operating cash flows or otherwise address any failure to comply with such arrangements.

The negative impact of the factors discussed above on our results of operations may also adversely affect our ability to comply with certain financial covenants in our existing debt obligations. Specifically, based on our current business plan projections, it is likely that we will be unable to satisfy one or more of the financial covenants currently included in the equipment financing arrangements for Nextel Brazil and Nextel Mexico in 2014. In addition, based on our current business plan projections, it is likely that we will be unable to satisfy the financial covenants currently included in Nextel Brazil's local bank financing arrangements in 2014. Each of these financing arrangements requires that we meet these financial covenants semi-annually, calculated as of June 30 and December 31. As of December 31, 2013, we were in compliance with these covenants and had \$926.8 million principal amount outstanding under these financing arrangements.

If we are unable to comply with the relevant covenants in these arrangements, some of the available courses of action that we could pursue either separately or in combination in an effort to ensure that we satisfy the requirements of these financial covenants or resolve potential non-compliance with these covenants include:

- negotiating amendments to the financing agreements to modify the relevant covenants;

- securing waivers of the non-compliance from the lenders;
- taking actions designed to enhance the creditworthiness of the borrowers, including moving cash or other assets to the relevant borrower; or
- repaying the relevant outstanding indebtedness in full.

If we are unable to remain in compliance with these financial covenants or to otherwise address that non-compliance, a default or acceleration of the debt under those agreements could occur. If the debt under any of these agreements were to be accelerated, the holders of 25% of each series of senior notes issued by Capital Corp. and NII International Telecom, S.C.A., or NIIT, would have the right to declare that an event of default has occurred under the related indentures and could then require the immediate repayment of all borrowings represented by the senior notes. As of December 31, 2013, we had approximately \$4.4 billion principal amount of senior notes outstanding.

While we believe we will be able to negotiate either amendments or waivers with these lenders, there can be no assurance that we will be able to negotiate such amendments or waivers on reasonable terms or at all. Accordingly, if we are required to repay these borrowings, which is not contemplated by our 2014 business plan, the repayment would have a significant negative impact on our liquidity and would further intensify the liquidity issues we face.

2. *Our independent registered public accounting firm has indicated that our financial condition raises substantial doubt as to our ability to continue as a going concern.*

Based on our results of operations, including our operating revenues and operating cash flows, and the impact such results have had on our liquidity, in combination with the potential impact if we cannot satisfy certain financial covenants under our current debt obligations in 2014, our independent registered public accounting firm has included a statement with respect to our ability to continue as a going concern in their report on our consolidated financial statements for the year ended December 31, 2013. See “1. *Due to our recent results of operations we may not be able to continue as a going concern.*” However, our financial statements have been prepared assuming we will continue to operate as a going concern, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. If we become unable to continue as a going concern, we may have to liquidate our assets, and the values we receive for our assets in liquidation or dissolution could be significantly lower than the values reflected in our consolidated financial statements. The reaction of investors and others to the inclusion of a going concern statement by our auditors, our results of operations and questions regarding our potential inability to continue as a going concern may cause others to choose not to deal with us due to concerns about our ability to meet our contractual obligations and may materially adversely affect our share price and our ability to continue to execute our business plans, raise new capital and/or make our scheduled debt payments on a timely basis or at all.

3. *Because our cash flows from operating activities are negative, and are expected to continue to be negative through 2015, we will likely need to meet our obligations and fund our working capital with cash on hand, proceeds from existing amounts available under our equipment financing facilities and proceeds from asset sales.*

Our cash flows from operations were negative in 2013, and based on our current plans, we expect our cash flows from operating activities to remain negative through 2015. Our current plans are based on a number of key assumptions relating to, among other things, our ability to attract and retain customers and build our subscriber and revenue base without significantly increasing our costs. If any of our assumptions are not borne out or are otherwise not correct, our cash flows from operations could be significantly lower than expected. As a result, our cash flows from operating activities could continue to be negative or our capital expenditures could exceed our cash flows from operations beyond 2015 and for an extended period of time. There can be no assurance that we will succeed in executing on our plans or that we will generate positive cash flows from operations or cash flows from operations sufficient to cover our capital expenditures in the future. See “1. *Due to our recent results of operations we may not be able to continue as a going concern.*”

While we intend to reduce our investment in capital expenditures, including our investments in our networks, below the \$882.9 million we invested in 2013, we plan to maintain a significant level of capital expenditures in order to continue to pursue our business plans. Additionally, based on our current level of debt, we need to pay cash interest in excess of \$550.0 million annually, which includes interest related to our sale of towers in Brazil and Mexico in 2013, and are required to make scheduled principal payments on certain of our debt obligations, including our bank financing in Brazil and our equipment financing facilities in Brazil and Mexico. This annual interest expense does not include interest on any additional debt capital we may raise, including through additional borrowings under our existing market level equipment financing facilities or through additional sale and

leaseback transactions, including sales of certain additional transmitter and receiver sites pursuant to our 2013 agreements with American Tower. In addition, we need to pay cash taxes and fund our working capital.

Because of the combined impact of our recent and projected results of operations, our non-investment grade credit rating, the inclusion of the going concern statement in the report of our independent registered public accounting firm, restrictions in our current debt and/or general conditions in the financial and credit markets, our access to the capital markets is likely to be limited or nonexistent. See *"5. We are dependent on external sources of capital to meet our long-term funding needs and debt service requirements, and our financial condition could negatively impact our access to funding. If we are unable to obtain funding when needed and on terms acceptable to us, our business and liquidity will be adversely affected and we may not be able to meet our debt obligations."* As a result, we will likely need to meet our obligations and fund our working capital with cash on hand, proceeds from existing amounts available under our equipment financing facilities and proceeds from asset sales. If we are unable to meet our obligations and fund our working capital through these or other means, we may be unable to execute our business plan or meet our obligations in a timely manner or at all.

4. Our current and future debt may limit our flexibility and increase our risk of default.

We may need to incur additional indebtedness or distribute cash or assets between our subsidiaries in connection with our current obligations and business plans. The terms of the indentures governing our existing senior notes and the agreements governing our other indebtedness currently permit us, subject to specified limitations, to incur certain limited categories of additional indebtedness, including indebtedness incurred to refinance our existing financing agreements, and to transfer cash and assets between our subsidiaries. However, based on our operating results and current forecasts of growth in our operating revenues and operating cash flows, these terms are expected to impose significant restrictions on our ability to raise additional indebtedness in the future and may also limit or prevent the transfer of funds from Nextel Brazil or Nextel Mexico, which could result in a funding shortfall that limits our ability to pursue our business plans, meet our current and future debt service obligations or refinance our existing debt, or could require us to seek funding from other sources which may not be available on acceptable terms, if at all. As a result, the terms of our existing and future debt could limit our flexibility and increase our risk of default by:

- limiting our flexibility in planning for, or reacting to, changes in our business and the industries in which we compete and increase our vulnerability to general adverse economic and industry conditions;
- placing us at a disadvantage compared to our competitors that have less indebtedness and greater financial resources and flexibility;
- preventing or limiting our ability to transfer funds within our organization;
- limiting our ability to execute our business plan and take advantage of new business opportunities;
- limiting our ability to meet our current and future debt service obligations; and
- preventing or limiting our ability to obtain additional financing that we may need to fund our business or to refinance our existing debt.

5. We are dependent on external sources of capital to meet our long-term funding needs and debt service requirements, and our financial condition could negatively impact our access to funding. If we are unable to obtain funding when needed and on terms acceptable to us, our business and liquidity will be adversely affected and we may not be able to meet our debt obligations.

Because our cash flows from operating activities are, and are expected to continue to be, negative through 2015, we are dependent on external sources of capital to meet our long-term funding needs and debt service requirements. As of December 31, 2013, the total outstanding principal amount of our debt was \$5,804.2 million. Based on our current plans and our long-term capital needs, we believe it will be necessary for us to refinance or replace a significant portion of this indebtedness over the next five years. For instance, our 11.375% senior notes and our 7.875% senior notes both provide that if we have not repaid in full or refinanced our existing \$800.0 million principal amount of 10.0% senior notes due August 15, 2016 on or prior to May 15, 2016, we will have to offer to purchase all of the \$900.0 million principal amount of our 11.375% senior notes and the \$700.0 million principal amount of our 7.875% senior notes shortly prior to the August 15, 2016 maturity date of our 10.0% senior notes. There can be no assurance that we will be able to repay or refinance our 10.0% senior notes due 2016 on or prior to that date or that we will have sufficient funds available to make any required repurchases of our 11.375% senior notes or our 7.875% senior notes.

Our ability to meet our existing or future debt obligations and to reduce our indebtedness will depend on our future performance and the other cash requirements of our business. We expect our current sources of funding will be adequate to allow us to execute our business plan and meet our obligations through 2014, but that we will likely not have sufficient funding to do so throughout 2015. Additionally, our performance is subject to, among other things, general economic conditions and financial, business, political and other factors that are beyond our control. If our cash flow and capital resources are insufficient to allow us to meet our obligations, we may have to, among other options, sell assets or operations, seek additional capital or restructure or refinance our debt. See "1. *Due to our recent results of operations we may not be able to continue as a going concern.*" We cannot assure you that the terms of our debt will allow for these alternative measures or that these measures would satisfy our scheduled debt service obligations.

Our ability to obtain funding is subject to a variety of factors that we cannot presently predict with certainty, including our future performance, the volatility and demand in the capital markets and future market prices of our securities. Because of the combined impact of our recent and projected results of operations, our non-investment grade credit rating, the inclusion of the going concern statement in the report of our independent registered public accounting firm, restrictions in our current debt and/or general conditions in the financial and credit markets, our access to the capital markets is likely to be limited and, if available, the cost of any funding could be both significant and higher than the cost of our existing financing arrangements. Moreover, the urgency of a capital-raising transaction may require us to pursue funding at an inopportune time. We may not be successful in obtaining capital for these or other reasons. If we fail to obtain suitable financing when it's required, it could, among other things, negatively impact our results of operations and liquidity, result in our inability to implement our current or future business plans, and prevent us from meeting our debt service obligations.

If we are unable to meet our debt service obligations or to comply with our other obligations under our existing financing arrangements:

- the holders of our debt could declare all outstanding principal and interest to be due and payable;
- the holders of our secured debt could commence foreclosure proceedings against our assets;
- we could be forced into bankruptcy or liquidation; and
- debt and equity holders could lose all or part of their investment in us.

6. *If we are not able to compete effectively in the highly competitive wireless communications industry, our future growth and operating results will suffer.*

Our business involves selling wireless communications services to subscribers, and as a result, our economic success is based on our ability to attract new subscribers and retain current subscribers. Our success will depend on the ability of our operating companies to compete effectively with other telecommunications services providers, including other wireless telecommunications companies, internet and cable service providers and providers of fixed wireline services, in the markets in which they operate. Our ability to compete successfully will depend on our ability to anticipate and respond to various competitive factors affecting the telecommunications industry in our markets, including the availability of new services, features and technologies; changes in consumer preferences, demographic trends and economic conditions; our ability to fund our operations; and our competitors' pricing strategies.

a. *The wireless industries in our markets are highly competitive, making it difficult for us to attract and retain customers. If we are unable to attract and retain customers, our financial performance will be impaired.*

Competition among telecommunications service providers in our markets is intense as multiple carriers seek to attract and retain customers. Some of the factors contributing to this competitive environment include a higher relative penetration of wireless services in our markets compared to historic levels, which drives more aggressive competition as competitors seek to attract and retain customers that support the growth of their businesses in a more saturated market, the development and availability of new products and services, including services supported by new technologies, and the entry of new competitors. We also expect the current trend of alliances, cost-sharing arrangements and consolidation in the wireless and communications industries to continue as companies respond to the need for cost reduction and additional spectrum. This trend may result in the creation of larger and more efficient competitors with greater financial, technical, promotional and other resources to compete with our businesses. In addition, as we continue to pursue our plans to expand our marketing and sales focus to include a larger segment of high value consumers, we will be increasingly seeking to attract customers in segments that have historically been predominantly served by our competitors, many of which are larger companies with more extensive networks, financial resources and benefits of scale that

allow them to spend more money on marketing and advertising than us and to exploit scale advantages that allow them to offer products and services at a lower cost.

In order to obtain a competitive advantage, our competitors have, among other things:

- provided increased handset subsidies;
- offered higher commissions to distributors;
- offered a broader range of handsets and, in some cases, offered those handsets through exclusivity periods;
- provided discounted or free airtime or other services;
- expanded their networks to provide more extensive network coverage;
- developed and deployed networks that use new technologies and support new or improved services;
- offered incentives to larger customers to switch service providers, including reimbursement of cancellation fees; and
- offered bundled telecommunications services that include local, long distance and data services.

In addition, number portability requirements, which enable customers to switch wireless providers without changing their wireless numbers, have been implemented in all of our markets, making it easier for wireless providers to effectively target and attract their competitors' customers.

The competitive environment in our markets and competitive strategies of our competitors will put pressure on the prices we can charge for our services and for handsets and other devices that we sell in connection with our service offerings. These developments and actions by our competitors could continue to negatively impact our operating results and our ability to attract and retain customers. These competitive conditions may also require that we incur increased costs such as higher sales commissions or handset subsidies as we add new customers, which may reduce our profitability even while customer growth continues. If we are unable to respond to competition and compensate for declining prices by adding new customers, increasing usage and offering new services, our revenues and profitability could continue to decline.

b. Competition and technological changes in the market for wireless services, including competition driven by our competitors' deployment of long-term evolution or other advanced technologies, could negatively affect our average revenue per subscriber, customer turnover, operating costs and our ability to attract new subscribers, resulting in adverse effects on our revenues, future cash flows, growth and profitability. If we do not keep pace with rapid technological changes or if we fail to deploy our WCDMA networks and offer new technology that supports services on these networks in a manner that delivers a quality customer experience, we may not be able to attract and retain customers.

The wireless telecommunications industry is experiencing significant technological change. Spending by our competitors on new wireless services and network improvements could enable them to obtain a competitive advantage with new technologies or enhancements that we do not offer. Rapid change in technology may lead to the development of wireless communications technologies that support products or services that consumers prefer over the products or services that we offer. If we are unable to keep pace with future advances in competing technologies on a timely basis, or at an acceptable cost, we may not be able to compete effectively and could lose subscribers to our competitors.

While we have deployed or are in the process of deploying our WCDMA networks in our markets other than Argentina, they have yet to achieve wide acceptance, and competitors in each of our markets have launched new or upgraded networks that use technology similar to the WCDMA networks that we have deployed or are in the process of deploying and are designed to support services that use high speed data transmission capabilities, including internet access and video telephony, and some of those competitors have expended significant resources and made substantial investments to deploy upgrades to the technology used in their networks. Some of our competitors have also deployed or announced their plans to deploy new network technologies that could provide further enhancements to data speed and capacity in our markets, including services utilizing LTE technologies. These and other future technological advancements may enable competitors to offer features or services we cannot provide or exceed the quality of services we offer, thereby making our services less competitive. In addition, we may not be able to accurately predict technological trends or the success of new services in the market. If our services fail to gain acceptance in the marketplace in the near term, or if costs associated with implementation and completion of the introduction of these services materially increase, our ability to retain and attract customers could continue to be adversely affected. In particular, our push-to-talk services on our new WCDMA networks may not meet the continually changing demands of our customers and may no longer serve to differentiate our services in the future.

The 800 MHz spectrum that our operating companies are licensed to use is largely non-contiguous, while the technology platforms that are currently available to us, including the WCDMA technology we have deployed or are deploying, operate only on contiguous spectrum. While we have rights to use spectrum outside the 800 MHz band in Brazil, Mexico and Chile that is

contiguous and supports our existing and planned WCDMA networks, we have only recently launched services supported by our new WCDMA networks and are still in the process of expanding the coverage of these networks. This gives our competitors a significant time-to-market advantage in which they can offer new applications and services that are supported by their networks, but that we have not been able to offer until recently when our new networks became widely available. In addition, in Argentina, we do not hold rights to use additional spectrum in bands that would facilitate a transition to a new network technology, which could make it more difficult or impossible for us to deploy new and more competitive services in Argentina. The successful deployment of our WCDMA networks is a critical step in keeping pace with technological change and is necessary in order for us to continue to offer competitive services. If we are unable to fully deploy our WCDMA networks in a timely manner or at all, or if we are not able to achieve wide acceptance by our customers and target customers of our WCDMA networks, we may not be able to compete effectively and could lose customers to our competitors. For more information, see "7a. *We may be limited in our ability to grow unless we successfully deploy our WCDMA networks and expand network capacity.*"

c. *Some of our competitors are financially stronger than we are, which may limit our ability to compete based on price.*

Because of their size, scale and resources, some of our competitors may be able to offer services to subscribers at prices that are below the prices that our operating companies can offer for comparable services. Many of our competitors are well-established companies that have:

- substantially greater financial and marketing resources;
- larger customer bases;
- larger spectrum positions;
- higher profitability and positive free cash flow;
- more access to funding, lower leverage and lower cost of financing; and
- larger service coverage areas than those of our operating companies.

If we cannot compete effectively based on the price of our service offerings and related cost structure, our results of operations may be adversely affected.

d. *The network and subscriber equipment we currently use and expect to use is more expensive than the equipment used by our competitors, which may limit our ability to compete.*

Our iDEN-based networks utilize a proprietary technology developed and designed by Motorola Solutions that relies solely on the efforts of Motorola Solutions and any current or future licensees of this technology for product development and innovation. Additionally, Motorola Mobility is the primary supplier for the network equipment and handsets we sell for use on our iDEN networks. In contrast, all of our competitors use infrastructure and customer equipment that are based on standard technologies like the global system for mobile communications standard, or GSM, and WCDMA, which are substantially more widely used technologies than iDEN, are available from a significant number of suppliers and are produced in much larger quantities for a worldwide base of customers. As a result, our competitors benefit from economies of scale and lower costs for handsets and infrastructure equipment than are available to us for handsets and infrastructure used to provide services on our iDEN network. In addition, because we plan to continue to offer our push-to-talk services as key differentiators and as part of the services supported by our WCDMA networks, we expect that the cost of certain handsets that are designed specifically to support those differentiated services will be higher even when they are supported by the more widely used WCDMA technology because they will not be produced at scale levels comparable with more standard WCDMA handsets. These factors, as well as the higher cost of our handsets and other equipment may make it more difficult for us to attract or retain customers, and may require us to absorb a comparatively larger cost of offering handsets to new and existing customers. The combination of these factors may place us at a competitive disadvantage and may reduce our growth and profitability. In addition, the spectrum band that we use to support our WCDMA networks and services in Mexico is not as widely used throughout the world to support WCDMA networks as other spectrum bands that are being used by some of our competitors. Utilizing this type of spectrum band may have an adverse impact on the availability of certain types of handsets that our customers may desire and may increase the costs of the handsets we offer.

e. *Our operating companies may face disadvantages when competing against government-owned and formerly government-owned incumbent wireline operators or wireless operators affiliated with them.*

In some markets, our operating companies compete against a government-owned telecommunications operator or a formerly government-owned telecommunications operator, some of which enjoy a near monopoly position relating to the provision of wireline telecommunications services and may have a wireless affiliate. For example, an affiliate of Telcel, which is our largest competitor in Mexico, is the incumbent provider of wireline services in Mexico and was formerly a government-owned monopoly. In Argentina, we expect to compete against ARSAT, which is a government-owned telecommunications operator. Our operating

companies may be at a competitive disadvantage in these markets because former government-owned incumbents or affiliated competitors may have:

- close ties with national regulatory authorities;
- control over connections to local telephone lines; or
- the ability to subsidize competitive services with revenues generated from services they provide on a monopoly or near-monopoly basis.

For example, the services that we provide on our new WCDMA networks require significantly greater data capacity than is the case on our iDEN networks, and this higher capacity demand has made it necessary for us to obtain wireline or other connecting circuits between elements of our network such as switches and transmitter and receiver sites that are capable of transporting a significantly higher volume of data traffic. In some instances, the availability of those higher capacity circuits is limited and in many cases, our access to those circuits is controlled by entities that are affiliated with our competitors. As a result, we are dependent on entities that are affiliated with our competitors to provide us with the data transport services needed to support our networks and services. Our ability to offer services could be adversely affected if those entities were to choose to allocate limited transport capacity to other customers including their wireless affiliates or otherwise make it more difficult for us to obtain the necessary transport capacity to support our networks and services.

Our operating companies may also encounter obstacles and setbacks if local governments adopt policies favoring these competitors or otherwise afford them preferential treatment. As a result, our operating companies may be at a competitive disadvantage to incumbent providers, particularly as our operating companies seek to offer new telecommunications services.

f. Our coverage is not as extensive as those of other wireless service providers in our markets, which may limit our ability to attract and retain subscribers.

In recent years, we have expanded the coverage of our iDEN networks, particularly in Mexico and Brazil, and we have deployed and will continue to expand our WCDMA networks in Brazil, Mexico and Chile, but our current networks do not, and our existing and planned WCDMA networks will not, offer nationwide coverage in the countries in which we operate nor will they provide the coverage available on some of our competitors' networks. Although we have entered into roaming agreements relating to our WCDMA services in Brazil, Mexico and Chile that allow our customers to use roaming services in a broader area in those markets, we are not able to supplement our iDEN network coverage using roaming arrangements because the uniqueness of our iDEN technology limits our potential roaming partners for subscribers solely on iDEN networks. In addition, the implementation of the roaming services that support our WCDMA services are subject to the risks described below, and the costs of such services may be uneconomical, particularly if the competitive environment continues to put pressure on the prices we are able to charge for services provided to our customers. As a result, we will not be able to utilize roaming arrangements to extend the coverage of our iDEN networks and may not be able to economically extend the coverage of our WCDMA networks using our existing or future roaming arrangements, making it difficult for us to provide geographic coverage for our services that is sufficient to attract and retain certain subscribers and compete effectively with competitors that operate mobile networks with more extensive service areas.

We have entered into roaming arrangements with respect to services supported by our WCDMA networks in Brazil, Mexico and Chile that enable our customers in Chile, and will enable our customers in Brazil and Mexico, to roam within those markets in areas where we do not offer network coverage. There is no guarantee we will be able to effectively implement or maintain these agreements to provide roaming service in areas where we do not have network coverage or that the terms of those agreements will allow us to utilize roaming services to economically extend our coverage areas. In addition, we have entered into agreements with wireless carriers in a number of countries that allow customers whose service is supported by our WCDMA networks to utilize roaming services in those countries. Both in-market and international roaming requires our customers to rely on networks that are owned and operated by third parties and, in the case of in-market roaming, by our competitors. We are unable to ensure the availability of services or data speeds on these networks, and in most cases, push-to-talk service, one of our key differentiators, will not be available or will not have the same level of performance when our subscribers are roaming, which could negatively affect the service experience of our customers.

g. If there is a substantial increase in our customer turnover rate, our business could be negatively affected.

In recent years, we have experienced a generally higher consolidated customer turnover rate compared to earlier periods, which resulted primarily from the combined impact of weaker economic conditions, more competitive sales environments in the markets in which we operate and our offering of prepaid and hybrid services to customers who are more likely to change service providers. Specifically, Nextel Mexico experienced higher iDEN customer turnover in 2013 and was not able to effectively offset the loss of iDEN subscribers with new WCDMA subscribers. The increase in Nextel Mexico's customer turnover rate was due in part to Sprint's deactivation of its iDEN network in the U.S. in mid-2013, which resulted in increased customer dissatisfaction as

customers experienced changes in their ability to roam in the U.S., changes in their connections with contacts in the U.S. and because the coverage and capacity of Nextel Mexico's WCDMA network was not sufficient to support the significant subscriber loading and migrations of subscribers resulting from this deactivation. Nextel Mexico is continuing to take actions designed to address these issues, including actively improving the capacity and coverage of its WCDMA network, working to improve service along the Mexico/U.S. border by entering into arrangements designed to enhance the ability of our customers to roam in the U.S. and by recently cooperating with Sprint to implement improvements to the solutions that allow our WCDMA subscribers to use push-to-talk services to communicate with Sprint's customers to who use push-to-talk service in the U.S. Despite these actions, differences in the nature and quality of the services that we are able to provide using our WCDMA network compared to services historically available on our iDEN network, particularly in the area near the Mexico/U.S. border, may have a continued negative impact on our existing subscribers' willingness to remain on our iDEN network or to make the transition to service on our WCDMA network, which could result in further increases in subscriber deactivations and customer turnover.

In addition, our plans contemplate a further expansion of our target market to a broader range of customers that have typically demonstrated a willingness to change service providers more frequently and our increased use of prepaid and hybrid post and prepaid payment terms as part of our service plans in order to attract more price sensitive customers has had an adverse impact on our consolidated customer turnover rate, particularly in Brazil. These and other changes in our marketing strategies and the types of customers we target have recently had a negative impact on our consolidated customer turnover rate and could continue to have that impact in the future. Subscriber losses adversely affect our business and results of operations because these losses result in lost revenues and cash flow, drive higher bad debt expenses and require us to attract replacement customers and incur the related sales commissions and other costs. Although attracting new subscribers and retaining existing subscribers are both important to the financial viability of our business, there is an added focus on retaining existing subscribers because the cost of acquiring a new subscriber is much higher. Accordingly, increased levels of subscriber deactivations have had and could continue to have a negative impact on our results, even if we are able to attract new subscribers at a rate sufficient to offset those deactivations. If we experience further increases in our customer turnover rate, or if the higher customer turnover rates we are currently experiencing do not decline to levels that are closer to what we have historically experienced, our ability to maintain our revenues and our profitability could be materially impaired.

h. If our networks do not perform in a manner that meets subscriber expectations, we will be unable to attract and retain customers.

Customer acceptance of the services we offer on our networks is and will continue to be affected by technology-based differences and by the operational performance and reliability of these networks. We may have difficulty attracting and retaining customers if we are unable to satisfactorily address and resolve performance or other transmission quality issues as they arise or if these issues limit our ability to deploy or expand our network capacity as currently planned or place us at a competitive disadvantage to other wireless providers in our markets. In Mexico, our subscriber base, operating revenues and operating cash flows were negatively impacted by Sprint's decision to deactivate its iDEN network in the U.S. in mid-2013 and our failure to effectively deploy and optimize our WCDMA network to meet the needs of customers who were seeking new services to replace their iDEN services, particularly customers living in areas near the border of Mexico and the U.S. These factors contributed to the negative market perception of our brand and services provided using our WCDMA network that developed in Mexico in late 2013, and our competitors in Mexico used this negative perception as an opportunity to aggressively target our existing and potential subscribers, making it difficult for us to attract and retain subscribers and resulting in a significant decline in our subscriber base.

i. Customer concerns about our financial condition, ability to continue as a going concern and ability to implement our business plan, including our network development and deployment efforts, may have an additional adverse effect on our ability to attract and retain customers.

We believe that our customers may take our medium- to long-term operating and financial outlook, particularly to the extent that it is perceived to impact our network deployment and development, into account when deciding whether to continue or begin service with us. Recently, our results of operations, including our operating revenues and operating cash flows, have been negatively affected by a number of factors. See "*1. Due to our recent results of operations, we may not be able to continue as a going concern.*" If customers or potential customers who are aware of our recent results of operations, or of current and future adjustments to our business plan in response to those results, become concerned that we will be unable to continue to provide service to them at a quality level that meets their needs, customer deactivations could increase and new subscribers could decrease relative to our business plans. Our current business plan assumes that customers will find our services attractive and that we will be able to expand our subscriber base on our WCDMA network in Brazil. We also assume that in 2014 we will be able to stabilize our business in Mexico and achieve a partial to full reversal of the subscriber loss trends we experienced in 2013. However, given the factors that have negatively affected our business and the difficulties associated with predicting our ability to overcome these factors, there can be no assurance that these assumptions will prove to be correct. Increases in customer deactivations and decreases in new

subscribers relative to our business plan would materially affect our ability to maintain our revenues and to generate cash needed to fund our business and meet our other obligations.

7. *If we are not able to develop and deploy our new WCDMA-based networks and manage the associated growth effectively, our future growth and operating results will suffer.*

Our ability to achieve our long-range business goals, and to grow profitably, is dependent on our ability to successfully design and deploy our WCDMA networks and related services and to manage changes to our business model and cost structure that are necessary to allow us to pursue our plans to expand both our service offerings and our targeted customer segments, including by implementing new and more efficient supporting business systems and processes. Our inability to complete these efforts in a timely fashion, or to manage the related costs, could have an adverse impact on our business.

a. We may be limited in our ability to grow unless we successfully deploy our WCDMA networks and expand network capacity.

To continue to successfully retain our existing customers, increase our customer base and pursue our business plan, we must economically:

- expand the capacity and coverage of our WCDMA networks;
- secure sufficient transmitter and receiver sites at appropriate locations to meet planned system coverage and capacity targets;
- obtain adequate quantities of base radios and other system infrastructure equipment; and
- obtain an adequate volume and mix of handsets to meet customer demand.

In particular, the deployment of our WCDMA networks will require us to deploy a significant number of new transmitter and receiver sites in order to meet the expanded coverage requirements for those networks resulting from differences in our commercial strategies, differences in the propagation characteristics of the spectrum bands being used to support those networks and the coverage requirements associated with the spectrum licenses being utilized for those networks. In some of our markets, individuals and governments are opposing new tower construction and supporting laws restricting the construction of towers and other transmitter and receiver sites. For example, in Chile, a nationwide law that limits tower siting and imposes height, co-location and camouflage requirements in certain locations, as well as outright bans on constructing new towers in other locations, was enacted in early 2012. Laws like this could increase the time and costs associated with our planned network deployments. The effort required to locate and build a significant number of additional transmitter sites across our markets in coming years will be substantial, and our failure to meet this demand could delay or impair the deployment of our WCDMA networks, which would adversely affect our business.

In addition, as we deploy our WCDMA networks, we must develop, test and deploy new supporting technologies, software applications and systems intended to enhance our competitiveness both by supporting existing and new services and features, and by reducing the costs associated with providing those services. Successful deployment and implementation of new services and technology on our WCDMA networks depend, in part, on the willingness and ability of third parties to develop new handsets and applications that are attractive to our customers and that are available in a timely manner. We may not be able to successfully complete the development and deployment of our new networks. If this occurs, we may be unable to recover the substantial investment we are making in our new networks and the related costs we incur to offer these new services. Failure to successfully deploy those networks could also be expected to result in subscriber dissatisfaction that could affect our ability to retain subscribers and could have an adverse effect on our results of operations and growth prospects. For example, in Mexico, our failure to effectively deploy and optimize our WCDMA network to meet the needs of customers who were seeking new services to replace their iDEN services, particularly customers living in areas near the border of Mexico and the U.S. contributed to negative market perceptions of our brand and WCDMA network and negatively impacted our subscriber base, operating revenues and operating cash flows in 2013.

b. We may not be able to manage our growth effectively. Failure to successfully implement core information technology and operating systems may adversely affect our business operations.

Our business strategy envisions growing our business by successfully building and deploying our WCDMA networks, expanding our product and service offerings and expanding our target customer base. Even if we do expand our business, if we fail to manage our growth effectively, our financial results could be adversely affected. Separately, growth may place a strain on our management systems and resources. We must continue to refine and expand our business development and sales capabilities, our network operations and information technology infrastructure, and the hardware, software, systems, processes and people to effectively support current and future sales, customer service and information requirements of our business in an efficient and cost-effective manner. In addition, failure to prioritize technology initiatives and effectively allocate resources in order to achieve

our strategic goals could result in a failure to realize those goals, including the expected benefits of our growth, and could negatively affect our financial results.

Changes to our networks and business strategies require us to implement new operating and supporting systems to improve our ability to address the needs of our customers, as well as to create additional efficiencies and strengthen our internal controls over financial reporting. We may not be able to successfully implement these new systems in an effective or timely manner or we could fail to complete all necessary data reconciliation or other conversion controls when implementing the new systems. In addition, we may incur significant increases in costs and encounter extensive delays in the implementation and rollout of these new systems. Failure to effectively implement our new operating systems may adversely affect our results of operations, customer perceptions and internal controls over financial reporting.

As we grow, we must continue to hire, train, supervise and manage new employees. We cannot assure you that we will be able to allocate our human resources optimally or identify and hire qualified employees or retain valued employees. If we are unable to manage our growth and operations, our results of operations could be adversely affected.

c. Costs, regulatory requirements and other problems we encounter as we deploy our new networks could adversely affect our operations.

We have acquired or successfully bid for new spectrum rights and have deployed or begun to deploy our WCDMA networks using that spectrum so that we may offer our customers new services supported by those networks. In some instances, the rights to use this new spectrum come with significant regulatory requirements governing the coverage of our new networks, the timing of deployment of those networks and the loading of new customers on those networks. If we fail to meet these regulatory requirements, the applicable regulators could assess fines and, in some instances, take action to revoke our spectrum rights. In addition, our deployment of these new networks will require significant capital expenditures and will result in incremental operating expenses prior to fully launching services. Costs could increase beyond expected levels as a result of unforeseen delays, cost overruns, unanticipated expenses, regulatory changes, engineering design changes, problems with network or systems compatibility, equipment unavailability and technological or other complications.

In addition, we have received a request from a competitor to interconnect with our push-to-talk services to enable that competitor's customers to connect with our customers using a push-to-talk service platform that is different from the ones we use to serve our customers on our iDEN and WCDMA networks. Regulators could require us to provide competitors with access to our push-to-talk customers in the future. This access could dilute the competitive advantage and negatively affect the quality of this key differentiator, which could affect the willingness of current customers to remain on our network and negatively impact the willingness of potential customers to choose our service.

Deployment of new technology supporting new service offerings may also adversely affect the performance or reliability of our networks with respect to both the new and existing services and may require us to take action like curtailing new customers in certain markets. Any resulting customer dissatisfaction could affect our ability to retain customers and have an adverse effect on our results of operations and growth prospects.

Additionally, it may be necessary for us to raise additional funds in order to finance the costs associated with the development and deployment of our new networks. To do so, we may issue shares of common stock, incur new debt or sell assets. Our ability to raise additional capital at all or on acceptable terms to meet our funding needs will depend on our financial condition, the conditions in the financial markets and the terms of our existing financing agreements. See "4. *Our current and future debt may limit our flexibility and increase our risk of default.*" and "5. *We are dependent on external sources of capital to meet our long-term funding needs and debt service requirements, and our financial condition could negatively impact our access to funding. If we are unable to obtain funding when needed and on terms acceptable to us, our business and liquidity will be adversely affected and we may not be able to meet our debt obligations.*" for more information.

8. *Laws restricting the exchange of currencies or expatriating funds limit the ability of our subsidiaries to make funds available to us.*

Because almost all of our business operations and assets are conducted and held by our foreign subsidiaries, we depend on those subsidiaries to provide us with cash to satisfy our obligations whether in the form of advances from our subsidiaries, the repayment by our subsidiaries of intercompany loans or the payment of dividends and other distributions from the net earnings and cash flow generated by these subsidiaries. Laws or regulations restricting the exchange of currencies or expatriation of funds limit the ability of these subsidiaries to distribute cash or assets. For example, in Argentina, the Argentine Central Bank has implemented certain formal and informal requirements related to the acquisition of foreign currency by Argentine and non-Argentine residents and on the inflow and outflow of capital to and from Argentina, including those for the purposes of repayment of principal and interest, dividend payments and repatriation of capital. From time to time, the Argentine Central Bank and other authorities in Argentina have used these formal and informal requirements to limit the convertibility of currency and our ability to repatriate capital from Nextel Argentina to its parent companies. Due to these restrictions, \$168.0 million of our cash is not

available to our holding company or our subsidiaries located outside of Argentina. Brazilian law provides that the Brazilian government may, for a limited period of time, impose restrictions on the remittance by Brazilian companies to foreign investors of the proceeds of investments in Brazil. These restrictions may be imposed whenever there is a material imbalance or a serious risk of a material imbalance in Brazil's balance of payments. The inability to receive sufficient cash from our subsidiaries to satisfy our obligations would require us to obtain additional debt or equity financing or sell assets to meet those obligations. There can be no assurance that we would be able to obtain such financing or sell assets at acceptable terms or at all and, under such circumstances, our failure to do so could prevent us from satisfying our obligations. See "5. *We are dependent on external sources of capital to meet our long-term funding needs and debt service requirements, and our financial condition could negatively impact our access to funding. If we are unable to obtain funding when needed and on terms acceptable to us, our business and liquidity will be adversely affected and we may not be able to meet our debt obligations.*"

9. *We operate exclusively in foreign markets, and our assets, subscribers and cash flows are concentrated in Latin America, which presents risks to our operating plans.*

a. A decline in foreign exchange rates for currencies in our markets may adversely affect our growth and our operating results.

Historically, in the countries in which we do business, the values of the local currencies in relation to the U.S. dollar have been volatile. The unstable global economic environment and recent weakness in the economies of some of the countries where we operate has led to increased volatility in these currencies. Nearly all of our revenues are earned in non-U.S. currencies, but we report our results in U.S. dollars. As a result, fluctuations in foreign currency exchange rates can have and have had a significant impact on our reported results that may not reflect the operating trends in our business. In addition, over 80% of our outstanding debt is denominated in U.S. dollars. A decline in the values of the local currencies in the markets in which we operate makes it more costly for us to service our U.S. dollar-denominated debt obligations and affects our operating results because we generate nearly all of our revenues in foreign currencies, but we pay for some of our operating expenses and capital expenditures in U.S. dollars. Further, because we report our results of operations in U.S. dollars, declines in the value of local currencies in our markets relative to the U.S. dollar result in reductions in our reported revenues, operating income and earnings, as well as a reduction in the carrying value of our assets, including the value of cash investments held in local currencies. Depreciation of the local currencies also results in increased costs to us for imported equipment. We have entered into some limited hedging arrangements to mitigate short-term volatility in foreign exchange rates, but have not hedged against long-term movements in foreign exchange rates because the alternatives currently available for hedging against those movements are limited and costly. To partially offset long-term exposure to foreign exchange risks, we have successfully executed and will continue to evaluate financing arrangements in our markets that are denominated in local currency while maintaining a majority of our cash in U.S. dollars. Nonetheless, if the values of local currencies in the countries in which our operating companies conduct business depreciate relative to the U.S. dollar, we would expect our reported operating results in future periods, and the value of our assets held in local currencies, to be adversely affected.

b. We face economic and political risks in our markets, which may limit our ability to implement our strategy and could negatively impact our financial flexibility, including our ability to repatriate and redeploy profits, and may disrupt our operations or hurt our performance.

Our operations depend on the economies of the markets in which our operating companies conduct business, all of which are considered to be emerging markets. These markets are in countries with economies in various stages of development, some of which are subject to volatile economic cycles and significant, rapid fluctuations in terms of commodity prices, local consumer prices, employment levels, gross domestic product, interest rates and inflation rates, which have been generally higher, and at times, significantly higher than the inflation rate in the U.S. If these economic fluctuations and higher inflation rates make it more difficult for customers to pay for our products and services, we may experience lower demand for our products and services and a decline in the growth of their customer base and in revenues. In addition, in recent years, the economies in some of the markets in which we operate have also been negatively affected by volatile political conditions and, in some instances, by significant intervention by the relevant government authorities relating to economic and currency exchange policies. For more information, see "8. *Laws restricting the exchange of currencies or expatriating funds limit the ability of our subsidiaries to make funds available to us.*" Limitations on our ability to convert currency and repatriate and redeploy capital may prevent us from managing our business and financial obligations in a cost effective manner, compete effectively, take advantage of new business opportunities and grow our business.

We are unable to predict the impact that local or national elections and the associated transfer of power from incumbent officials or political parties to newly elected officials or parties may have on the local economy or the growth and development of the local telecommunications industry. Changes in leadership or in the ruling party in the countries in which we operate may affect the economic programs developed under the prior administration, which in turn, may adversely affect the economies in the countries in which we operate. Other risks associated with political instability could include the risk of expropriation or nationalization of our assets by the governments in the markets where we operate. Although political, economic and social conditions

differ in each country in which we currently operate, political and economic developments in one country or in the U.S. may affect our business as a whole, including our access to international capital markets to obtain funding needed for our business or to refinance our existing indebtedness.

c. Our operating companies are subject to local laws and government regulations in the countries in which they operate, and we are subject to the U.S. Foreign Corrupt Practices Act, which could limit our growth and strategic plans and negatively impact our financial results.

Our operations are subject to local laws and regulations in the countries in which we operate, which may differ substantially from those in the U.S., and we could become subject to legal penalties in foreign countries if we do not comply with those local laws and regulations. In some foreign countries, particularly in those with developing economies, persons may engage in business practices that are prohibited by U.S. regulations applicable to us such as the Foreign Corrupt Practices Act, or the FCPA. The FCPA prohibits us from providing anything of value to foreign officials for the purpose of influencing official decisions or obtaining or retaining business. Our employees and agents interact with government officials on our behalf, including interactions necessary to obtain licenses and other regulatory approvals necessary to operate our business and through contracts to provide wireless service to government entities, creating a risk that actions may occur that could violate the FCPA. Although we have implemented policies and procedures designed to ensure compliance with local laws and regulations as well as U.S. laws and regulations, including the FCPA, there can be no assurance that all of our employees, consultants, contractors and agents will abide by our policies. The penalties for violating the FCPA can be severe. Any violations of law, even if prohibited by our policies, could have a material adverse effect on our business.

In addition, in each market in which we operate, one or more regulatory entities regulate the licensing, construction, acquisition, ownership and operation of our wireless communications systems. Adoption of new regulations, changes in the current telecommunications laws or regulations or changes in the manner in which they are interpreted or applied could adversely affect our operations by increasing our costs, reducing our revenues or making it more difficult for us to compete.

The regulatory schemes in the countries in which we operate allow third parties, including our competitors, to challenge our actions or decisions of the regulators in our markets that potentially benefit us such as decisions regarding the allocation and licensing of spectrum. If our competitors are successful in pursuing claims such as these, or if the regulators in our markets take actions against us in response to actions initiated by our competitors, our ability to pursue our business plans and our results of operations could be adversely affected. For example, challenges could arise with respect to future spectrum auctions in which we are a participant, and these challenges could adversely affect our ability to acquire the rights to use spectrum that would provide us with the ability to deploy new technologies that support new services that would position us to compete more effectively.

Finally, rules and regulations affecting placement and construction of our transmitter and receiver sites affect our ability to deploy and operate our networks in each of our markets, and therefore impact our business strategies. In some of our markets, local governments have adopted very stringent rules and regulations related to the placement and construction of wireless towers, or have placed embargoes on some of the cell sites owned by our operating companies, which can significantly impede the planned expansion of our service coverage area or require us to remove or modify existing towers, which can result in unplanned costs, negatively impact network performance and impose new and onerous taxes and fees. For example, in Chile, a nationwide law that limits tower siting and imposes height, co-location and camouflage requirements in certain locations, as well as outright bans on constructing new towers in some locations, was enacted in early 2012. Laws like this could increase the time and costs associated with our planned network deployments. The propagation characteristics of the spectrum bands being used to support our WCDMA networks and the coverage requirements associated with the spectrum licenses being utilized for those networks will require substantially more transmitter and receiver sites to meet the minimum coverage requirements of those licenses and to provide coverage to the areas needed to provide competitive services. In addition, our licenses to use spectrum in some of our markets require us to build our networks within proscribed time periods, and rules and regulations affecting tower placement and construction could make it difficult to meet our build requirements in a timely manner or at all, which could lead us to incur unplanned costs or result in the loss of spectrum licenses.

d. We pay significant import duties on our network equipment and handsets, and any increases could impact our financial results.

Our operations are highly dependent upon the successful and cost-efficient importation of network equipment and handsets and other devices from locations outside the countries in which we operate. Network equipment and handsets may be subject to significant import duties and other taxes in the countries in which our operating companies conduct business. Any significant increase in import duties in the future could significantly increase our costs. To the extent we cannot pass these costs on to our customers, our financial results will be negatively impacted.

e. We are subject to foreign taxes in the countries in which we operate, which may reduce amounts we receive from our operating companies or may increase our tax costs.

Many of the foreign countries in which we operate have increasingly turned to new taxes, as well as aggressive interpretations of current tax law, as a method of increasing revenue. For example, our operating company in Brazil is required to pay two types of income taxes, which include a corporate income tax and a social contribution tax and is subject to various types of non-income related taxes, including value-added tax, excise tax, service tax, importation tax and property tax. In addition, the reduction in tax revenues resulting from the economic downturn that has occurred in the last several years has led to proposals and new laws in some of our markets that increase the taxes imposed on sales of handsets and on telecommunications services. The provisions of new tax laws may attempt to prohibit us from passing these taxes on to our customers. These taxes may reduce the amount of earnings that we can generate from our services or in some cases may result in operating losses.

Distributions of earnings and other payments, including interest, received from our operating companies may be subject to withholding taxes imposed by some countries in which these entities operate. Any of these taxes will reduce the amount of after-tax cash we can receive from those operating companies.

In general, a U.S. corporation may claim a foreign tax credit against its Federal income tax expense for foreign withholding taxes and, under certain circumstances, for its share of foreign income taxes paid directly by foreign corporate entities in which the company owns 10% or more of the voting stock. Our ability to claim foreign tax credits is, however, subject to numerous limitations, and we may incur incremental tax costs as a result of these limitations or because we do not have U.S. Federal taxable income.

We may also be required to include in our income for U.S. Federal income tax purposes our proportionate share of specified earnings of our foreign corporate subsidiaries that are classified as controlled foreign corporations, without regard to whether distributions have been actually received from these subsidiaries.

Nextel Brazil has received various assessment notices from state and federal Brazilian authorities asserting deficiencies in payments related primarily to value-added taxes, excise taxes on imported equipment and other non-income based taxes. Nextel Brazil has filed various administrative and legal petitions disputing these assessments. In some cases, Nextel Brazil has received favorable decisions, which are currently being appealed by the respective governmental authority. In other cases, Nextel Brazil's petitions have been denied, and Nextel Brazil is currently appealing those decisions. Nextel Brazil is also disputing various other claims. See Note 10 to our consolidated financial statements for more information regarding our potential tax obligations in Brazil.

f. We have entered into a number of agreements that are subject to enforcement in foreign countries, which may limit efficient dispute resolution.

A number of the agreements that we and our operating companies enter into with third parties are governed by the laws of, and are subject to dispute resolution in the courts of or through arbitration proceedings in, the countries or regions in which the operations are located. We cannot accurately predict whether these forums will provide effective and efficient means of resolving disputes that may arise. Even if we are able to obtain a satisfactory decision through arbitration or a court proceeding, we could have difficulty enforcing any award or judgment on a timely basis. Our ability to obtain or enforce relief in the U.S. is also uncertain.

10. The costs we incur to connect our operating companies' networks with those of other carriers are subject to local laws in the countries in which they operate and may increase, which could adversely impact our financial results.

Our operating companies must connect their telecommunication networks with those of other carriers in order to provide the services we offer. We incur costs relating to these interconnection arrangements and for local and long distance transport services relating to the connection of our transmitter sites and other network equipment. These costs include interconnection charges and fees, charges for terminating calls on the other carriers' networks and transport costs, most of which are measured based on the level of our use of the related services. We are able to recover a portion of these costs through revenues earned from charges we are entitled to bill other carriers for terminating calls on our network, but because users of mobile telecommunications services who purchase those services under contract generally, and business customers like ours in particular, tend to make more calls that terminate on other carriers' networks and because we have a smaller number of customers than most other carriers, we incur more charges than we are entitled to receive under these arrangements. The terms of the interconnection and transport arrangements, including the rates that we pay, are subject to varying degrees of local regulation in most of the countries in which we operate, and often require us to negotiate agreements with the other carriers, most of whom are our competitors, in order to provide our services. In some instances, other carriers offer their services to some of their subscribers at prices that are near or lower than the rates that we pay to terminate calls on their networks, which may make it more difficult for us to compete profitably. Our costs relating to these interconnection and transport arrangements are subject to fluctuation both as a result of changes in regulations in the countries in which we operate and the negotiations with the other carriers. Changes in our customers' calling patterns that result in more of our customers' calls terminating on our competitors' networks and changes in the interconnection arrangements either as a result of regulatory changes or negotiated terms that are less favorable to us could result in increased costs for the related services that we may not be able to recover through increased revenues, which could adversely impact our financial results.

11. *Because we rely on one supplier for equipment used in our iDEN networks, any failure of that supplier to perform could adversely affect our operations.*

Much of the spectrum that our operating companies are licensed to use, other than the spectrum that supports our WCDMA networks, is non-contiguous, and the iDEN technology is the only commercially available technology that operates on non-contiguous spectrum. As a result, Motorola Solutions is the primary supplier for the network equipment and Motorola Mobility, which is currently owned by Google, Inc., but which is the subject of a proposed sale from Google, Inc. to Lenovo, is the primary supplier of the handsets we sell for use on our iDEN networks. If either Motorola Solutions or Motorola Mobility fails to deliver system infrastructure equipment and handsets or enhancements to the features and functionality of our iDEN-based networks and handsets on a timely, cost-effective basis, we may not be able to adequately service our existing customers or attract new customers to services supported by our iDEN networks. Nextel Communications, Inc., a subsidiary of Sprint, was historically one of the largest users of iDEN technology and, in the past, provided significant support with respect to new product development for that technology. The deactivation of Sprint's iDEN network in mid-2013 resulted in changes to the connections previously available between our subscribers and their contacts in the U.S., as well as their ability to roam in the U.S. These changes led to a significant disruption of Nextel Mexico's business plans and is likely to affect the ability or willingness of Motorola Solutions or Motorola Mobility to provide support for the development of new iDEN handset models or enhancements to the features and functionality of our iDEN networks beyond their contractual commitments, which could make it more difficult or costly for us to compete effectively, particularly in Argentina where we do not currently hold rights to use spectrum that would support the deployment of a WCDMA network. Lower levels of iDEN equipment purchases as a result of Sprint's deactivation of its iDEN service and our transition to offering services on our WCDMA networks in our markets other than Argentina are likely to limit the availability of iDEN-based network equipment and support and the willingness of Motorola Solutions or Motorola Mobility to support iDEN technology beyond their current commitments. We continue to rely principally on Motorola Solutions for the maintenance and support of the network equipment used in our iDEN-based networks and on Motorola Mobility for the manufacture of iDEN compatible handsets. Accordingly, if Motorola Solutions is unable to, or determines not to, continue supporting our iDEN-based infrastructure or if Motorola Mobility is unable to, or determines not to, continue to manufacture iDEN-based handsets, including potentially as a result of adverse developments affecting their respective operations, profitability, and financial condition or other business developments, our business in Argentina will be materially adversely affected and our broader operations could be materially adversely affected.

12. *Our business could be negatively impacted by our reliance on indirect distribution channels for a significant portion of our sales.*

Our business depends heavily upon third party distribution channels for securing a substantial portion of the new customers to our services, and with the expansion of our target market, we expect to rely more heavily on retailers and other sales channels for a growing portion of our sales. In Mexico, a significant portion of our sales through these indirect distribution channels is concentrated in a small number of third party dealers. In many instances, we rely on these third party dealers to serve as the primary contact between us and the customer and to interact with other third parties on our behalf. As a result, there may be risks associated with the actions taken by our distributors or the operators of our other retail channels, including potential risks associated with the failure of our distributors or other retail channels to follow regulatory requirements. The volume of our new customer additions, our ability to retain customers and our profitability could also be adversely affected if these third party dealers terminate their relationship with us, if there are adverse changes in our relationships with these dealers, if we alter our compensation arrangements with these dealers or if the financial condition of these dealers deteriorates.

13. *If our licenses to provide mobile services are not renewed, or are modified or revoked, our business may be restricted.*

Wireless communications licenses and spectrum allocations are subject to ongoing review and, in some cases, to modification or early termination for failure to comply with applicable regulations. If our operating companies fail to comply with the terms of their licenses and other regulatory requirements, including installation deadlines and minimum loading or service availability requirements, their licenses could be revoked. This is particularly true with respect to the grants of licenses for spectrum we use to support our WCDMA networks, most of which impose strict deadlines for the construction of network infrastructure and supporting systems as a condition of the license. Further, compliance with these requirements is a condition for eligibility for license renewal. Most of our wireless communications licenses have fixed terms and are not renewed automatically. Because governmental authorities have discretion as to the grant or renewal of licenses, our licenses may not be renewed or, if renewed, renewal may not be on acceptable economic terms. For example, under existing regulations, our licenses in Brazil are renewable once, and no regulations presently exist regarding how or whether additional renewals will be granted in future periods. In addition, the regulatory schemes in the countries in which we operate allow third parties, including our competitors, to challenge the award and use of our licenses. If our competitors are successful in pursuing claims such as these, or if regulators in our markets take actions modifying or revoking our licenses in response to these claims, our ability to pursue our business plans, including our plans to deploy WCDMA networks, and our results of operations could be adversely affected.

14. Any modification or termination of our trademark license with Nextel Communications could increase our costs.

Nextel Communications has licensed to us the right to use “Nextel” and other of its trademarks on a perpetual basis in Latin America. However, Nextel Communications may terminate the license on 60 days notice if we commit one of several specified defaults (namely, unauthorized use, failure to maintain agreed quality controls or a change in control of NII Holdings). If there is a change in control of one of our subsidiaries, upon 90 days notice, Nextel Communications may terminate the sublicense granted by us to the subsidiary with respect to the licensed marks. The loss of the use of the “Nextel” name and trademark could require us to incur significant costs to establish a new brand in our markets, which could have a material adverse effect on our operations.

15. Our business could be negatively impacted by security threats and other material disruptions of our wireless networks.

Major equipment failures and the disruption of our wireless networks as a result of natural disasters, severe weather, terrorist attacks, acts of war, cyber attacks or other breaches of network or information technology security, even for a limited period of time, may result in significant expenses, result in a loss of subscribers or impair our ability to attract new subscribers, which in turn could have a material adverse effect on our business, results of operations and financial condition. In some of our markets, more stringent network performance standards and reporting obligations have been adopted in order to ensure quality of service during unforeseen disturbances, and we may be required to make significant investments in our existing networks in order to comply with these recently adopted network performance standards. In addition, while we maintain information security policies and procedures designed to comply with relevant privacy and security laws and restrictions, if we suffer a security breach of customer or employee confidential data, we may be subject to significant legal and financial exposure, damage to our reputation, and loss of confidence in the security of our products and services.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive and administrative offices are located in Reston, Virginia, where we lease about 97,000 square feet of office space under a lease expiring in January 2020. In addition, each of our operating companies own and lease office space and transmitter and receiver sites in each of the countries where they conduct business.

Each operating company leases transmitter and receiver sites for the transmission of radio service under various individual site leases. As of December 31, 2013, our operating companies had constructed sites at leased and owned locations for their business, including those constructed for our networks, as shown below:

Operating Company	Number of Sites
Brazil	8,400
Mexico	5,791
Argentina	1,028
Chile	1,086
Total	16,305

Item 3. Legal Proceedings

We are subject to claims and legal actions that may arise in the ordinary course of business. We do not believe that any of these pending claims or legal actions will have a material effect on our business, financial condition, results of operations or cash flows. See Note 10 to our consolidated financial statements at the end of this annual report on Form 10-K for more information.

Item 4. Mine Safety Disclosures

Not applicable.

Executive Officers of the Registrant

The following people were serving as our executive officers as of February 21, 2014. These executive officers were elected to serve until their successors are elected. There is no family relationship between any of our executive officers or between any of these officers and any of our directors.

Steven M. Shindler, 51, was appointed the chief executive officer of NII Holdings in May 2013 after serving as interim chief executive officer from December 2012 to May 2013. Mr. Shindler has served as a director on the board of NII Holdings since 1997 and was NII Holdings' chairman of the board from 2002 to May 2013, including serving as executive chairman from February 2008 to July 2012. Prior to his most recent appointment as chief executive officer, Mr. Shindler served as chief executive officer of NII Holdings from 2000 to February 2008. Mr. Shindler also served as executive vice president and chief financial officer of Nextel Communications, Inc. from 1996 until 2000. From 1987 to 1996, Mr. Shindler was an officer with Toronto Dominion Bank, a bank where he was a managing director in its communications finance group.

Gokul Hemmady, 53, is currently the chief operating officer of NII Holdings and president, Nextel Brazil. From June 2012 to June 2013, Mr. Hemmady was the interim president of Nextel Brazil and chief operations officer of NII Holdings. Prior to June 2012, Mr. Hemmady served as executive vice president and chief financial officer. He was also NII Holdings' chief transformation officer from October 2011 through June 2012. From the time he joined NII Holdings in June 2007 to February 2011, Mr. Hemmady served as vice president and chief financial officer. From June 1998 to June 2007, Mr. Hemmady served in various positions with ADC Telecommunications, Inc., a provider of global network infrastructure products and services, including as vice president and chief financial officer from August 2003 through June 2007, as vice president and treasurer from June 1998 through August 2003 and as controller from May 2002 through August 2003. Mr. Hemmady joined ADC as assistant treasurer in October 1997. Prior to 1997, he was employed by U.S. West International, a communications service provider, where he served as director of international finance.

Juan R. Figueroa, 58, is currently the executive vice president, chief financial officer of NII Holdings. Prior to October 2012, Mr. Figueroa served as executive vice president and chief financial officer of Newell Rubbermaid, Inc., a global marketer of consumer and commercial products since 2009. Prior to joining Newell Rubbermaid, Mr. Figueroa served as chief financial officer of Cott Corporation from 2007 to 2009, vice president of mergers and acquisitions for Wal-Mart International from 2003 to 2007 and various international, finance and general management positions at PepsiCo. from 1988 to 2003.

Gary D. Begeman, 55, is currently the executive vice president, general counsel of NII Holdings. Prior to February 2011, Mr. Begeman served as vice president and general counsel since February 2007, having joined NII Holdings as vice president and deputy general counsel in November 2006. From 2005 through 2006, he served as senior vice president and deputy general counsel of Sprint Corporation, and was vice president and deputy general counsel of Nextel Communications, Inc. from 2003 until its merger with Sprint in 2005. From 1999 through 2003, he was senior vice president and general counsel of XO Communications, Inc. From 1997 to 1999, Mr. Begeman was vice president and deputy general counsel of Nextel Communications, Inc. From 1991 until he joined Nextel, Mr. Begeman was a partner with the law firm of Jones, Day, Reavis & Pogue.

John McMahon, 49, is currently the president, Argentina and Chile operations and interim president, Nextel Mexico for NII Holdings. From June 2012 to December 2013, Mr. McMahon served as the president of Peru, Argentina and Chile for NII Holdings. Prior to June 2012, Mr. McMahon served as the executive vice president of business operations of NII Holdings since February 2011 and served as vice president of business operations from 1999 to 2011. Prior to that, Mr. McMahon served as vice president of finance and business operations, north region, for Nextel Communications, Inc. from 1997 to 1999, and as director of finance for the mid-Atlantic region from 1995 to 1997.

Raul Ramirez, 58, is currently the executive vice president, chief technology officer of NII Holdings. From 2003 to 2013, Mr. Ramirez served as the chief technology officer of Nextel Mexico. Prior to 2003, Mr. Ramirez was a technical director with Nextel Mexico. Prior to joining Nextel Mexico in 1998, Mr. Ramirez was a technical director with Motorola for its Latin American operations.

Gregory J. Santoro, 51, is currently the executive vice president, chief strategy and marketing officer of NII Holdings. Prior to February 2011, Mr. Santoro served as vice president and chief marketing and strategy officer beginning in February 2007 when he joined NII Holdings. From 2000 until 2006, Mr. Santoro was the vice president of products and services at Nextel Communications, Inc. and most recently as the vice president of product innovation at Sprint Corporation. Before Nextel Communications, Inc., Mr. Santoro served as the vice president of internet services at Bellsouth.net where he was responsible for launching Bellsouth's narrowband and broadband internet services.

David Truzinski, 55, is currently the executive vice president, chief information officer and chief digital officer of NII Holdings. From January 2012 to December 2013, Mr. Truzinski served as NII Holdings' executive vice president, chief information officer. Prior to January 2012, Mr. Truzinski served as senior vice president and chief information officer at Leap Wireless/Cricket Communications beginning in 2005. Prior to joining Leap Wireless, he was the chief information officer for Cingular/AT&T Wireless' International business. Mr. Truzinski also served as chief technology officer at ClickCollect, Inc. and as chief information officer at Insurancenow.com. From 1989 to 1999, he served in a variety of leadership capacities at AT&T Wireless/Cellular One.

PART II

Item 5. Market for Registrant’s Common Equity, Related Stockholder Matters and Issuer Purchases of Equity Securities

1. Market for Common Stock

Our common stock trades on the Nasdaq Global Select Market under the trading symbol “NIHD.” The following table sets forth on a per share basis the reported high and low sales prices for our common stock, as reported on the market at the time, for the quarters indicated.

	Price Range of Common Stock	
	High	Low
2012		
First Quarter	\$24.32	\$15.88
Second Quarter	19.63	9.95
Third Quarter	10.70	5.65
Fourth Quarter	8.58	4.75
2013		
First Quarter	\$7.85	\$4.20
Second Quarter	9.82	4.11
Third Quarter	8.28	5.76
Fourth Quarter	6.71	1.90

2. Number of Stockholders of Record

As of February 21, 2014, there were approximately four holders of record of our common stock, including the Depository Trust Corporation, which acts as a clearinghouse for multiple brokerage and custodial accounts.

3. Dividends

We have not paid any dividends on our common stock and do not plan to pay dividends on our common stock for the foreseeable future. In addition, some of our financing documents contain and future financing agreements may contain restrictions on the payment of dividends. We anticipate that for the foreseeable future any cash flow generated from our operations will be used to develop and expand our business and operations and make contractual payments under our debt facilities in accordance with our business plan.

4. Issuer Purchases of Equity Securities

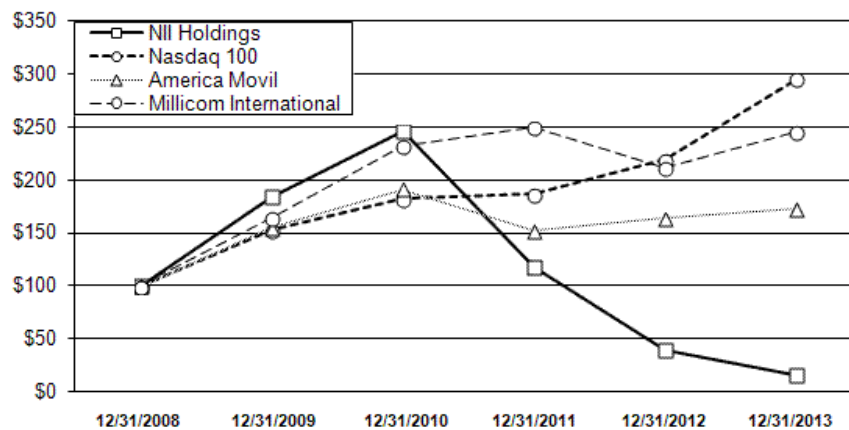
(b) The following table presents information related to repurchases of our common stock during the three months ended December 31, 2013:

Period	Total Number of Shares Purchased	Average Price Per Share	Total Number of Shares Purchased as Part of Program	Approximate Dollar Value of Shares that May Yet Be Purchased Under the Program
October 1, 2013 - October 31, 2013	247 (1)	\$ 5.80	247	
November 1, 2013 - November 30, 2013	—	—	—	
December 1, 2013 - December 31, 2013	41,700 (1)	2.02	41,700	
Total	41,947	2.04	41,947	\$ —

(1) Pursuant to a general authorization, which was not publicly announced, whereby we are authorized to repurchase shares of our common stock to satisfy employee withholding tax obligations related to stock-based compensation.

Performance Graph

The following graph presents the cumulative total stockholder return on our common stock as listed on the Nasdaq Global Select Market from December 31, 2008 through December 31, 2013. This graph also compares our common stock to the cumulative total stockholder return on the Nasdaq 100 Index, the common stock of America Movil, S.A. de C.V. and Millicom International Cellular S.A. The graph assumes an initial investment of \$100 in our common stock as of December 31, 2008 and in each of the comparative indices or peer issuers, and that all dividends were reinvested.



Index	12/31/2008	12/31/2009	12/31/2010	12/31/2011	12/31/2012	12/31/2013
NII Holdings	\$ 100.00	\$ 184.71	\$ 245.65	\$ 117.16	\$ 39.22	\$ 15.13
Nasdaq 100	\$ 100.00	\$ 153.83	\$ 183.12	\$ 187.73	\$ 219.00	\$ 295.76
America Movil	\$ 100.00	\$ 155.59	\$ 191.26	\$ 152.17	\$ 163.72	\$ 172.82
Millicom International	\$ 100.00	\$ 164.26	\$ 232.15	\$ 249.41	\$ 211.40	\$ 245.41

Item 6. Selected Financial Data

The tables below set forth selected consolidated financial data for the periods or as of the dates indicated and should be read in conjunction with the consolidated financial statements and notes thereto in Item 8 of this report and “Management’s Discussion and Analysis of Financial Condition and Results of Operations” in Item 7 of this report.

	Year Ended December 31,				
	2013	2012	2011	2010	2009
	(in thousands, except per share data)				
Consolidated Statement of Operations Data:					
Operating revenues	\$ 4,772,564	\$ 5,743,122	\$ 6,380,817	\$ 5,293,791	\$ 4,126,643
Foreign currency transaction (losses) gains, net	\$ (143,745)	\$ (53,957)	\$ (37,297)	\$ 52,412	\$ 105,087
Net (loss) income from continuing operations	\$ (1,609,417)	\$ (597,479)	\$ 262,694	\$ 373,291	\$ 381,828
Net (loss) income from continuing operations per common share, basic	\$ (9.36)	\$ (3.48)	\$ 1.53	\$ 2.21	\$ 2.29
Net (loss) income from continuing operations per common share, diluted	\$ (9.36)	\$ (3.48)	\$ 1.52	\$ 2.17	\$ 2.27

	December 31,				
	2013	2012	2011	2010	2009
	(in thousands)				
Consolidated Balance Sheet Data:					
Total assets	\$ 8,679,954	\$ 9,223,078	\$ 9,822,136	\$ 8,195,100	\$ 7,554,464
Long-term debt, including current portion	\$ 5,793,471	\$ 4,859,544	\$ 4,711,835	\$ 3,127,597	\$ 3,565,092

Foreign Currency Transaction (Losses) Gains, Net. Consolidated foreign currency transaction losses of \$143.7 million for the year ended December 31, 2013 are primarily related to the impact of the depreciation in the average value of the Brazilian real and the Argentine peso relative to the U.S. dollar on Nextel Brazil's and Nextel Argentina's net liabilities. Consolidated foreign currency transaction losses of \$54.0 million for the year ended December 31, 2012 are primarily related to the impact of the depreciation in the average value of the Brazilian real and Mexican peso relative to the U.S. dollar on Nextel Brazil's and Nextel Mexico's net liabilities. Consolidated foreign currency transaction losses of \$37.3 million for the year ended December 31, 2011 are primarily related to the impact of the depreciation in the value of the Brazilian real relative to the U.S. dollar on Nextel Brazil's net liabilities. Consolidated foreign currency transaction gains of \$52.4 million for the year ended December 31, 2010 are primarily related to the impact of the appreciation in the value of the Mexican peso relative to the U.S. dollar on peso-denominated receivables due to corporate from Nextel Mexico. Consolidated foreign currency transaction gains of \$105.1 million for the year ended December 31, 2009 are primarily related to the impact of the significant appreciation in the value of the Brazilian real relative to the U.S. dollar on Nextel Brazil's syndicated loan facility, which was denominated in U.S. dollars. See “Critical Accounting Policies and Estimates — *Foreign Currency*.” for more information.

Net (Loss) Income From Continuing Operations. During the second half of 2013, we experienced a significant decline in subscribers in Mexico and a reduction in operating revenues and operating cash flows generated by Nextel Brazil and Nextel Mexico as a result of continued competitive pressure, the depreciation of the local currency in Brazil, and delays in the deployment and launch of services on our WCDMA networks. See Note 1 to our consolidated financial statements for more information. In addition, during the year ended December 31, 2013, we recognized \$171.0 million in non-cash impairment and restructuring charges primarily related to the discontinuation of our use of software relating to customer relationship management, the restructuring of our outsourcing agreements with Nokia Siemens Networks, or NSN, and restructuring charges incurred in connection with the realignment of our organization and staffing structure, including costs associated with staff reductions that occurred primarily at our corporate headquarters and in Mexico. During the year ended December 31, 2012, we recognized \$322.2 million in non-cash impairment charges, \$298.8 million of which represented an asset impairment related to the reduction of the carrying amount of Nextel Chile’s asset group to its fair value in the fourth quarter of 2012, and the remainder of which related to the write-off of certain information technology projects. In addition, during the fourth quarter of 2012, we recognized \$7.6 million in restructuring charges at the corporate level, primarily related to the separation of employees in conjunction with certain actions taken to realign resources and roles between our corporate headquarters and operating segments.

Item 7. Management’s Discussion and Analysis of Financial Condition and Results of Operations

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Forward-Looking and Cautionary Statements

This annual report on Form 10-K includes “forward-looking statements” within the meaning of the Private Securities Litigation Reform Act of 1995. Statements regarding expectations, including forecasts regarding operating results, performance assumptions and estimates relating to capital requirements, as well as other statements that are not historical facts, are forward-looking statements. When used in this annual report on Form 10-K, these forward-looking statements are generally identified by the words or phrases “would be,” “will allow,” “expects to,” “will continue,” “is anticipated,” “estimate,” “project” or similar expressions.

While we provide forward-looking statements to assist in the understanding of our anticipated future financial performance, we caution readers not to place undue reliance on any forward-looking statements, which speak only as of the date that we make them. Forward-looking statements are based on current expectations and assumptions that are subject to significant risks and uncertainties that could cause actual results to differ materially from those in the forward-looking statements. Except as otherwise required by law, we undertake no obligation to publicly release any updates to forward-looking statements to reflect events after the date of this report, including unforeseen events.

We have included risk factors and uncertainties that might cause differences between anticipated and actual future results in Part I, Item 1A. “Risk Factors” of this annual report on Form 10-K. We have attempted to identify, in context, some of the factors that we currently believe may cause actual future experience and results to differ from our current expectations regarding the relevant matter or subject area. The operations and results of our wireless communications business also may be subject to the effects of other risks and uncertainties, including, but not limited to:

- beliefs and assumptions regarding our ability to continue as a going concern;
- our ability to attract and retain customers;
- our ability to satisfy the requirements of our debt obligations;
- our ability to access sufficient debt or equity capital to meet any future operating and financial needs;
- our ability to meet the operating goals established by our business plan and generate cash flow;
- general economic conditions in the U.S. or in Latin America, including specifically in the countries in which we operate and in the market segments that we are targeting for our services, including the impact of uncertainties in global economic conditions;
- the political and social conditions in the countries in which we operate, including political instability, which may affect the economies of our markets and the regulatory schemes in these countries;
- the impact of foreign currency exchange rate volatility in our markets when compared to the U.S. dollar and related currency depreciation in countries in which our operating companies conduct business;
- reasonable access to and the successful performance of the technology being deployed in our service areas, and improvements thereon, including technology deployed in connection with the introduction of digital two-way mobile data or internet connectivity services in our markets;
- the availability of adequate quantities of system infrastructure and subscriber equipment and components at reasonable pricing to meet our service deployment and marketing plans and customer demand;
- Motorola Mobility’s ability and willingness to provide handsets and related equipment for use on our iDEN network, including the availability of iDEN handsets, particularly in Argentina where we do not have the spectrum resources to deploy a WCDMA network;
- the risk of deploying WCDMA networks, including the potential need for additional funding to support that deployment, delays in deployment, cost over-runs, the risk that new services supported by the new networks will not attract enough subscribers to support the related costs of deploying or operating the new networks and the potential distraction of management;
- our ability to successfully scale our billing, collection, customer care and similar back-office operations to keep pace with customer growth, increased system usage rates and growth or to successfully deploy new systems that support those functions;
- the success of efforts to improve and satisfactorily address issues relating to our network performance in Mexico and any similar future issues in Mexico or our other markets;
- future legislation or regulatory actions relating to our services, other wireless communications services or telecommunications generally and the costs and/or potential customer impacts of compliance with regulatory mandates;

- the ability to achieve and maintain market penetration and average subscriber revenue levels sufficient to provide financial viability to our network business;
- the quality and price of similar or comparable wireless communications services offered or to be offered by our competitors, including providers of cellular services and personal communications services;
- market acceptance of our new service offerings;
- equipment failure, natural disasters, terrorist acts or other breaches of network or information technology security; and
- other risks and uncertainties described in this annual report on Form 10-K, including in Part I, Item 1A. “Risk Factors,” and, from time to time, in our reports filed with the SEC.

Introduction

The following is a discussion and analysis of:

- our consolidated financial condition as of December 31, 2013 and 2012 and our consolidated results of operations for the years ended December 31, 2013, 2012 and 2011; and
- significant factors which we believe could affect our prospective financial condition and results of operations.

Historical results may not indicate future performance. See “Item 1A. — Risk Factors” for risks and uncertainties that may impact our future performance.

We refer to our operating companies by the countries in which they operate, such as Nextel Brazil, Nextel Mexico, Nextel Argentina and Nextel Chile.

A. Executive Overview

Business Overview

We provide wireless communication services under the Nextel™ brand, primarily targeted at meeting the needs of subscribers who use our services to improve the productivity of their businesses and subscribers who make the individual decision to use our service for both professional and personal needs. Our subscribers generally value our broad set of value-added services, including our push-to-talk services, which allow subscribers to talk to each other instantly, and our high level of customer service. As we expand our WCDMA networks in our markets, we are extending our target market to include additional business subscribers and consumers who exhibit above average usage, revenue and loyalty characteristics and who we believe will be attracted to the services and attractive pricing plans we offer, the quality of and data speeds provided by our WCDMA networks and the quality of our customer service.

We provide our services through operating companies located in Brazil, Mexico, Argentina and Chile, with our principal operations located in major business centers and related transportation corridors of these countries. We provide our services in major urban and suburban centers with high population densities where we believe there is a concentration of the country’s business users and economic activity. We believe that the growing economic base, increase in the middle and upper class and lower wireline service penetration encourage the use of the mobile wireless communications services that we offer and plan to offer in the future. Our WCDMA networks in Brazil, Mexico and Chile serve or are expected to serve these major business centers and, in some instances, a broader geographic area in order to meet the requirements of our spectrum licenses.

Our original networks utilize integrated digital enhanced network, or iDEN, technology developed by Motorola, Inc. to provide our mobile services on our 800 MHz spectrum holdings in all of our markets. Our next generation networks utilize WCDMA technology, which is a standards-based technology that is being deployed by carriers throughout the world. These technologies allow us to use our spectrum efficiently and offer multiple wireless services integrated into a variety of handset and data devices.

The services we currently offer include:

- mobile telephone service;
- push-to-talk services, including Direct Connect®, Prip and International Direct Connect® services, which allow subscribers to talk to each other instantly;
- wireless data services, including text messaging services; mobile internet services; and e-mail services;
- other value-added services, including location-based services, which include the use of Global Positioning System, or GPS, technologies; digital media services; and a wide ranging set of applications available via our content management system, as well as the Android™ open application market;

- business solutions, such as security, work force management, logistics support and other applications that help our business subscribers improve their productivity; and
- voice and data roaming services.

The deployment and expansion of our WCDMA networks in Brazil, Mexico and Chile enables us to offer a wider range of products and services that are supported by that technology, including data services provided at substantially higher speeds than can be delivered on our iDEN networks. These WCDMA networks also support our unique push-to-talk services that provide significant differentiation from our competitors' offerings. In the third quarter of 2013, our WCDMA network reached geographic coverage parity with our iDEN network in Mexico, and in Brazil we are currently offering services supported by our WCDMA network in over 250 cities, including cities in and around Sao Paulo and Rio de Janeiro. In December 2013, we signed agreements with Telefonica Moviles, or Telefonica, under which Telefonica agreed to provide Nextel Brazil and Nextel Mexico with nationwide roaming voice and data coverage services on Telefonica's networks. When implemented, the agreements will allow us to enhance our service offerings by expanding the areas in which customers using our WCDMA services in Brazil and Mexico can access voice and data services. We plan to expand the coverage and quality of our networks in Brazil and Mexico in 2014. We also offer service on our iDEN network in Argentina. Our current spectrum holdings are sufficient to enable us to deploy networks that utilize long-term evolution, or LTE, technology in certain areas in Brazil and Mexico, and we currently plan to upgrade our WCDMA networks to support LTE services in select cities in Brazil and Mexico in 2014.

In light of our financial condition, our goal for 2014 is to expand our subscriber base on our WCDMA network in Brazil, stabilize our business in Mexico and achieve a partial to full reversal of the subscriber loss trends we experienced in 2013. More broadly, our goal is to generate higher revenues and increase the number of subscriber units operating on our networks, which we refer to as our subscriber base, by providing differentiated wireless communications services that are valued by our existing and potential customers while improving our profitability and cash flow over the long term. Our strategy for achieving this goal is based on several core principles, including:

- focusing on higher value customer segments in our core markets, such as segments that comprise the small, medium and large business markets, as well as certain consumer market segments that value our differentiated wireless communications services;
- offering a broad array of differentiated services and devices that build upon and complement our push-to-talk services, which give our customers the ability to communicate with each other instantly;
- offering new services supported by high quality WCDMA networks;
- offering a superior customer experience; and
- building on the strength of the unique positioning of the Nextel brand.

To enhance our service offerings, we have deployed and are continuing to enhance our networks that utilize WCDMA technology. These networks enable us to offer a wider variety of applications and services, particularly applications and services that are supported by high speed data and internet access; increase our network capacity; and ultimately reduce the costs of supporting the services we offer when compared to our original iDEN networks. We plan to continue to focus on our current high value subscriber base using the differentiated services available on both our networks and to expand our targeted subscriber base using the handsets and devices, service offerings, applications and pricing plans made possible by our WCDMA networks.

Historically, we have focused on postpaid rate plans. With the expansion of our target customer base, we have been offering more prepaid rate plans and hybrid rate plans that combine both postpaid and prepaid features and expect our sales of these types of service plans to increase over time.

We also expect to use domestic and international roaming agreements, including the roaming arrangements that will be implemented pursuant to the agreements we recently reached with Telefonica, to cost effectively expand our service to areas in our markets that we do not currently serve or plan to serve using our own networks and to provide our customers with services when they travel to other countries.

Business Update

State of the Business. During the second half of 2013, we experienced a significant decline in subscribers in Mexico and a reduction in operating revenues and operating cash flows generated by Nextel Brazil and Nextel Mexico as a result of continued competitive pressure, the depreciation of the local currency in Brazil, and delays in the deployment and launch of services on our WCDMA networks. In Mexico, our subscriber base, operating revenues and operating cash flows were also negatively impacted by Sprint Corporation's, or Sprint's, deactivation of its iDEN network in the U.S. in mid-2013 and our failure to effectively deploy and optimize our WCDMA network to meet the needs of customers who were seeking new services to replace their iDEN services, particularly customers living in areas near the border of Mexico and the U.S. These factors contributed to negative market perception

of our brand and WCDMA network that developed in Mexico in late 2013. We believe iDEN subscriber losses will continue to outpace our ability to attract subscribers to services on our WCDMA network in Mexico into 2014. In addition, as a result of the delays in the deployment and optimization of our WCDMA network in Brazil, we proceeded with launches of our full voice and data services in that market late in 2013 that led to subscriber and revenue growth rates that were significantly lower than we had originally anticipated. These conditions, and their impact on our liquidity, in combination with the potential impact if we cannot satisfy certain financial covenants under our current debt obligations in 2014, raise substantial doubt about our ability to continue as a going concern under the applicable authoritative literature. See "— D. Future Capital Needs and Resources — Future Outlook, Liquidity Plans and Going Concern." and Note 1 to our consolidated financial statements. For additional discussion of these matters and their potential impact on us, see "Item 1A. — Risk Factors."

Sale of Nextel Peru. In August 2013, we, together with our wholly-owned subsidiaries NII Mercosur Telecom, S.L. and NII Mercosur Moviles, S.L., completed the sale of all of the outstanding equity interests of our wholly-owned subsidiary, Nextel del Peru, S.A., or Nextel Peru, to Empresa Nacional de Telecomunicaciones S.A. and one of its subsidiaries, Entel Inversiones, S.A., which we refer to collectively as Entel, for \$405.5 million in cash, which includes \$50.0 million that was deposited in escrow on our behalf to satisfy potential indemnification claims. In connection with the sale of Nextel Peru to Entel, we have reported Nextel Peru as a discontinued operation in this annual report on Form 10-K. Accordingly, we have reclassified Nextel Peru's results of operations for all periods presented to reflect Nextel Peru as discontinued operations. Unless otherwise noted, amounts included in this annual report on Form 10-K exclude amounts attributable to discontinued operations.

Competitive Environment.

We believe that the wireless communications industry in the markets in which we operate has been and will continue to be highly competitive on the basis of price, the types of services offered, the diversity of handsets offered, speed of data access and the quality of service. In each of our markets, we compete with at least two large, well-capitalized competitors with substantial financial and other resources. Our competitors typically have more extensive distribution channels than ours or are able to use their scale advantages to acquire subscribers at a lower cost than we can, and most of them have implemented network technology upgrades that support high speed internet access and data services, making it more difficult for us to compete effectively in areas where our new networks have not been fully deployed. Some of these competitors also have the ability to offer bundled telecommunications services that include local, long distance, subscription television and data services, and can offer a larger variety of handsets with a wide range of prices, brands and features. In addition, the financial strength and operating scale of some of these competitors allows them to offer aggressive pricing plans, including those targeted at attracting our existing subscribers.

We compete with other communications service providers, including other wireless communications companies and wireline telephone companies, based primarily on our high quality customer service and differentiated wireless service offerings and products, including our push-to-talk services that make it easier for our subscribers to communicate quickly and efficiently. We expect to continue to focus on this differentiated approach as we offer services on our WCDMA networks and pursue our plans to extend our target market with an expanded message that focuses on the quality and speed of the data services supported by our new networks. Historically, our largest competitors have focused their marketing efforts on subscribers in the mass market retail and consumer segments who purchase services largely on the basis of price rather than quality of service, but recently those competitors have placed more emphasis on attracting postpaid subscribers within our target segments, which are considered the premium segments in our markets because they typically generate higher average monthly revenue per subscriber. With this shift in focus, some of our largest competitors have recently begun to concentrate on enhancing their network quality and their customer service and customer care functions, which may minimize the value of our network quality and speed (for our new networks) and the quality of our customer service as points of differentiation, enabling those competitors to compete more effectively with us. We believe that the users who primarily make up our targeted subscriber base are likely to base their purchase decisions on network quality and quality of customer support, as well as on the availability of differentiated features and services, like our push-to-talk services, that make it easier for them to communicate quickly, efficiently and economically. However, because pricing is one of a number of important factors in potential customers' purchase decisions, increased price competition in the customer segments we target could require us to decrease prices or increase service and product offerings, which would lower our revenues, increase our costs or both.

Strategic Approach.

Over the past year, we have experienced increased competition and operational challenges in our markets, particularly in Brazil and Mexico, as we have deployed our WCDMA networks. During the second half of 2013, these challenges proved to be more difficult than we anticipated, and in some cases, we did not effectively execute our plans to address those challenges. As a result, we experienced deteriorating operational metrics, including with respect to subscriber growth and customer retention. This deterioration was particularly significant in Mexico where Sprint's decision to deactivate its iDEN network in the U.S. and our failure to effectively deploy and optimize our WCDMA network and in transitioning iDEN subscribers to that network to address the deactivation of the U.S. iDEN network resulted in a significant subscriber loss and decline in revenues in the second half of 2013. To address these and other difficulties that we continue to face as a result of the delays in our deployment of our WCDMA networks, we are taking actions to improve the quality and coverage of those networks and have also implemented a set of initiatives

designed to generate growth, streamline our organization, improve our competitive agility and reduce costs that are not critical to our growth strategy.

We continue to implement a comprehensive strategy that we believe will best position us to achieve our long-term goal of generating profitable growth. Some of the key components of that strategy are as follows:

Deploying Our Networks. We strive to continue to expand and improve the innovative and differentiated services we offer, which requires that we continue to invest in, evaluate and, if appropriate, deploy new services and enhancements to our existing services. To support this effort, we have acquired additional spectrum rights and have deployed and plan to continue to expand our WCDMA networks that will enable us to offer a wider variety of applications and services, particularly applications and services that are supported by high speed data services. Use of the WCDMA technology will also increase our network capacity and will reduce the cost of supporting the services we offer when compared to our iDEN technology. Our WCDMA networks will allow us to continue to offer the differentiated services that our current subscribers rely on while expanding our products and services using the new handsets and devices, service offerings, applications and pricing plans made possible by the new networks to target an expanded subscriber base. We also plan to deploy LTE in select cities in Brazil and Mexico in 2014.

The following chart details our significant spectrum holdings in each of our markets in spectrum bands that support both the WCDMA and LTE technologies:

Country	Spectrum Band	Amount/Coverage
Brazil	1.9 GHz/2.1 GHz	20 MHz in 11 of 13 regions (includes all major metropolitan areas)
Mexico	1.7 GHz/2.1 GHz	30 MHz nationwide
Chile	1.7 GHz/2.1 GHz	60 MHz nationwide

Additionally, we have significant spectrum holdings in the 800 MHz specialized mobile radio, or SMR, spectrum band that support our iDEN networks. Our 800 MHz holdings in each of our markets are as follows:

Country	Amount/Coverage (1) (2)
Brazil	15 MHz nationwide weighted average
Mexico	20 MHz nationwide weighted average
Argentina	20 - 22 MHz nationwide weighted average
Chile	15 MHz nationwide weighted average

(1) Weighted average coverage is a function of the population in each country, as well as the amount of spectrum. Spectrum amounts vary greatly across regions and cities.

(2) This band was recently standardized and is available for use with LTE technology. The implementation of LTE technology on our 800 MHz spectrum holdings would require support from and actions by the regulators in some of our markets.

We also have additional spectrum holdings in some of our markets, including 20 MHz of spectrum in the 1.8 GHz spectrum band in portions of Brazil, which we plan to use to support our planned deployment of LTE-based networks in Rio de Janeiro, and 10 MHz of spectrum in the 1.9 GHz spectrum band in Monterrey and 50 MHz of spectrum in the 3.5 GHz spectrum band in Mexico.

As we make the transition from our iDEN networks to our new WCDMA networks, we will evaluate ways in which we can use our 800 MHz spectrum to support existing or new services. In Brazil and Argentina, our current 800 MHz spectrum holdings are largely contiguous, making it possible to use that spectrum to support future technologies, including LTE-based technologies, if certain technical, operational and regulatory requirements are met, including, for example, the availability of compatible network and subscriber equipment. The availability of that equipment will likely depend upon a number of factors, including the technology decisions made by other wireless carriers and the willingness of infrastructure and device manufacturers to produce the required equipment. In Mexico and Chile, our 800 MHz spectrum is either partially contiguous or non-contiguous. As a result, while it may be feasible to use a portion of the spectrum that is contiguous to support future technologies, it will be necessary to reconfigure the spectrum band to increase the amount of contiguous spectrum for it to be used to efficiently support those technologies. It is likely that the implementation of such a reconfiguration would require support from and actions by the regulators in those markets to be effective.

Focusing on Our Core Markets. We operate our business with a focus on generating growth in operating income and cash flow over the long term and enhancing our profitability by attracting and retaining high value wireless customers while maintaining appropriate controls on costs. To support this goal, we plan to continue to expand the coverage of our WCDMA networks in our markets, focusing particularly on our key markets in Brazil and Mexico, with the goal of increasing our existing subscriber base

while managing our costs in a manner designed to support that growth and improve our operating results. We have also made significant capital and other investments as we pursue our plans to deploy new networks that utilize WCDMA and LTE technology, and we expect those investments to continue, particularly in Brazil and Mexico. While these investments have increased our costs and negatively impacted our profitability and are expected to continue to have that impact as we incur the costs of our new networks while building the subscriber base served by them, we believe that over the long term these investments in our new networks will enhance the competitiveness of our service offerings while continuing to support the differentiated services and superior customer service that have historically been significant factors supporting our growth.

Consistent with this strategy, we have implemented and will continue to implement changes in our business to support our planned growth and to better align our organization and costs with our operational and financial goals. These changes have included reductions in our headquarters staff in connection with the reorganization of the roles and responsibilities of our headquarters and market teams and staff reductions in our market operations designed to reduce costs while maintaining the support necessary to meet our customers' needs. We are continuing to evaluate our operations and expect to continue to realign and reduce personnel over the coming months as we seek to better align our costs and organizational structure with our growth strategy and improve our operating and financial results. We are also taking steps to improve the performance and efficiency of our supporting systems and functions, including implementing improvements to our information technology and related supporting systems and processes, that are designed to improve the overall quality and efficiency of the service we provide our customers.

Finally, as we implement changes to our business strategy that are designed to improve our results, we expect that we will allocate more of our financial and other resources to our operations in Brazil and Mexico, which, for 2013, collectively produced about 86% of our total consolidated operating revenues. Consistent with this change in emphasis, in August 2013, we sold all of the outstanding equity interests of Nextel Peru to Entel. While we will also continue to support our operations in our other markets, recent results of operations and this change in emphasis make it appropriate for us to consider and explore a variety of strategic options for these markets, such as partnerships, service arrangements and asset sales in an effort to maximize the value of those businesses.

Focusing on Our Target Customers. Consistent with our historic approach, our target customers will continue to include high value customer segments such as segments that comprise the small, medium and large business markets, as well as certain consumer market segments that value our differentiated wireless communications services, including our push-to-talk services, quality networks and our high level of customer service. Our WCDMA networks will also give us the opportunity to extend our target market to include additional corporate and business customers and consumers who exhibit above average usage, revenue and loyalty characteristics and who we believe will be attracted to the services supported by our new networks, the quality and speed of our data services and the quality of our customer service.

Providing Differentiated Services and a Superior Customer Experience. We differentiate ourselves from our competitors by offering unique services like our push-to-talk services. These services provide significant value, allowing our subscribers to communicate with each other instantaneously at the touch of a button. In 2012, we began offering Direct Connect push-to-talk service on our WCDMA networks as part of our effort to maintain this key point of differentiation. Also, in 2013, we began offering a new push-to-talk service, which we refer to as Prip, that operates on a wide range of standard smartphones, including the iPhone, enabling users to communicate using a push-to-talk solution with other subscribers across our networks. The Prip service, which is currently available in Mexico and Chile and will be available in Brazil in 2014, operates on WiFi, as well as on WCDMA- and LTE-based networks outside our markets where data roaming services are available, including in the U.S. Our competitors have introduced competitive push-to-talk products, and while we do not believe that these services offer the same level of performance as our push-to-talk services in terms of latency, quality, reliability or ease of use, our competitors could deploy new or upgraded technologies in their networks that could enable them to implement new features and services that compete more effectively with our services.

We have also historically added further value by designing customized business solutions that enhance the productivity of our subscribers based on their individualized business needs. These business solutions include fleet and workforce management services that utilize the unique capabilities of our data network, such as vehicle and delivery tracking, GPS technology, order entry processing and workforce monitoring applications.

In addition to our unique service offerings, we seek to further differentiate ourselves by providing a higher level of customer service than our competitors. We work proactively with our customers to match them with service plans that offer greater value based on the customer's usage patterns. After analyzing customer usage and expense data, we strive to minimize a customer's per minute costs while increasing overall usage of our array of services, thereby providing higher value to our customers while increasing our monthly revenues. This goal is also furthered by our efforts during and after the sales process to educate customers about our services, the features and services supported by our multi-function handsets and rate plans. We have also implemented proactive customer retention programs in an effort to increase customer satisfaction and retention.

Building on the Strength of the Nextel Brand. Since 2002, we have offered services under the Nextel brand. As a result of our efforts, the Nextel brand is recognized across our markets as standing for both quality of service and the differentiated services and subscriber support we provide. This positioning of our brand allowed us to successfully build our subscriber base of high

value customers who are attracted to our differentiated services and our reputation for providing a high quality subscriber experience. To expand the value of that positioning, in 2011 we launched a new brand identity in each of our markets and at the corporate level, which we believe enhances the recognition of our brand and unifies our brand identity across our markets as we deploy our WCDMA networks and seek to expand our target market to include new customer segments.

Expanding and Focusing on our Distribution Channels. We use a variety of distribution channels that include direct sales representatives, indirect sales agents, retail stores and kiosks, and other subscriber-convenient sales channels, and we are targeting those channels at specific subscriber segments to deliver our service more efficiently and economically. Our direct sales channel primarily focuses on businesses that value our industry expertise and differentiated services, including our ability to design customized business solutions that meet their specific business needs. As we extend our target market to include more consumers, we are expanding our distribution channels to make our services more widely accessible while simultaneously shifting and rebalancing some of our locations and distribution structure. These changes to the structure of our distribution channels will continue to allow them to serve as additional points of customer care, collections and brand promotion. We are also expanding our other subscriber-convenient channels, which include telesales and online channels, to give our prospective and existing subscribers easier ways to purchase our services. We are making these investments to more efficiently serve our subscribers and improve the overall productivity of all of our distribution channels and, therefore, we expect to see our average sales and related costs to acquire subscribers decline over time.

Focusing on Major Business Centers. Because we target high value subscribers, our operations have focused primarily on large urban markets, which have a concentration of medium to high usage business subscribers and consumers and account for a high proportion of total economic activity in each of their respective countries. We believe these markets offer favorable long-term growth prospects for our wireless communications services while offering the cost benefits associated with providing services in more concentrated population centers. Our new networks are expected to serve both these major business centers and, in some instances, a broader geographic area in order to meet the requirements of our spectrum licenses. In addition, we expect to use domestic roaming agreements to cost effectively expand our service to network coverage in areas in our markets that we do not currently serve or plan to serve using our own networks.

Managing the iDEN Transition. The iDEN networks that we operate in all of our markets allow us to offer differentiated services like Direct Connect and International Direct Connect while offering high quality voice telephony and other innovative services. The iDEN technology is unique in that it is the only commercially available technology that operates on non-contiguous spectrum and is optimal for operating efficiently on the 800 MHz SMR spectrum that we currently own. Because Motorola Mobility and Motorola Solutions are the sole suppliers of iDEN technology, we are dependent on their support of the technology and the availability of subscriber devices.

As we make the transition to our WCDMA networks in our markets other than Argentina, and with Sprint no longer supporting iDEN in the U.S. following the deactivation of its iDEN network there, the reduction in demand for iDEN network equipment is expected to make it uneconomic for Motorola Solutions to continue to provide support for our iDEN network infrastructure, and it may become more costly for us to continue to support those networks. We also expect that this transition and the reduction in demand for iDEN handsets will affect Motorola Mobility's ability or willingness to continue to manufacture iDEN handsets beyond their contractual obligations, which could result in an increase in our costs for those handsets, including handsets that are capable of operating on both our iDEN and WCDMA networks.

Nextel Mexico experienced significant disruption to its business plans, and a decline in its subscriber base, operating revenues and operating cash flows, in connection with Sprint's deactivation of its iDEN network in the U.S. in mid-2013, which was compounded by our failure to take sufficient actions to address the impact of that event on our customers and delays in the deployment and optimization of our WCDMA network. As a result, Nextel Mexico experienced higher iDEN customer turnover and was not able to effectively offset the loss of iDEN subscribers with new WCDMA subscribers, in part because the coverage and capacity of its WCDMA network was not sufficient to support the significant subscriber loading and migration of subscribers resulting from the deactivation of Sprint's iDEN network. The deactivation of Sprint's iDEN network also resulted in changes to the connections previously available between our subscribers and their contacts in the U.S., as well as our customers' ability to roam in the U.S. These changes had an adverse impact on our customers' experience in using their services and created a negative perception of our services in Mexico, which has made it more difficult for us to attract and retain subscribers there.

Nextel Mexico has taken and continues to take actions designed to improve its WCDMA network performance and the quality of service experienced by our customers and to address the negative impact of Sprint's deactivation of its iDEN network in the U.S. on its subscribers, including by improving the capacity, coverage and quality of its WCDMA network and launching education and awareness campaigns, all of which are intended to help stabilize Nextel Mexico's business and improve market perceptions of the quality of its service so that it is positioned to deliver future growth.

In 2011, Motorola completed a separation of its mobile devices and home division into two separate public entities: Motorola Mobility, to which our iDEN handset supply agreements have been assigned; and Motorola Solutions, to which our iDEN network infrastructure supply agreements have been assigned. In addition, we are parties to arrangements and agreements with Motorola that have now been assigned to and assumed by Motorola Solutions and Motorola Mobility and that are designed to provide us

with a continued source of iDEN network equipment and handsets. In May 2012, Google, Inc., or Google, completed its acquisition of Motorola Mobility, which is our primary supplier of iDEN handsets, and in January 2014, Google announced that it has reached an agreement to sell a significant portion of the business that currently makes up Motorola Mobility to Lenovo. We do not currently expect any change to Motorola's commitment to deliver iDEN handsets as a result of Google's proposed sale of Motorola Mobility to Lenovo. Examples of our existing arrangements with both Motorola entities include:

- Agreements for the supply of iDEN network infrastructure, which are now held by Motorola Solutions and are effective through December 31, 2014. Under these agreements, Motorola agreed to maintain an adequate supply of the iDEN equipment used in our business for the term of the agreement and to continue to invest in the development of new iDEN infrastructure features.
- Agreements for the supply of iDEN handsets, to which Motorola Mobility is now a party and which are effective through December 31, 2016. Under these agreements, Motorola agreed to maintain an adequate supply of the iDEN handsets used in our business and to continue to invest in the development of new iDEN devices. In addition, we agreed to handset volume purchase commitments with respect to certain handset models and pricing parameters linked to the volume of our handset purchases.

The obligations of both Motorola entities under our existing agreements, including the obligation to supply us with iDEN handsets and network equipment, remain in effect.

Recent Foreign Currency Trends

Late in 2011 and continuing throughout 2012 and 2013, uncertainty in worldwide economic conditions drove a significant decline in the value of the currencies relative to the U.S. dollar in Brazil and Argentina. This and other periods of high volatility in foreign currency exchange rates that have occurred in the past have had a significant effect on our reported results as nearly all of our revenues are earned in non-U.S. currencies, and a significant portion of our capital and operating expenditures, including expenditures to purchase imported network equipment and handsets, and a substantial portion of our outstanding debt, is denominated in U.S. dollars. Significant volatility in the global market persists, and foreign currency exchange rates in effect in Brazil and Argentina at the end of 2013 reflect a reduction in value from those experienced earlier in the year and a significant reduction in value compared to 2012. If the values of local currencies in the countries in which our operating companies conduct business depreciate further relative to the U.S. dollar, our future operating results and the value of our assets held in local currencies will be adversely affected.

Unrestricted Subsidiary

In the first quarter of 2013, our Chilean operating segment, which we refer to as Nextel Chile, was designated as an unrestricted subsidiary under the terms of the indentures relating to our senior notes. For the year ended December 31, 2013, Nextel Chile had total operating revenues of \$72.7 million, segment losses of \$134.1 million and net losses of \$209.4 million. As of December 31, 2013, Nextel Chile had total assets of \$169.1 million and total liabilities of \$273.2 million.

Subscriber Units in Commercial Service

As we make the transition to our WCDMA networks, we will be able to offer a substantially broader range of services and subscriber units that support voice services, including our push-to-talk services, data services and, in many cases, both. In some instances, we offer customers the option of purchasing services by acquiring the subscriber identity module, or SIM, cards from us separately, providing the customer with the flexibility to use the SIM cards in one or more devices that they acquire from us or from other sources. In addition, certain subscriber units that we offer support two SIM cards, enabling subscribers to seamlessly transition between our iDEN and WCDMA networks on the same device. Because these handsets include two SIM cards and require two contracts, they are reported as two subscribers for regulatory and external reporting purposes consistent with industry practice. Accordingly, each of these dual SIM handsets that are provisioned with two separate SIM cards is included in the table below as two "Subscriber Units in Commercial Service." We use the term "subscriber unit," which we also refer to as a subscriber, to represent an active SIM card, which is the level at which we have tracked and will continue to track subscribers.

The table below provides an overview of our subscriber units in commercial service on both our iDEN and WCDMA networks in the countries indicated as of December 31, 2013 and 2012.

	Brazil	Mexico	Argentina	Chile	Total
	(in thousands)				
iDEN subscriber units	3,846.3	3,842.7	1,755.6	53.2	9,497.8
WCDMA subscriber units	—	59.0	—	145.2	204.2
Total subscriber units in commercial service — December 31, 2012	3,846.3	3,901.7	1,755.6	198.4	9,702.0
iDEN net subscriber (losses) additions	(201.6)	(974.2)	267.5	(16.7)	(925.0)
WCDMA net subscriber additions	313.5	337.0	—	61.8	712.3
Total net subscriber additions (losses)	111.9	(637.2)	267.5	45.1	(212.7)
Migrations from iDEN to WCDMA	24.4	793.9	—	7.3	825.6
iDEN subscriber units	3,620.3	2,074.6	2,023.1	29.2	7,747.2
WCDMA subscriber units	337.9	1,189.9	—	214.3	1,742.1
Total subscriber units in commercial service — December 31, 2013	3,958.2	3,264.5	2,023.1	243.5	9,489.3

The following table shows our customer turnover rates for subscribers on both our iDEN and WCDMA networks in the countries indicated for the year ended December 31, 2013.

	Brazil	Mexico	Argentina	Chile	Total
Total customer turnover (1)	2.64%	3.46%	3.42%	4.39%	3.14%
iDEN customer turnover	2.70%	3.63%	3.42%	3.94%	3.20%
WCDMA customer turnover	0.95%	2.21%	—	4.55%	2.48%

(1) Customer turnover is calculated by dividing subscriber deactivations for the period by the average number of subscriber units during that period.

Brazilian Contingencies

Nextel Brazil has received various assessment notices from state and federal Brazilian authorities asserting deficiencies in payments related primarily to value-added taxes, excise taxes on imported equipment and other non-income based taxes. Nextel Brazil has filed various administrative and legal petitions disputing these assessments. In some cases, Nextel Brazil has received favorable decisions, which are currently being appealed by the respective governmental authority. In other cases, Nextel Brazil's petitions have been denied, and Nextel Brazil is currently appealing those decisions. Nextel Brazil also had contingencies related to certain regulatory, civil and labor-related matters as of December 31, 2013 and 2012.

As of December 31, 2013 and 2012, Nextel Brazil had accrued liabilities of \$70.9 million and \$73.0 million, respectively, related to contingencies, all of which were classified in accrued contingencies reported as a component of other long-term liabilities, of which \$11.2 million and \$20.7 million related to unasserted claims, respectively. We currently estimate the range of reasonably possible losses related to matters for which Nextel Brazil has not accrued liabilities, as they are not deemed probable, to be between \$456.8 million and \$460.8 million as of December 31, 2013. We are continuing to evaluate the likelihood of probable and reasonably possible losses, if any, related to all known contingencies. As a result, future increases or decreases to our accrued liabilities may be necessary and will be recorded in the period when such amounts are determined to be probable and reasonably estimable.

Critical Accounting Policies and Estimates

The preparation of our consolidated financial statements in conformity with accounting principles generally accepted in the U.S. requires us to make estimates and judgments that affect the amounts reported in those financial statements and accompanying notes. We consider the accounting policies and estimates addressed below to be the most important to our financial position and results of operations, either because of the significance of the financial statement item or because they require the exercise of significant judgment and/or use of significant estimates. Although we believe that the estimates we use are reasonable, due to the inherent uncertainty involved in making those estimates, actual results reported in future periods could differ from those estimates. For additional information, see Note 1 to our consolidated financial statements included at the end of this annual report on Form 10-K.

Revenue Recognition. While our revenue recognition policy does not require the exercise of significant judgment or the use of significant estimates, we believe that our policy is significant as revenue is a key component of our results of operations.

Operating revenues primarily consist of wireless service revenues and revenues generated from the sale of handsets and accessories. We present our operating revenues net of value-added taxes, but we include certain revenue-based taxes that are our primary obligation.

Service revenues primarily consist of fixed monthly access charges. Other components of service revenue include revenues from calling party pays programs, where applicable, variable charges for airtime and two-way radio usage in excess of plan minutes, long-distance charges, international roaming revenues derived from calls placed by our subscribers on other carriers' networks and revenues generated from broadband data services we provide on our WCDMA networks. We recognize service revenue as service is provided, net of credits and adjustments for service discounts and value-added taxes. We recognize excess usage, local, long distance and calling party pays revenue at contractual rates per minute as minutes are used. We record cash received in excess of revenues earned as deferred revenues. We recognize handset revenue when title and risk of loss passes to the customer.

We bill excess usage to certain of our subscribers in arrears. In order to recognize the revenues originating from excess usage subsequent to subscriber invoicing, we estimate the unbilled portion based on the usage that the handset had during the part of the month already billed, and we use this actual usage to estimate the unbilled usage for the rest of the month taking into consideration working days and seasonality. Our estimates are based on our experience in each market. We periodically evaluate our estimates by comparing them to actual excess usage revenue billed the following month. While our estimates have been consistent with our actual results, actual usage in future periods could differ from our estimates.

Other revenues primarily include amounts generated from our handset maintenance programs, roaming revenues generated from other companies' subscribers that roam on our networks and co-location rental revenues from third party tenants that rent space on our transmitter and receiver sites, which we also refer to as communication towers or towers, although in some instances these towers are located on rooftops and other structures. We recognize revenue generated from our handset maintenance programs on a monthly basis at fixed amounts over the service period. We recognize roaming revenues at contractual rates per minute as minutes are used. We recognize co-location revenues from third party tenants on a monthly basis based on the terms set by the underlying agreements.

Allowance for Doubtful Accounts. We establish an allowance for doubtful accounts receivable sufficient to cover probable and reasonably estimated losses. We estimate this allowance based on historical experience, aging of accounts receivable and individual subscriber payment history. Actual write-offs in the future could be impacted by general economic and business conditions, as well as fluctuations in subscriber deactivations, that are difficult to predict and therefore may differ from our estimates.

Depreciation of Property, Plant and Equipment. We record at cost our network assets and other improvements that in our opinion, extend the useful lives of the underlying assets, and depreciate those assets over their estimated useful lives. We calculate depreciation using the straight-line method based on estimated useful lives ranging from 3 to 30 years for mobile network equipment and network software and 3 to 10 years for office equipment, furniture and fixtures, and other, which includes non-network internal use software. We depreciate our corporate aircraft under a capital lease using the straight-line method based on the lease term of 10 years. We amortize leasehold improvements over the shorter of the lease terms or the useful lives of the improvements. Our networks are highly complex and, due to constant innovation and enhancements, certain components of those networks may lose their utility sooner than anticipated. We periodically reassess the economic life of these components and make adjustments to their useful lives after considering historical experience and capacity requirements, consulting with the vendor and assessing new product and market demands and other factors. When our assessment indicates that the economic life of a network component is shorter than originally anticipated, we depreciate its remaining book value over its revised useful life. Further, the deployment of any new technologies could adversely affect the estimated remaining useful lives of our network assets, which could significantly impact future results of operations. During the fourth quarter of 2013, we reviewed the useful lives of our communication towers and determined that the useful lives of some of these towers should be increased to 30 years compared to the 10- or 15-year useful lives over which we were previously depreciating these sites.

Amortization of Intangible Assets. Intangible assets primarily consist of our telecommunications licenses. We calculate amortization on our licenses using the straight-line method based on estimated useful lives of 3 to 20 years. While the terms of our licenses, including renewals, range from 10 to 40 years, the political and regulatory environments in the markets we serve are continuously changing and, as a result, the cost of renewing our licenses could be significant. Therefore, we do not view the renewal of our licenses to be perfunctory. In addition, the wireless telecommunications industry is experiencing significant technological change, and the commercial life of any particular technology is difficult to predict. Many of our licenses give us the right to use 800 MHz spectrum that is non-contiguous, and the iDEN technology is the only commercially available technology that operates on non-contiguous spectrum. As a result, our ability to deploy new technologies using 800MHz spectrum may be limited. In light of these uncertainties we classify our licenses as finite lived intangible assets. Many of our licenses are subject to renewal after the initial term, provided that we have complied with applicable rules and policies in each of our markets. We

intend to comply, and believe we have complied, with these rules and policies in all material respects as they relate to licenses that are material to our business. However, because governmental authorities have discretion as to the renewal of licenses, our licenses may not be renewed or we may be required to pay significant renewal fees, either of which could have a significant impact on the estimated useful lives of our licenses, which could significantly impact future results of operations.

Valuation of Long-Lived Assets. We review long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. Long-lived asset groups were determined based on an assessment of the lowest level for which identifiable cash flows are largely independent of the cash flows of other groups of assets and liabilities. If the total of the expected undiscounted future cash flows is less than the carrying amount of our assets, we recognize a loss for the difference between the estimated fair value and carrying value of the assets. During 2013, we tested long-lived assets in our Nextel Brazil, Nextel Mexico, and Nextel Chile segments for recoverability and, based on our estimates of undiscounted cash flows, determined the carrying values to be recoverable. Our estimates of undiscounted cash flows for each asset group exceeded the carrying value of the respective asset groups. If we continue to have operational challenges, including obtaining and retaining subscribers, future cash flows may not be sufficient to recover the carrying values of our asset groups, and we could record asset impairments that are material to our consolidated results of operations and financial condition. In December 2012, we determined that the carrying value of the asset group within our Nextel Chile operating segment, which includes all operating assets and liabilities held at our Chilean operating segment, was not recoverable. As a result, we recorded a non-cash asset impairment charge of \$298.8 million to reduce the carrying amount of the asset group to its fair value. We determined the estimated fair value of Nextel Chile's asset group using a discounted cash flow analysis in conjunction with a sum-of-the-parts cost approach, both of which are considered Level 3 inputs within the fair value hierarchy under the Financial Accounting Standards Board's, or the FASB's, authoritative guidance on fair value measurements. The discounted cash flows mentioned above were derived from a seven-year projection of revenues and expenses, plus a residual value, with the resulting projected cash flows discounted at an appropriate weighted average cost of capital. The sum-of-the-parts analysis was assembled using the estimated cost to construct a network with the related spectrum licenses.

Asset Retirement Obligations. We record an asset retirement obligation, or ARO, and an associated asset retirement cost, or ARC, when we have a legal obligation in connection with the retirement of tangible long-lived assets. Our obligations under the FASB's authoritative guidance on asset retirement obligations arise from certain of our leases and relate primarily to the cost of removing our network infrastructure and administrative assets from the leased space where these assets are located at the end of the lease. Estimating these obligations requires us to make certain assumptions that are highly judgmental in nature. The significant assumptions used in estimating our asset retirement obligations include the following: the expected settlement dates; removal costs that are indicative of what third party vendors would charge us to remove the assets; expected inflation rates; and credit-adjusted risk-free interest rates. We periodically review these assumptions to ensure that the estimates are reasonable. Any change in the assumptions used could significantly affect the amounts recorded with respect to our asset retirement obligations.

Foreign Currency. We translate the results of operations for our non-U.S. subsidiaries from the designated functional currency to the U.S. dollar using average exchange rates for the relevant period. We translate assets and liabilities using the exchange rate in effect at the relevant reporting date. We report the resulting gains or losses from translating foreign currency financial statements as other comprehensive income or loss. Because we translate the operations of our non-U.S. subsidiaries using average exchange rates, our operating companies' trends may be impacted by the translation.

We report the effect of changes in exchange rates on U.S. dollar-denominated assets and liabilities as foreign currency transaction gains or losses. We report the effect of changes in exchange rates on intercompany transactions of a long-term investment nature as part of the cumulative foreign currency translation adjustment in our consolidated financial statements. The intercompany transactions that, in our view, are of a long-term investment nature include certain intercompany loans and advances from our U.S. subsidiaries to Nextel Brazil and Nextel Chile. In contrast, we report the effect of exchange rates on U.S. dollar-denominated intercompany loans and advances to our foreign subsidiaries that are due, or for which repayment is anticipated in the foreseeable future, as foreign currency transaction gains or losses in our consolidated statements of operations. As a result, our determination of whether intercompany loans and advances are of a long-term investment nature can have a significant impact on how we report foreign currency transaction gains and losses in our consolidated financial statements.

Loss Contingencies. We account for and disclose loss contingencies such as pending litigation and actual or possible claims and assessments in accordance with the FASB's authoritative guidance on accounting for contingencies. We accrue for loss contingencies if it is probable that a loss will occur and if the loss can be reasonably estimated. We disclose, but do not accrue for, loss contingencies if it is reasonably possible that a loss will occur or if the loss cannot be reasonably estimated. We do not accrue for or disclose loss contingencies if there is only a remote possibility that the loss will occur. The FASB's authoritative guidance requires us to make judgments regarding future events, including an assessment relating to the likelihood that a loss may occur and an estimate of the amount of such loss. In assessing loss contingencies, we often seek the assistance of our legal counsel and in some instances, of third party legal counsel. As a result of the significant judgment required in assessing and estimating loss contingencies, actual losses realized in future periods could differ significantly from our estimates.

Income Taxes. We account for income taxes using the asset and liability method, under which we recognize deferred income taxes for the tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities, as well as for tax loss carryforwards and tax credit carryforwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable or settled. We recognize the effect on deferred taxes of a change in tax rates in income in the period that includes the enactment date. We provide a valuation allowance against deferred tax assets if, based upon the weight of available evidence, we do not believe it is “more-likely-than-not” that some or all of the deferred tax assets will be realized.

During 2013 the valuation allowance against our deferred tax assets increased by a net amount of \$4.0 billion. This increase is due to a continuance of our prior position of recording a full valuation allowance with respect to the net deferred tax assets of Nextel Chile and the U.S., resulting in an additional \$151.3 million valuation allowance for these entities. Our prior position of recording a full valuation allowance with respect to the net deferred tax assets of our holding companies in Luxembourg, Spain and Netherlands also continued in 2013, and we recorded in total a \$3.3 billion valuation allowance against the deferred tax assets of these entities. Due to the nature of these companies and their tax status under local holding company rules, a full valuation allowance is necessary as the net operating loss carryforwards will never be utilized and add no value to the company. In addition, our prior position regarding the need for a valuation allowance on one of our Brazil subsidiaries and three of our Mexico subsidiaries changed in 2013, and we recorded valuation allowances of \$382.9 million and \$189.8 million against the net deferred tax assets of these Brazilian and Mexican subsidiaries, respectively. This change of position was primarily due to the significant decline in our current and recent cumulative earnings.

Realization of deferred tax assets in any of our markets depends on various factors, including continued future profitability in these markets. Our ability to generate the expected amounts of taxable income from future operations is dependent upon general economic conditions, technology trends, political uncertainties, competitive pressures and other factors beyond management’s control. We will continue to evaluate the deferred tax asset valuation allowance balances in all of our foreign and U.S. companies throughout 2014 to determine the appropriate level of valuation allowances.

We continued to assert our prior position regarding the repatriation of historical foreign earnings back to the U.S. During the first quarter of 2010, we determined that we will repatriate an additional amount of \$200.0 million of 2010 undistributed earnings back to the U.S. in a taxable manner. This amount was in addition to the \$26.3 million that remained to be repatriated in accordance with our 2007 decision to repatriate foreign earnings to the U.S., for a total of \$226.3 million to be repatriated. As of December 31, 2012, we included a \$54.4 million provision in deferred tax liability for U.S. federal, state and foreign taxes with respect to future remittances of certain undistributed earnings (other than income that has been previously taxed in the U.S. under the subpart F rules) of certain of our foreign subsidiaries. This deferred tax liability decreased slightly in 2013 due to changes in foreign currency exchange rates to \$54.2 million as of December 31, 2013. Except for the earnings associated with this provision and income that has been previously taxed in the U.S. under the subpart F rules and can be remitted to the U.S. without incurring additional income taxes, we currently have no intention to remit any additional undistributed earnings of our foreign subsidiaries in a taxable manner. Should additional amounts of our foreign subsidiaries’ undistributed earnings be remitted to the U.S. as dividends, we may be subject to additional U.S. income taxes (net of allowable foreign tax credits) and foreign withholding taxes. It is not practicable to estimate the amount of any additional taxes which may be payable on the remaining undistributed earnings.

We are subject to income taxes in both the U.S. and the non-U.S. jurisdictions in which we operate. Certain of our entities are under examination by the relevant taxing authorities for various tax years. We regularly assess the potential outcome of current and future examinations in each of the taxing jurisdictions when determining the adequacy of the provision for income taxes. We have only recorded financial statement benefits for tax positions which we believe reflect the “more-likely-than-not” criteria of the FASB’s authoritative guidance on accounting for uncertainty in income taxes, and we have established income tax reserves in accordance with this guidance where necessary. Once a financial statement benefit for a tax position is recorded or a tax reserve is established, we adjust it only when there is more information available or when an event occurs necessitating a change. While we believe that the amount of the recorded financial statement benefits and tax reserves reflect the more-likely-than-not criteria, it is possible that the ultimate outcome of current or future examinations may result in a reduction to the tax benefits previously recorded on our consolidated financial statements or may exceed the current income tax reserves in amounts that could be material.

B. Results of Operations

Operating revenues primarily consist of wireless service revenues and revenues generated from the sale of handsets and accessories. Service revenues primarily include fixed monthly access charges for mobile telephone service and two-way radio and other services, including revenues from calling party pays programs and variable charges for airtime and two-way radio usage, long-distance charges, international roaming revenues derived from calls placed by our subscribers and revenues generated from broadband data services we provide on our WCDMA networks. Handset and accessory revenues represent revenues we earn on the sale of handsets and accessories to our subscribers.

In addition, we also have other less significant sources of revenues. These revenues primarily include revenues generated from our handset maintenance programs, roaming revenues generated from other companies' subscribers that roam on our networks and co-location rental revenues from third-party tenants that rent space on our towers.

See "Revenue Recognition" above and Note 1 to our consolidated financial statements included at the end of this annual report on Form 10-K for a description of our revenue recognition methodology.

Cost of revenues primarily includes the cost of providing wireless service and the cost of handset and accessory sales. Cost of providing service consists of:

- costs of interconnection with local exchange carrier facilities;
- costs relating to terminating calls originated on our network on other carriers' networks;
- direct switch, transmitter and receiver site costs, including property taxes;
- expenses related to our handset maintenance programs; and
- insurance costs, utility costs, maintenance costs, spectrum license fees and rent for the network switches and transmitter sites used to operate our mobile networks.

Interconnection costs have fixed and variable components. The fixed component of interconnection costs consists of monthly flat-rate fees for facilities leased from local exchange carriers, primarily for circuits required to connect our transmitter sites to our network switches, to connect our switches and to connect our networks with those of other carriers. The variable component of interconnection costs, which fluctuates in relation to the volume and duration of wireless calls, generally consists of per-minute use fees charged by wireline and wireless carriers relating to wireless calls from our handsets that terminate on their networks.

Cost of handset and accessory sales consists largely of the cost of the handset and accessories, order fulfillment and installation-related expenses, as well as write-downs of handset and related accessory inventory for shrinkage or obsolescence.

Our service and other revenues and the variable component of our cost of service are primarily driven by the number of subscriber units in commercial service and the rate plans applicable to, and the levels of usage of, those subscriber units. Our handset and accessory revenues and cost of handset and accessory sales are primarily driven by the number of new handsets placed into service, as well as handset upgrades provided to existing subscribers.

Selling and marketing expenses include all of the expenses related to acquiring subscribers to our services, exclusive of costs to subsidize our handsets.

General and administrative expenses include expenses related to revenue-based taxes, billing, customer care, collections including maintenance of management information systems, corporate overhead and payroll, including share-based payments for stock options and restricted stock.

In accordance with accounting principles generally accepted in the U.S., we translated the results of operations of our operating segments using the average exchange rates for the years ended December 31, 2013, 2012 and 2011. The following table presents the average exchange rates we used to translate the results of operations of our operating segments, as well as changes from the average exchange rates utilized in prior periods.

	2013	2012	2011	2012 to 2013 Percent Change	2011 to 2012 Percent Change
Brazilian real	2.16	1.95	1.67	(10.8)%	(16.8)%
Mexican peso	12.77	13.17	12.42	3.0 %	(6.0)%
Argentine peso	5.48	4.55	4.13	(20.4)%	(10.2)%
Chilean peso	495.31	486.49	483.67	(1.8)%	(0.6)%

Late in 2011 and continuing throughout 2012 and 2013, foreign currency exchange rates in the countries where we operate generally depreciated in value relative to the U.S. dollar. The following table presents the currency exchange rates in effect at the end of 2011, as well as the end of each of the quarters in 2012 and 2013. If the values of these exchange rates remain at levels similar to the end of 2013 or depreciate further relative to the U.S. dollar, our future operating results and the values of our assets held in local currencies will be adversely affected.

	2011		2012				2013			
	December	March	June	September	December	March	June	September	December	
Brazilian real	1.88	1.82	2.02	2.03	2.04	2.01	2.22	2.23	2.34	
Mexican peso	13.99	12.80	13.67	12.92	13.01	12.35	13.19	13.01	13.08	
Argentine peso	4.30	4.38	4.53	4.70	4.92	5.12	5.39	5.79	6.52	
Chilean peso	519.20	487.44	501.84	473.77	479.96	472.03	507.16	504.20	524.61	

To provide better insight into the results of some of our operating segments, we present the year-over-year percentage change in each of the line items presented on a consolidated basis and for Nextel Brazil, Nextel Mexico and Nextel Argentina on a constant currency basis in the "Constant Currency Change from Previous Year" columns in the tables below. The comparison of results for these line items on a constant currency basis shows the impact of changes in foreign currency exchange rates (i) by adjusting the relevant measures for the year ended December 31, 2012 to amounts that would have resulted if the average foreign currency rates for the year ended December 31, 2012 were the same as the average foreign currency exchange rates that were in effect for the year ended December 31, 2013; and (ii) by comparing the constant currency financial measures for the year ended December 31, 2012 to the actual financial measures for the year ended December 31, 2013. This constant currency comparison applies consistent exchange rates to the operating revenues earned in foreign currencies and to the other components of segment earnings for the year ended December 31, 2012, other than certain components of those measures consisting of U.S. dollar-based operating expenses, which were not adjusted. The constant currency information reflected in the tables below is not a measurement under accounting principles generally accepted in the U.S. and should be considered in addition to, but not as a substitute for, the information contained in our results of operations.

1. Year Ended December 31, 2013 vs. Year Ended December 31, 2012

a. Consolidated

	Year Ended December 31, 2013	% of Consolidated Operating Revenues	Year Ended December 31, 2012	% of Consolidated Operating Revenues	Change from Previous Year		Constant Currency Change from Previous Year
					Dollars	Percent	Percent
(dollars in thousands)							
Operating revenues							
Service and other revenues	\$ 4,573,879	96 %	\$ 5,465,120	95 %	\$ (891,241)	(16)%	(11)%
Handset and accessory revenues	198,685	4 %	278,002	5 %	(79,317)	(29)%	(23)%
	<u>4,772,564</u>	<u>100 %</u>	<u>5,743,122</u>	<u>100 %</u>	<u>(970,558)</u>	<u>(17)%</u>	<u>(12)%</u>
Cost of revenues							
Cost of service (exclusive of depreciation and amortization included below)	1,472,320	31 %	1,574,327	28 %	(102,007)	(6)%	(1)%
Cost of handset and accessory sales	911,635	19 %	829,859	14 %	81,776	10 %	9 %
	<u>2,383,955</u>	<u>50 %</u>	<u>2,404,186</u>	<u>42 %</u>	<u>(20,231)</u>	<u>(1)%</u>	<u>3 %</u>
Selling and marketing expenses	614,059	13 %	730,469	13 %	(116,410)	(16)%	(12)%
General and administrative expenses	1,299,395	27 %	1,437,219	25 %	(137,824)	(10)%	(4)%
Provision for doubtful accounts	116,619	2 %	217,315	3 %	(100,696)	(46)%	(42)%
Impairment and restructuring charges	171,047	4 %	329,767	6 %	(158,720)	(48)%	(48)%
Depreciation and amortization	698,347	15 %	649,545	11 %	48,802	8 %	13 %
Operating loss	(510,858)	(11)%	(25,379)	—	(485,479)	NM	NM
Interest expense, net	(539,159)	(11)%	(365,521)	(6)%	(173,638)	48 %	51 %
Interest income	43,379	1 %	33,862	—	9,517	28 %	33 %
Foreign currency transaction losses, net	(143,745)	(3)%	(53,957)	(1)%	(89,788)	166 %	185 %
Other expense, net	(12,982)	—	(28,340)	(1)%	15,358	(54)%	(54)%
Loss from continuing operations before income tax provision	(1,163,365)	(24)%	(439,335)	(8)%	(724,030)	165 %	165 %
Income tax provision	(446,052)	(10)%	(158,144)	(2)%	(287,908)	182 %	200 %
Net loss from continuing operations	(1,609,417)	(34)%	(597,479)	(10)%	(1,011,938)	169 %	174 %
Loss from discontinued operations, net of income taxes	(40,182)	(1)%	(167,770)	(3)%	127,588	(76)%	(76)%
Net loss	<u>\$ (1,649,599)</u>	<u>(35)%</u>	<u>\$ (765,249)</u>	<u>(13)%</u>	<u>\$ (884,350)</u>	<u>116 %</u>	<u>181 %</u>

NM-Not Meaningful

During 2013 and particularly in the second half of the year, we continued to experience deteriorating financial and operational results due to a number of factors, including the economic and competitive environments in our markets, the impact of Sprint's deactivation of its iDEN-based network in the U.S., delays in the deployment and launch of services on our WCDMA networks and declining local currency values. As a result of these and other factors, our consolidated subscriber base decreased 2% from December 31, 2012 to December 31, 2013, and our consolidated operating revenues on a reported basis for 2013 decreased 17% compared to 2012. In particular, the decline in revenues reflects the combined impact of lower average revenue per subscriber in local currency, declines in local currency values relative to the U.S. dollar and the reduction in the subscriber base. From 2012 to 2013, our consolidated operating revenues decreased 12% on a constant currency basis.

Nextel Mexico experienced significant disruption to its business plans, and a decline in its subscriber base, operating revenues and operating cash flows, in connection with Sprint's deactivation of its iDEN network in the U.S. in mid-2013, which was compounded by our failure to take sufficient actions to address the impact of that event on our customers and delays in the deployment and optimization of our WCDMA network. As a result, Nextel Mexico experienced higher iDEN customer turnover and was not able to effectively offset the loss of iDEN subscribers with new WCDMA subscribers, in part because the coverage and capacity of its WCDMA network was not sufficient to support the significant subscriber loading and migration of subscribers resulting from the deactivation of Sprint's iDEN network. The deactivation of Sprint's iDEN network also resulted in changes to

the connections previously available between our subscribers and their contacts in the U.S., as well as our customers' ability to roam in the U.S. These changes had an adverse impact on our customers' experience in using their services and created a negative perception of our services in Mexico, which has made it more difficult for us to attract and retain subscribers there.

Nextel Mexico has taken and continues to take actions designed to improve its WCDMA network performance and the quality of service experienced by our customers and to address the negative impact of Sprint's deactivation of its iDEN network in the U.S. on its subscribers, including by improving the capacity, coverage and quality of its WCDMA network and launching education and awareness campaigns, all of which are intended to help stabilize Nextel Mexico's business and improve market perceptions of the quality of its service so that it is positioned to deliver future growth.

Nextel Brazil began offering full voice and data services on its WCDMA network late in 2013, which reflects a delay from the service launch dates that we had originally planned. As a result, for most of 2013, Nextel Brazil was competing using its iDEN network, which does not support data services that are competitive with the higher speed data services offered by its competitors. Nextel Brazil's focus during the majority of 2013 was on retaining customers on its iDEN network, which resulted in lower average revenue per subscriber, as some customers migrated to lower rate plans. Also, Nextel Brazil experienced higher customer turnover because the more limited features and services available on its iDEN network made it difficult to retain its customers who were targeted by competitors' aggressive offers that included a wider range of services. We believe that Nextel Brazil's launch of services on its WCDMA network and its plans to expand the coverage of its service, including through the use of roaming under the agreement recently reached with Telefonica, will allow us to enhance our service offerings by expanding the areas in which customers using our WCDMA services in Brazil can access voice and data services and will improve Nextel Brazil's competitive position.

As we continue to expand our WCDMA networks in Brazil and Mexico, we are incurring incremental expenses, particularly related to cost of service. We believe that our planned deployment of these networks will enable us to offer new and differentiated services to a larger base of subscribers, but expect that our ability to attract customers and increase our operating revenues for services provided using the networks will be tied to our ability to change customer perceptions regarding the types and quality of services we offer and our ability to develop services and rate plans that differentiate us from our competition and meet our customers' needs. During 2013, when we had limited success in adding customers to our WCDMA networks due to the factors described above, the additional expenses related to building our WCDMA networks, combined with the impact of weaker average foreign currency exchange rates and lower average revenue per subscriber in local currency, led to an increase in our consolidated cost of revenues and general and administrative expenses as percentages of consolidated operating revenues compared to 2012. As a result, our operating loss increased \$485.5 million from 2012 to 2013.

In 2013, our investments in consolidated capital expenditures were \$882.9 million, which represents a 38% decrease from 2012. In 2014, we plan to continue to invest in the deployment of our WCDMA networks, with a particular focus on expanding those networks and improving results in our largest markets of Brazil and Mexico. We also plan to upgrade our WCDMA networks to support LTE services in select cities in Brazil and Mexico in 2014. Based on these plans, we currently expect our investments in capital expenditures in 2014, including our investments in our networks, to be lower than the levels of those investments in 2013.

We will also continue to support our operations in Argentina and Chile while exploring strategic options for these markets, such as partnerships, network sharing, and other service arrangements and asset sales to maximize the value of those businesses and generate additional liquidity. Consistent with this change in emphasis, in August 2013, we completed the sale of all of the outstanding equity interests of Nextel Peru to Entel.

1. Operating revenues

As discussed above, the \$970.6 million, or 17%, decrease in consolidated service and other revenues on a reported basis, and the 12% decrease on a constant currency basis, from 2012 to 2013 were primarily due to the decline in our consolidated subscriber base and a decrease in consolidated average revenue per subscriber in local currency caused by an increase in the number of subscribers on lower rate service plans in both Brazil and Mexico, adjustments to promotional offers in response to a more competitive environment in Brazil and retention credits offered to certain customers in Mexico. The decrease in consolidated service and other revenues on a reported basis also reflects weaker average foreign currency exchange rates in Brazil and Argentina, which were partially offset by a slightly stronger average foreign currency exchange rate in Mexico.

2. Cost of revenues

Consolidated cost of revenues remained relatively stable on a reported basis from 2012 to 2013 despite the lower consolidated operating revenue levels primarily as a result of:

- a \$110.9 million, or 23%, increase in consolidated direct switch and transmitter and receiver site costs due to a 31% increase in the number of sites in service from December 31, 2012 to December 31, 2013 in connection with the deployment of our WCDMA networks in Brazil and Mexico; and
- an \$81.8 million, or 10%, increase in cost of handset and accessory sales resulting from a change in the mix of handsets in Brazil and Mexico toward higher-tier handsets and losses related to inventory obsolescence that Nextel Brazil and Nextel Mexico recognized in the second half of 2013.

These increases were partially offset by:

- a \$158.3 million, or 22%, decrease in consolidated interconnect costs related to lower interconnect minutes of use in Brazil and Mexico as a result of the reduction in our consolidated subscriber base and lower usage levels per subscriber, as well as a decline in mobile termination rates in Brazil;
- a \$66.7 million, or 32%, decrease in consolidated service and repair costs resulting from the utilization of more refurbished handsets and a lower overall number of repaired handsets; and
- weaker average foreign currency exchange rates in Brazil and Argentina that were partially offset by slightly stronger foreign currency exchange rates in Mexico.

On a constant currency basis, consolidated cost of revenues increased 3% for 2013 compared to 2012.

Consolidated cost of revenues as a percentage of consolidated operating revenues increased from 42% in 2012 to 50% in 2013 primarily as a result of an increase in direct switch and transmitter and receiver site costs, an increase in the cost of handset and accessory sales and the decline in operating revenues described above over the same period.

3. Selling and marketing expenses

Significant factors contributing to the \$116.4 million, or 16%, decrease in consolidated selling and marketing expenses on a reported basis in 2013 compared to 2012, and a 12% decrease on a constant currency basis, included a significant reduction in commissions generated through direct and indirect channels, mostly in Brazil and Mexico, and a \$37.5 million, or 17%, decrease in consolidated advertising and other marketing expenses resulting from fewer advertising campaigns launched in 2013 compared to 2012.

4. General and administrative expenses

The \$137.8 million, or 10%, decrease in consolidated general and administrative expenses on a reported basis, and 4% on a constant currency basis, in 2013 compared to 2012 was primarily the result of a decrease in consulting and information technology costs at the corporate level and a decrease in revenue-based taxes in Brazil associated with a decline in Nextel Brazil's operating revenues.

Consolidated general and administrative expenses as a percentage of consolidated operating revenues increased from 25% in 2012 to 27% in 2013 largely as a result of the decline in operating revenues over the same period.

5. Provision for doubtful accounts

The \$100.7 million, or 46%, decrease in the consolidated provision for doubtful accounts on a reported basis, and 42% decrease on a constant currency basis, in 2013 compared to 2012 is mostly attributable to changes made to Nextel Brazil's collection and retention policy and other processes in the fourth quarter of 2012 in connection with efforts to deactivate unprofitable customers. These changes resulted in an increase in the consolidated provision for doubtful accounts in the fourth quarter of 2012 and improved customer credit quality in 2013, which led to a lower consolidated provision for doubtful accounts in 2013.

6. Impairment and restructuring charges

Consolidated impairment and restructuring charges recognized in 2013 primarily related to the following:

- a non-cash asset impairment charge of \$85.3 million related to the discontinuation of software previously developed for use in multiple markets to support our customer relationship management systems, of which \$42.8 million was recognized at the corporate level, \$33.5 million was recognized by Nextel Chile and \$9.0 million was recognized by Nextel Mexico;

- a \$39.9 million non-cash charge in connection with the restructuring of our outsourcing agreements with NSN reflecting the write-off of a portion of the base contractual fees that we had classified as a prepayment and that were being recognized over the life of the NSN agreements prior to their restructuring;
- \$32.4 million in restructuring charges, the majority of which was at the corporate level and in Mexico, related to the separation of employees and other restructuring activities in conjunction with actions taken to realign staffing and other resources;
- \$6.8 million in contract termination costs incurred in connection with the sublease of certain excess space located in one of our corporate office buildings; and
- \$5.9 million in charges incurred at the corporate level related to the discontinuation of the development of certain network features.

Consolidated impairment and restructuring charges recognized in 2012 primarily related to a \$298.8 million non-cash impairment charge to reduce the carrying value of Nextel Chile's asset group to its fair value.

7. Depreciation and amortization

The \$48.8 million, or 8%, increase in consolidated depreciation and amortization on a reported basis, and the 13% increase on a constant currency basis, from 2012 to 2013 is principally the result of an increase in consolidated property, plant and equipment in service resulting from continued investments in our WCDMA networks.

8. Interest expense, net

The \$173.6 million, or 48%, increase in consolidated net interest expense on a reported basis, and the 51% increase on a constant currency basis, from 2012 to 2013 is largely related to interest incurred in connection with the issuance of \$900.0 million in 11.375% senior notes in February and April 2013 and \$700.0 million in 7.875% senior notes in May 2013, as well as lower capitalized interest.

9. Foreign currency transaction losses, net

The \$89.8 million, or 166%, increase in consolidated foreign currency losses from 2012 to 2013 is primarily the result of the impact of the depreciation in the value of the Brazilian real relative to the U.S. dollar on Nextel Brazil's U.S. dollar-denominated net liabilities, partially offset by the slight appreciation in the value of the Mexican peso relative to the U.S. dollar on Nextel Mexico's U.S. dollar-denominated net liabilities.

10. Income tax provision

The \$287.9 million, or 182%, increase in the consolidated income tax provision from 2012 to 2013 is primarily due to the \$572.8 million valuation allowance established with respect to the deferred tax assets of certain Brazilian and Mexican subsidiaries, partially offset by a reduction in withholding taxes, tax benefits associated with various tax planning strategies in our foreign markets and a reduction in the income from continuing operations before income taxes of our foreign markets.

Segment Results

We evaluate performance of our segments and provide resources to them based on operating income before depreciation and amortization and impairment, restructuring and other charges, which we refer to as segment earnings. Nextel Chile's results are included in "Chile and Corporate." A discussion of our segment results is provided below.

b. *Nextel Brazil*

	Year Ended	% of	Year Ended	% of	Change from		Constant
	December 31, 2013	Nextel Brazil's Operating Revenues	December 31, 2012	Nextel Brazil's Operating Revenues	Dollars	Percent	Currency Change from Previous Year Percent
(dollars in thousands)							
Operating revenues							
Service and other revenues	\$ 2,109,363	96%	\$ 2,756,167	95%	\$ (646,804)	(23)%	(15)%
Handset and accessory revenues	98,671	4%	146,183	5%	(47,512)	(33)%	(25)%
	<u>2,208,034</u>	<u>100%</u>	<u>2,902,350</u>	<u>100%</u>	<u>(694,316)</u>	<u>(24)%</u>	<u>(16)%</u>
Cost of revenues							
Cost of service (exclusive of depreciation and amortization)	767,908	35%	909,908	32%	(142,000)	(16)%	(7)%
Cost of handset and accessory sales	250,749	11%	210,294	7%	40,455	19 %	24 %
	<u>1,018,657</u>	<u>46%</u>	<u>1,120,202</u>	<u>39%</u>	<u>(101,545)</u>	<u>(9)%</u>	<u>(1)%</u>
Selling and marketing expenses	207,646	9%	262,620	9%	(54,974)	(21)%	(12)%
General and administrative expenses	593,074	27%	658,630	23%	(65,556)	(10)%	(1)%
Provision for doubtful accounts	77,528	4%	186,266	6%	(108,738)	(58)%	(55)%
Segment earnings	<u>\$ 311,129</u>	<u>14%</u>	<u>\$ 674,632</u>	<u>23%</u>	<u>\$ (363,503)</u>	<u>(54)%</u>	<u>(46)%</u>

Nextel Brazil contributed 46% of our consolidated operating revenues for 2013 compared to 51% in 2012, and comprised 42% of our total subscriber base at the end of 2013 compared to 40% at the end of 2012. Over the last two years, Nextel Brazil has operated in a competitive environment that reflected a significant increase in promotional activity, including price reductions and other special offers, by its competitors. These competitive drivers and their impact on pricing were the key factors in the \$694.3 million decline in Nextel Brazil's operating revenues from 2012 to 2013 despite the relative increase in the portion of our subscriber base in Brazil.

Nextel Brazil began offering full voice and data services on its WCDMA network late in 2013, which reflects a delay from the service launch dates that we had originally planned. As a result, for most of 2013, Nextel Brazil was competing using its iDEN network, which does not support data services that are competitive with the higher speed data services offered by its competitors. Nextel Brazil's focus during the majority of 2013 was on retaining customers on its iDEN network, which resulted in lower average revenue per subscriber, as some customers migrated to lower rate plans. Also, Nextel Brazil experienced higher customer turnover because the more limited features and services available on its iDEN network made it difficult to retain its customers who were targeted by competitors' aggressive offers that included a wider range of services. We believe that Nextel Brazil's launch of services on its WCDMA network and its plans to expand the coverage of its service, including through the use of roaming under the agreement recently reached with Telefonica, will allow us to enhance our service offerings by expanding the areas in which customers using our WCDMA services in Brazil can access voice and data services and will improve Nextel Brazil's competitive position.

Late in 2012, Nextel Brazil took steps to accelerate the deactivation of certain subscribers who were identified as being unprofitable, which resulted in about a 292,000 net subscriber loss during the fourth quarter of 2012. These steps included the implementation of changes to Nextel Brazil's collection and retention policy and other processes designed to accelerate the deactivation of certain subscribers who had not made timely payments for services. These measures helped to reduce Nextel Brazil's provision for doubtful accounts in 2013 compared to 2012.

During 2013, Nextel Brazil continued to invest in the development of its WCDMA network. As a result, Nextel Brazil incurred increased operating expenses, which partially offset a decline in other costs and led to a reduction in Nextel Brazil's segment earnings margin from 23% in 2012 to 14% in 2013. In addition, Nextel Brazil's capital expenditures were \$461.5 million in 2013, which represented 52% of our consolidated capital expenditures, compared to 45% of our consolidated capital expenditures in 2012. We expect the incremental expenses relating to the deployment of the WCDMA network in Brazil to continue throughout 2014, but we do not expect a corresponding increase in operating revenues for services provided using the networks for some time.

The average value of the Brazilian real during 2013 depreciated relative to the U.S. dollar by 11% compared to the average rate that prevailed during the same period in 2012. As a result, the components of Nextel Brazil's results of operations for 2013, after translation into U.S. dollars, reflect lower revenues and expenses in U.S. dollars than would have occurred if the Brazilian real had not depreciated relative to the U.S. dollar. If the value of the Brazilian real remains at levels similar to the end of 2013 or depreciates further relative to the U.S. dollar, Nextel Brazil's future results of operations may be adversely affected.

Nextel Brazil's segment earnings decreased \$363.5 million, or 54%, on a reported basis, and 46% on a constant currency basis, in 2013 compared to 2012, as a result of the following:

1. Operating revenues

The \$646.8 million, or 23%, decrease in service and other revenues on a reported basis in 2013 compared to 2012 is primarily the result of lower average revenue per subscriber in local currency as described above and weaker foreign currency exchange rates. On a constant currency basis, Nextel Brazil's service and other revenues decreased 15% in 2013 compared to 2012.

2. Cost of revenues

The \$142.0 million, or 16%, decrease in cost of service on a reported basis from 2012 to 2013 is largely due to the \$127.3 million, or 26%, decrease in interconnect costs related to a decrease in interconnect minutes of use and lower mobile termination rates, as well as a decrease in Nextel Brazil's service and repair costs caused primarily by the utilization of more refurbished handsets. The \$40.5 million, or 19%, increase in cost of handset and accessory sales on a reported basis from 2012 to 2013 is largely related to a change in the mix of handsets toward higher-tier smartphones and other handsets, as well as losses related to inventory obsolescence.

On a constant currency basis, Nextel Brazil's total cost of revenues decreased 1% in 2013 compared to 2012. Despite these decreases, Nextel Brazil's cost of revenues increased as a percentage of operating revenues as a result of the more significant year-over-year decline in operating revenues described above and an increase in costs associated with the deployment of Nextel Brazil's WCDMA network.

In November 2012, Brazil's telecommunications regulatory agency approved the transition to a cost-based model for determining mobile termination rates beginning in 2016 and additional reductions in those rates for 2013 through 2015 as part of the transition to the cost-based rates. The transition rules also provide for a partial "bill and keep" settlement process that applies the settlement of mobile termination charges between smaller operators like Nextel Brazil and its larger competitors, which has the effect of further reducing the mobile termination charges of the smaller operators. The benefit of this partial bill and keep settlement process, which only applies to services provided on our WCDMA network, declines as mobile termination rates in Brazil transition to a cost-based model. We expect these changes will reduce the cost to provide wireless services to our customers as we transition subscribers to our WCDMA network in Brazil and will allow us to offer unique pricing plans that we believe will be attractive to our current and potential customers.

3. Selling and marketing expenses

The \$55.0 million, or 21%, decrease in selling and marketing expenses on a reported basis, and 12% on a constant currency basis, in 2013 compared to 2012 is largely due to significantly lower advertising costs resulting from fewer advertising campaigns, as well as cost reduction initiatives in 2013 compared to 2012 and a decrease in direct and indirect commissions that resulted mostly from acquiring subscribers with lower average revenues.

4. General and administrative expenses

The \$65.6 million, or 10%, decrease in general and administrative expenses on a reported basis, and 1% on a constant currency basis, in 2013 compared to 2012 is principally due to a significant decrease in revenue-based taxes associated with the decline in operating revenues described above and other cost reduction initiatives.

5. Provision for doubtful accounts

The \$108.7 million, or 58%, decrease in provision for doubtful accounts on a reported basis, and 55% on a constant currency basis, in 2013 compared to 2012 is principally a result of the changes made to Nextel Brazil's collection and retention policy and other processes during the fourth quarter of 2012 in connection with the deactivation of unprofitable customers. These changes resulted in an increase in Nextel Brazil's provision for doubtful accounts in the fourth quarter of 2012 and improved customer credit quality in 2013.

c. *Nextel Mexico*

	Year Ended December 31, 2013	% of Nextel Mexico's Operating Revenues	Year Ended December 31, 2012	% of Nextel Mexico's Operating Revenues	Change from Previous Year		Constant Currency Change from Previous Year
					Dollars	Percent	Percent
(dollars in thousands)							
Operating revenues							
Service and other revenues	\$ 1,832,737	98%	\$ 2,033,255	96%	\$ (200,518)	(10)%	(13)%
Handset and accessory revenues	39,960	2%	76,318	4%	(36,358)	(48)%	(49)%
	<u>1,872,697</u>	<u>100%</u>	<u>2,109,573</u>	<u>100%</u>	<u>(236,876)</u>	<u>(11)%</u>	<u>(14)%</u>
Cost of revenues							
Cost of service (exclusive of depreciation and amortization)	484,367	26%	413,457	20%	70,910	17 %	15 %
Cost of handset and accessory sales	547,123	29%	504,962	24%	42,161	8 %	5 %
	<u>1,031,490</u>	<u>55%</u>	<u>918,419</u>	<u>44%</u>	<u>113,071</u>	<u>12 %</u>	<u>9 %</u>
Selling and marketing expenses	292,800	16%	299,022	14%	(6,222)	(2)%	(5)%
General and administrative expenses	344,345	18%	315,325	15%	29,020	9 %	6 %
Provision for doubtful accounts	24,166	1%	15,748	—	8,418	53 %	49 %
Segment earnings	<u>\$ 179,896</u>	<u>10%</u>	<u>\$ 561,059</u>	<u>27%</u>	<u>\$ (381,163)</u>	<u>(68)%</u>	<u>(69)%</u>

Nextel Mexico represented 39% of our consolidated operating revenues for 2013 compared to 37% for 2012, and comprised 34% of our total subscriber base at the end of 2013 compared to 40% at the end of 2012.

During the second half of 2013, Nextel Mexico experienced deteriorating financial and operational results due to a number of factors, including the economic and competitive environments in Mexico, the impact of Sprint's deactivation of its iDEN-based network in the U.S. and our failure to address the impact of that event, as described in more detail below, and issues relating to the quality of the service on our WCDMA networks. As a result of these and other factors, Nextel Mexico's subscriber base decreased 16% from December 31, 2012 to December 31, 2013, and its operating revenues decreased 11% on a reported basis compared to 2012. From 2012 to 2013, Nextel Mexico's operating revenues decreased 14% on a constant currency basis.

Nextel Mexico experienced significant disruption to its business plans, and a decline in its subscriber base, operating revenues and operating cash flows, in connection with Sprint's deactivation of its iDEN network in the U.S. in mid-2013, which was compounded by our failure to take sufficient actions to address the impact of that event on our customers and delays in the deployment and optimization of our WCDMA network. As a result, Nextel Mexico experienced higher iDEN customer turnover and was not able to effectively offset the loss of iDEN subscribers with new WCDMA subscribers, in part because the coverage and capacity of its WCDMA network was not sufficient to support the significant subscriber loading and migration of subscribers resulting from the deactivation of Sprint's iDEN network. The deactivation of Sprint's iDEN network also resulted in changes to the connections previously available between our subscribers and their contacts in the U.S., as well as our customers' ability to roam in the U.S. These changes had an adverse impact on our customers' experience in using their services and created a negative perception of our services in Mexico, which has made it more difficult for us to attract and retain subscribers there.

Nextel Mexico has taken and continues to take actions designed to improve its WCDMA network performance and the quality of service experienced by our customers and to address the negative impact of Sprint's deactivation of its iDEN network in the U.S. on its subscribers, including:

- improving the capacity, coverage and quality of its WCDMA network;
- launching new awareness campaigns to inform subscribers of the improvements to its WCDMA network;
- educating subscribers on the impact of the network changes;
- working to improve service along the border by entering into arrangements with U.S. carriers designed to enhance the ability of our customers to roam in the U.S.;
- offering service plans designed to encourage our subscribers' migration to new WCDMA handsets;

- offering our Prip service; and
- cooperating with Sprint to implement improvements to the solutions that allow our WCDMA subscribers to use push-to-talk services to communicate with Sprint's customers who use push-to-talk service in the U.S.

While we believe that all of these actions will help to stabilize Nextel Mexico's business, differences in the nature and quality of the services that we are able to provide using our WCDMA network compared to services historically available on our iDEN network, particularly in the area near the border of Mexico and the U.S., as well as the continued negative perception of our services in Mexico, may continue to have a negative impact on our existing subscribers' willingness to remain on our iDEN network or to make the transition to service on our WCDMA network, which could result in further increases in subscriber deactivations.

The average value of the Mexican peso appreciated relative to the U.S. dollar by 3% during 2013 compared to the average value that prevailed in 2012. As a result, the components of Nextel Mexico's results of operations for 2013, after translation into U.S. dollars, reflect slightly higher revenues and expenses in U.S. dollars than would have occurred if the Mexican peso had not appreciated relative to the U.S. dollar.

As a result of the increase in operating expenses in connection with the deployment of our WCDMA network, including cost of service, general and administrative expenses and other factors described below, Nextel Mexico's segment earnings decreased \$381.2 million, or 68%, on a reported basis, and 69% on a constant currency basis, in 2013 compared to 2012. Nextel Mexico's segment earnings margin declined from 27% in 2012 to 10% in 2013 as a result of the following:

1. Operating revenues

The \$200.5 million, or 10%, decrease in service and other revenues on a reported basis, and 13% on a constant currency basis, in 2013 compared to 2012 is primarily due to a decline in average revenue per subscriber on a local currency basis resulting from the implementation of lower rate service plans in response to the competitive environment in Mexico, as well as the 16% reduction in Nextel Mexico's subscriber base from December 31, 2012 to December 31, 2013.

2. Cost of revenues

The \$70.9 million, or 17%, increase in cost of service on a reported basis, and 15% on a constant currency basis, in 2013 compared to 2012 is primarily the result of a \$101.7 million, or 71%, increase in direct switch and transmitter and receiver site costs resulting from a significant increase in transmitter and receiver sites in service from December 31, 2012 to December 31, 2013 related to the deployment and expansion of Nextel Mexico's WCDMA network. These amounts were partially offset by a \$26.4 million, or 16%, decrease in interconnect expenses related to a decline in interconnect minutes of use and a reduction in mobile termination rates. The increase in Nextel Mexico's cost of revenues was also partially due to a \$42.2 million, or 8%, increase in cost of handset and accessory sales resulting from a change in the mix of handsets toward higher tier smartphones and other handsets and losses related to inventory obsolescence.

3. General and administrative expenses

The \$29.0 million, or 9%, increase in general and administrative expenses on a reported basis, and 6% on a constant currency basis, in 2013 compared to 2012 is primarily the result of higher information technology and customer care expenses.

d. *Nextel Argentina*

	Year Ended	% of	Year Ended	% of	Change from		Constant
	December 31, 2013	Nextel Argentina's Operating Revenues	December 31, 2012	Nextel Argentina's Operating Revenues	Dollars	Percent	Currency Change from Previous Year Percent
(dollars in thousands)							
Operating revenues							
Service and other revenues	\$ 575,536	90%	\$ 636,807	93%	\$ (61,271)	(10)%	9 %
Handset and accessory revenues	60,912	10%	48,394	7%	12,518	26 %	51 %
	<u>636,448</u>	<u>100%</u>	<u>685,201</u>	<u>100%</u>	<u>(48,753)</u>	<u>(7)%</u>	<u>12 %</u>
Cost of revenues							
Cost of service (exclusive of depreciation and amortization)	140,390	22%	187,641	27%	(47,251)	(25)%	(15)%
Cost of handset and accessory sales	90,879	14%	79,563	12%	11,316	14 %	16 %
	<u>231,269</u>	<u>36%</u>	<u>267,204</u>	<u>39%</u>	<u>(35,935)</u>	<u>(13)%</u>	<u>(5)%</u>
Selling and marketing expenses	61,607	10%	68,754	10%	(7,147)	(10)%	8 %
General and administrative expenses	154,388	24%	155,847	23%	(1,459)	(1)%	16 %
Provision for doubtful accounts	9,766	2%	12,440	2%	(2,674)	(21)%	(5)%
Segment earnings	<u>\$ 179,418</u>	<u>28%</u>	<u>\$ 180,956</u>	<u>26%</u>	<u>\$ (1,538)</u>	<u>(1)%</u>	<u>43 %</u>

Nextel Argentina comprised 13% of our consolidated operating revenues for 2013 compared to 12% for 2012, and represented 21% of our total subscriber base at the end of 2013 compared to 18% at the end of 2012. Nextel Argentina generated a segment earnings margin of 28% in 2013 compared to 26% in 2012. Over the last several years, the inflation rate in Argentina has risen significantly, and we expect that it may continue to rise in future years. The higher inflation rate has affected costs that are incurred in Argentine pesos. If the higher inflation rates in Argentina continue, Nextel Argentina's results of operations may be adversely affected. In addition, Nextel Argentina continues to compete utilizing its iDEN network, which does not support data services that are competitive with the higher speed data services offered by some of its competitors. As a result, Nextel Argentina experienced a higher customer turnover rate in 2013 compared to 2012 as its customers were targeted by competitors' aggressive offers.

The average value of the Argentine peso during 2013 depreciated relative to the U.S. dollar by 20% compared to the same period in 2012. As a result, the components of Nextel Argentina's results of operations for 2013 after translation into U.S. dollars reflect lower U.S. dollar-denominated revenues and expenses than would have occurred if the Argentine peso had not depreciated relative to the U.S. dollar.

Nextel Argentina's segment earnings decreased \$1.5 million, or 1%, on a reported basis in 2013 compared to 2012 primarily as the result of a \$48.8 million, or 7%, decrease in operating revenues caused by the impact of the decrease in value of the Argentine peso compared to the U.S. dollar during 2013, partially offset by a corresponding \$47.2 million decrease in operating expenses that was also driven primarily by the decrease in value of the Argentine peso. On a constant currency basis, Nextel Argentina's segment earnings increased 43% in 2013 compared to 2012, primarily as a result of a 15% increase in Nextel Argentina's subscriber base from 2012 to 2013.

e. *Chile and Corporate*

	Year Ended December 31, 2013	Year Ended December 31, 2012	Change from Previous Year	
			Dollars	Percent
(dollars in thousands)				
Operating revenues				
Service and other revenues	\$ 59,839	\$ 43,426	\$ 16,413	38 %
Handset and accessory revenues	15,952	9,533	6,419	67 %
	<u>75,791</u>	<u>52,959</u>	<u>22,832</u>	<u>43 %</u>
Cost of revenues				
Cost of service (exclusive of depreciation and amortization)	80,180	64,784	15,396	24 %
Cost of handset and accessory sales	39,693	37,466	2,227	6 %
	<u>119,873</u>	<u>102,250</u>	<u>17,623</u>	<u>17 %</u>
Selling and marketing expenses	52,006	100,081	(48,075)	(48)%
General and administrative expenses	215,851	320,383	(104,532)	(33)%
Provision for doubtful accounts	5,159	2,861	2,298	80 %
Segment losses	<u>\$ (317,098)</u>	<u>\$ (472,616)</u>	<u>\$ 155,518</u>	<u>(33)%</u>

Although we determined that Nextel Chile was a reportable segment based on the segment reporting thresholds, this "Chile and Corporate" discussion includes our Chilean operations and our corporate operations in the U.S. For 2013 and 2012, the operating revenues and cost of revenues included in this discussion primarily represent the results of operations reported by Nextel Chile. During 2012, we began offering services on a WCDMA network in Chile, which is enabling us to offer new and differentiated services to a larger base of potential subscribers.

Segment losses decreased \$155.5 million, or 33%, in 2013 compared to 2012 primarily due to a \$104.5 million, or 33%, decrease in general and administrative expenses. This decrease in general and administrative expenses was largely the result of a \$32.4 million, or 24%, decrease in consulting and other outside service costs at the corporate level, a \$35.3 million, or 55%, decrease in information technology costs at the corporate level, a decrease in payroll expenses in both Chile and at the corporate level, and a decrease in stock-based compensation at the corporate level.

2. Year Ended December 31, 2012 vs. Year Ended December 31, 2011

a. Consolidated

	Year Ended December 31, 2012	% of Consolidated Operating Revenues	Year Ended December 31, 2011	% of Consolidated Operating Revenues	Change from Previous Year		Constant Currency Change from Previous Year
					Dollars	Percent	Percent
(dollars in thousands)							
Operating revenues							
Service and other revenues	\$ 5,465,120	95 %	\$ 6,081,577	95 %	\$ (616,457)	(10)%	1 %
Handset and accessory revenues	278,002	5 %	299,240	5 %	(21,238)	(7)%	8 %
	<u>5,743,122</u>	<u>100 %</u>	<u>6,380,817</u>	<u>100 %</u>	<u>(637,695)</u>	<u>(10)%</u>	<u>1 %</u>
Cost of revenues							
Cost of service (exclusive of depreciation and amortization included below)	1,574,327	28 %	1,681,692	27 %	(107,365)	(6)%	3 %
Cost of handset and accessory sales	829,859	14 %	784,072	12 %	45,787	6 %	10 %
	<u>2,404,186</u>	<u>42 %</u>	<u>2,465,764</u>	<u>39 %</u>	<u>(61,578)</u>	<u>(2)%</u>	<u>6 %</u>
Selling and marketing expenses	730,469	13 %	795,728	12 %	(65,259)	(8)%	1 %
General and administrative expenses	1,437,219	25 %	1,405,374	23 %	31,845	2 %	11 %
Provision for doubtful accounts	217,315	3 %	159,201	2 %	58,114	37 %	57 %
Impairment and restructuring charges	329,767	6 %	—	—	329,767	NM	NM
Depreciation and amortization	649,545	11 %	588,164	9 %	61,381	10 %	23 %
Operating (loss) income	(25,379)	—	966,586	15 %	(991,965)	(103)%	(103)%
Interest expense, net	(365,521)	(6)%	(311,735)	(4)%	(53,786)	17 %	22 %
Interest income	33,862	—	34,096	1 %	(234)	(1)	11 %
Foreign currency transaction losses, net	(53,957)	(1)%	(37,297)	(1)%	(16,660)	45 %	77 %
Other expense, net	(28,340)	(1)%	(37,750)	(1)%	9,410	(25)%	(18)%
(Loss) income from continuing operations before income tax provision	(439,335)	(8)%	613,900	10 %	(1,053,235)	(172)%	(183)%
Income tax provision	(158,144)	(2)%	(351,206)	(6)%	193,062	(55)%	(52)%
Net (loss) income from continuing operations	(597,479)	(10)%	262,694	4 %	(860,173)	NM	NM
Loss from discontinued operations, net of income taxes	(167,770)	(3)%	(37,498)	(1)%	(130,272)	NM	NM
Net (loss) income	<u>\$ (765,249)</u>	<u>(13)%</u>	<u>\$ 225,196</u>	<u>3 %</u>	<u>\$ (990,445)</u>	<u>NM</u>	<u>NM</u>

NM-Not Meaningful

The average values of the local currencies in Brazil, Mexico and Argentina depreciated relative to the U.S. dollar during the year ended December 31, 2012 compared to 2011. As a result, the components of our consolidated results of operations for the year ended December 31, 2012, after translation into U.S. dollars, reflect lower U.S. dollar revenues and expenses than would have occurred if these currencies had not depreciated relative to the U.S. dollar.

1. Operating revenues

The \$616.5 million, or 10%, decrease in consolidated service and other revenues on a reported basis from 2011 to 2012 was due to weaker average foreign currency exchange rates.

On a constant currency basis, consolidated operating revenues increased by 1% from 2011 to 2012 as a result of additional revenues generated from a 5% increase in our consolidated ending subscriber base, partially offset by a decrease in average revenue per subscriber due to an increase in the number of subscribers on lower rate service plans, as well as adjustments to commercial offers in response to a more competitive environment and customer retention efforts in Brazil.

2. Cost of revenues

Consolidated cost of service decreased \$107.4 million, or 6%, in 2012 compared to 2011 as a result of a \$121.0 million, or 14%, decrease in consolidated interconnect costs related to weaker average foreign currency exchange rates, reductions in mobile termination rates in Mexico and Brazil and a \$44.9 million, or 18%, decrease in consolidated service and repair costs resulting from weaker average foreign currency exchange rates, the utilization of more refurbished handsets and a lower number of overall repaired handsets. This decrease was also partially attributable to a \$27.1 million refund of excess fees recognized by Nextel Mexico in the third quarter of 2012 due to the government's delay in granting us spectrum license renewals. These decreases were partially offset by a \$53.5 million, or 12%, increase in consolidated direct switch and transmitter and receiver site costs resulting from a 21% increase in consolidated transmitter and receiver sites in service from December 31, 2011 to December 31, 2012 as a result of the deployment of our WCDMA networks.

Consolidated cost of handset and accessory sales increased \$45.8 million, or 6%, from 2011 to 2012 resulting from higher handset subsidies and, to a lesser extent, an increase in handset sales to new subscribers.

Consolidated cost of revenues as a percentage of consolidated operating revenues increased from 39% in 2011 to 42% in 2012 primarily as a result of the decline in operating revenues over the same period, as well as higher direct switch and transmitter and receiver site costs resulting from the deployment of our WCDMA-based networks described above.

3. Selling and marketing expenses

Significant factors contributing to the \$65.3 million, or 8%, decrease in consolidated selling and marketing expenses in 2012 compared to 2011 included a \$40.1 million, or 19%, decrease in consolidated advertising costs, primarily in Brazil, resulting from fewer advertising campaigns launched in 2012 compared to 2011 and a \$31.8 million, or 14%, decrease in consolidated indirect commissions, primarily in Brazil, resulting mostly from lower commissions per gross subscriber addition. These decreases were partially offset by an increase in consolidated direct commissions and payroll expenses.

4. General and administrative expenses

The \$31.8 million, or 2%, increase in consolidated general and administrative expenses from 2011 to 2012 was primarily attributable to an increase in consolidated customer care expenses necessary to support a larger subscriber base and an increase in information technology expenses, principally related to the development and deployment of systems to support our WCDMA networks and other related technology initiatives. Each of these increases was partially offset by weaker average foreign currency exchange rates.

Consolidated general and administrative expenses as a percentage of consolidated operating revenues increased from 23% in 2011 to 25% in 2012 primarily as a result of the decline in operating revenues over the same period described above, while consolidated customer care and information technology expenses increased.

5. Provision for doubtful accounts

The \$58.1 million, or 37%, increase in the consolidated provision for doubtful accounts is largely related to changes made to Nextel Brazil's credit policy and other processes in connection with efforts to deactivate unprofitable customers during the fourth quarter of 2012, as well as lower collection rates in Brazil throughout 2012 resulting from an increase in the number of customers with weaker credit profiles and whose credit histories were less established.

6. Impairment and restructuring charges

The \$329.8 million impairment and restructuring charge primarily relates to the \$298.8 million non-cash asset impairment charge we recognized in December 2012 to reduce the carrying amount of Nextel Chile's assets to their fair value described above.

7. Depreciation and amortization

The \$61.4 million, or 10%, increase in consolidated depreciation and amortization from 2011 to 2012 is the result of an increase in consolidated property, plant and equipment in service resulting from investments in our new WCDMA networks, as well as from investments in our iDEN networks to increase capacity in order to meet the needs of our growing subscriber base.

8. Interest expense, net

The \$53.8 million, or 17%, increase in consolidated net interest expense from 2011 to 2012 is primarily related to higher interest incurred in connection with the issuance of an additional \$700.0 million in 7.625% senior notes in December 2011, as well as higher interest incurred under certain of our bank loans in Brazil. These increases were partially offset by higher consolidated capitalized interest related to the construction of our WCDMA networks, primarily in Brazil, and a reduction in interest in connection with the maturity of our 3.125% convertible notes in June 2012.

9. Income tax provision

The \$193.1 million, or 55%, decrease in the consolidated income tax provision from 2011 to 2012 is primarily due to a significant decrease in the pre-tax book income in Brazil and Mexico, partially offset by an increase in the pre-tax book losses incurred in the U.S., Chile and certain holding companies for which no tax benefit can be recorded.

Segment Results

We evaluate performance of our segments and provide resources to them based on operating income before depreciation and amortization and impairment, restructuring and other charges, which we refer to as segment earnings. Nextel Chile's results are included in "Chile and Corporate." A discussion of our segment results is provided below.

b. *Nextel Brazil*

	Year Ended December 31, 2012		Year Ended December 31, 2011		Change from Previous Year		Constant Currency Change from Previous Year
		% of Nextel Brazil's Operating Revenues		% of Nextel Brazil's Operating Revenues	Dollars	Percent	Percent
(dollars in thousands)							
Operating revenues							
Service and other revenues	\$ 2,756,167	95%	\$ 3,293,921	95%	\$ (537,754)	(16)%	(2)%
Handset and accessory revenues	146,183	5%	162,837	5%	(16,654)	(10)%	5 %
	<u>2,902,350</u>	<u>100%</u>	<u>3,456,758</u>	<u>100%</u>	<u>(554,408)</u>	<u>(16)%</u>	<u>(2)%</u>
Cost of revenues							
Cost of service (exclusive of depreciation and amortization)	909,908	32%	1,024,685	30%	(114,777)	(11)%	1 %
Cost of handset and accessory sales	210,294	7%	254,767	7%	(44,473)	(17)%	(16)%
	<u>1,120,202</u>	<u>39%</u>	<u>1,279,452</u>	<u>37%</u>	<u>(159,250)</u>	<u>(12)%</u>	<u>(2)%</u>
Selling and marketing expenses	262,620	9%	365,791	11%	(103,171)	(28)%	(17)%
General and administrative expenses	658,630	23%	630,439	18%	28,191	4 %	22 %
Provision for doubtful accounts	186,266	6%	133,779	4%	52,487	39 %	63 %
Segment earnings	<u>\$ 674,632</u>	<u>23%</u>	<u>\$ 1,047,297</u>	<u>30%</u>	<u>\$ (372,665)</u>	<u>(36)%</u>	<u>(20)%</u>

The average value of the Brazilian real during the year ended December 31, 2012 depreciated relative to the U.S. dollar by 17% compared to the average rate that prevailed during the same period in 2011. As a result, the components of Nextel Brazil's results of operations for 2012, after translation into U.S. dollars, reflect lower revenues and expenses in U.S. dollars than would have occurred if the Brazilian real had not depreciated relative to the U.S. dollar.

Nextel Brazil's segment earnings decreased \$372.7 million, or 36%, on a reported basis, and 20% on a constant currency basis, in 2012 compared to 2011, as a result of the following:

1. Operating revenues

The \$537.8 million, or 16%, decrease in service and other revenues from 2011 to 2012 is primarily the result of weaker foreign currency exchange rates and lower average revenue per subscriber resulting from adjustments to commercial offers,

migrations to lower rate service plans and increased retention expenses in response to the competitive environment in Brazil. On a constant currency basis, Nextel Brazil's total operating revenues decreased 2% from 2011 to 2012.

2. Cost of revenues

The \$114.8 million, or 11%, decrease in cost of service from 2011 to 2012 is largely due to an \$88.6 million, or 15%, decrease in interconnect costs related to lower mobile termination rates in 2012 compared to 2011, a decrease in service and repair costs caused by the utilization of more refurbished handsets in 2012 compared to 2011 and weaker foreign currency exchange rates. In addition, in November 2012, Brazil's telecommunications regulatory agency approved the transition to a cost-based model for determining mobile termination rates beginning in 2016 and additional reductions in those rates for 2013 through 2015 as part of the transition to the cost-based rates. We expect these changes will reduce the cost to provide wireless services to our customers over time as we transition subscribers to our new WCDMA network in Brazil.

The \$44.5 million, or 17%, decrease in cost of handset and accessory sales from 2011 to 2012 is primarily the result of fewer handset sales to new subscribers over the same period.

3. Selling and marketing expenses

The \$103.2 million, or 28%, decrease in selling and marketing expenses from 2011 to 2012 is mostly due to significantly lower advertising costs and decreases in commissions and payroll expenses that resulted from lower gross subscriber additions and weaker foreign currency exchange rates.

4. General and administrative expenses

The \$28.2 million, or 4%, increase in general and administrative expenses from 2011 to 2012 is principally the result of an increase in customer care expenses due to an increase in customer care personnel, as well as an increase in information technology costs principally related to the development and deployment of systems to support our new WCDMA network in Brazil.

5. Provision for doubtful accounts

The \$52.5 million, or 39%, increase in provision for doubtful accounts from 2011 to 2012 is principally a result of the changes made to Nextel Brazil's credit policy and other processes during the fourth quarter of 2012 in connection with the deactivation of unprofitable customers described above, as well as lower collection rates throughout 2012 resulting from an increase in the number of customers with weaker credit profiles and whose credit histories were less established.

c. *Nextel Mexico*

	Year Ended December 31, 2012	% of Nextel Mexico's Operating Revenues	Year Ended December 31, 2011	% of Nextel Mexico's Operating Revenues	Change from Previous Year		Constant Currency Change from Previous Year
					Dollars	Percent	Percent
(dollars in thousands)							
Operating revenues							
Service and other revenues	\$ 2,033,255	96%	\$ 2,165,575	96%	\$ (132,320)	(6)%	—
Handset and accessory revenues	76,318	4%	83,872	4%	(7,554)	(9)%	(3)%
	<u>2,109,573</u>	<u>100%</u>	<u>2,249,447</u>	<u>100%</u>	<u>(139,874)</u>	<u>(6)%</u>	<u>—</u>
Cost of revenues							
Cost of service (exclusive of depreciation and amortization)	413,457	20%	435,964	19%	(22,507)	(5)%	(1)%
Cost of handset and accessory sales	504,962	24%	436,246	20%	68,716	16 %	23 %
	918,419	44%	872,210	39%	46,209	5 %	11 %
Selling and marketing expenses	299,022	14%	287,519	13%	11,503	4 %	10 %
General and administrative expenses	315,325	15%	325,228	14%	(9,903)	(3)%	2 %
Provision for doubtful accounts	15,748	—	17,243	1%	(1,495)	(9)%	(3)%
Segment earnings	<u>\$ 561,059</u>	<u>27%</u>	<u>\$ 747,247</u>	<u>33%</u>	<u>\$ (186,188)</u>	<u>(25)%</u>	<u>(19)%</u>

The average value of the Mexican peso depreciated relative to the U.S. dollar by about 6% during 2012 compared to the average rates that prevailed during 2011. As a result, the components of Nextel Mexico's results of operations for 2012 after translation into U.S. dollars reflect lower U.S. dollar-denominated revenues and expenses than would have occurred if it were not for the impact of the depreciation in the average values of the peso relative to the U.S. dollar.

Nextel Mexico's segment earnings decreased \$186.2 million, or 25%, on a reported basis, and 19% on a constant currency basis, in 2012 compared to 2011, as a result of the following:

1. Operating revenues

The \$132.3 million, or 6%, decrease in service and other revenues from 2011 to 2012 is primarily due to the depreciation of the Mexican peso. On a constant currency basis, Nextel Mexico's total operating revenues remained flat from 2011 to 2012 due to a decline in average revenue per subscriber resulting from the implementation of lower rate service plans in response to the competitive environment in Mexico, offset by additional revenues generated from Nextel Mexico's larger subscriber base.

2. Cost of revenues

The \$22.5 million, or 5%, decrease in cost of service from 2011 to 2012 is primarily the result of a \$27.1 million refund of excess fees recognized in the third quarter of 2012 due to the government's delay in granting spectrum license renewals and a decrease in mobile termination rates in Mexico. This decrease was partially offset by an increase in cost of service related to a higher level of interconnect minutes of use.

The \$68.7 million, or 16%, increase in cost of handset and accessory sales from 2011 to 2012 is primarily the result of an increase in handset subsidies associated with promotions that use high-tier handset models to attract and retain subscribers, as well as an increase in handset sales and upgrades to new and existing subscribers.

d. *Nextel Argentina*

	Year Ended December 31, 2012	% of Nextel Argentina's Operating Revenues	Year Ended December 31, 2011	% of Nextel Argentina's Operating Revenues	Change from Previous Year		Constant Currency Change from Previous Year
					Dollars	Percent	Percent
(dollars in thousands)							
Operating revenues							
Service and other revenues	\$ 636,807	93%	\$ 596,566	92%	\$ 40,241	7 %	18 %
Handset and accessory revenues	48,394	7%	52,360	8%	(3,966)	(8)%	2 %
	<u>685,201</u>	<u>100%</u>	<u>648,926</u>	<u>100%</u>	<u>36,275</u>	<u>6 %</u>	<u>16 %</u>
Cost of revenues							
Cost of service (exclusive of depreciation and amortization)	187,641	27%	186,744	29%	897	—	7 %
Cost of handset and accessory sales	79,563	12%	88,060	13%	(8,497)	(10)%	(9)%
	<u>267,204</u>	<u>39%</u>	<u>274,804</u>	<u>42%</u>	<u>(7,600)</u>	<u>(3)%</u>	<u>2 %</u>
Selling and marketing expenses	68,754	10%	64,332	10%	4,422	7 %	17 %
General and administrative expenses	155,847	23%	134,492	21%	21,355	16 %	27 %
Provision for doubtful accounts	12,440	2%	6,508	1%	5,932	91 %	111 %
Segment earnings	<u>\$ 180,956</u>	<u>26%</u>	<u>\$ 168,790</u>	<u>26%</u>	<u>\$ 12,166</u>	<u>7 %</u>	<u>29 %</u>

The average value of the Argentine peso for the year ended December 31, 2012 depreciated relative to the U.S. dollar by 10% compared to the same period in 2011. As a result, the components of Nextel Argentina's results of operations for year ended December 31, 2012 after translation into U.S. dollars reflect lower U.S. dollar-denominated revenues and expenses than would have occurred if the Argentine peso had not depreciated relative to the U.S. dollar.

Nextel Argentina's segment earnings increased \$12.2 million, or 7%, on a reported basis, and 29% on a constant currency basis, in 2012 compared to 2011, primarily as a result of the following:

- an increase in service and other revenues of \$40.2 million, or 7%, primarily resulting from additional revenues generated from Nextel Argentina's larger subscriber base; partially offset by
- an increase in general and administrative expenses of \$21.4 million, or 16%, primarily resulting from higher inflation rates, which are causing increased costs, as well as an increase in customer care expenses, an increase in the turnover tax rate and slightly higher bad debt expense related to Nextel Argentina's larger subscriber base.

e. *Chile and Corporate*

	Year Ended December 31, 2012	Year Ended December 31, 2011	Change from Previous Year	
			Dollars	Percent
(dollars in thousands)				
Operating revenues				
Service and other revenues	\$ 43,426	\$ 30,005	\$ 13,421	45 %
Handset and accessory revenues	9,533	171	9,362	NM
	52,959	30,176	22,783	76 %
Cost of revenues				
Cost of service (exclusive of depreciation and amortization)	64,784	35,717	29,067	81 %
Cost of handset and accessory sales	37,466	4,999	32,467	NM
	102,250	40,716	61,534	151 %
Selling and marketing expenses	100,081	78,113	21,968	28 %
General and administrative expenses	320,383	329,618	(9,235)	(3)%
Provision for doubtful accounts	2,861	1,671	1,190	71 %
Segment losses	\$ (472,616)	\$ (419,942)	\$ (52,674)	13 %

NM-Not Meaningful

The "Chile and Corporate" segment includes Nextel Chile and our corporate operations in the U.S. Chile and Corporate operating revenues and cost of revenues primarily represent the results of operations reported by Nextel Chile.

Segment losses increased in 2012 compared to 2011 primarily due to:

- a \$61.5 million, or 151%, increase in cost of revenues, primarily as a result of higher handset and accessory costs in connection with the launch of Nextel Chile's WCDMA-based services, and higher direct switch and transmitter and receiver site costs resulting from a 54% increase in transmitter and receiver sites in service in Chile from December 31, 2011 to December 31, 2012; and
- a \$22.0 million, or 28%, increase in selling and marketing expenses from 2011 to 2012 primarily resulting from higher commissions and payroll expenses due to an increase in gross subscriber additions by Nextel Chile's sales personnel and higher advertising costs in Chile in connection with service offerings on its WCDMA network.

These segment losses were partially offset by a \$22.8 million, or 76%, increase in operating revenues primarily resulting from additional revenues generated from Nextel Chile's larger subscriber base.

C. Liquidity and Capital Resources

We derive our liquidity and capital resources primarily from a combination of cash flows from our operations and cash we raise in connection with external financings and asset sales. As of December 31, 2013, we had working capital, which is defined as total current assets less total current liabilities, of \$1,461.6 million, a \$113.4 million decrease compared to working capital of \$1,575.0 million as of December 31, 2012. As of December 31, 2013, our working capital included \$1,733.8 million in cash and cash equivalents, of which \$475.7 million was held in currencies other than U.S. dollars, with 67% of that amount held in Mexican pesos and 31% of that amount held in Argentine pesos. As of December 31, 2013, our working capital also included \$585.8 million in short-term investments. A substantial portion of our cash, cash equivalents and short-term U.S. dollar investments are held in money market funds, bank deposits and U.S. treasury securities, and our cash, cash equivalents and short-term investments held in local currencies are typically maintained in a combination of money market funds, highly liquid overnight securities and fixed income investments. The values of our cash, cash equivalents and short-term investments that are held in the local currencies of the countries in which we do business will fluctuate in U.S. dollars based on changes in the exchange rates of these local currencies relative to the U.S. dollar.

Our current sources of funding include our cash, cash equivalent and short-term investment balances, up to \$221.4 million available under our equipment financing facilities in Brazil and Mexico and anticipated future cash flows from our operations.

Cash Flows

	Year Ended December 31,			Change from 2012 to 2013	Change from 2011 to 2012
	2013	2012	2011		
	(in thousands)				
Cash and cash equivalents, beginning of year	\$ 1,371,173	\$ 2,310,659	\$ 1,703,977	\$ (939,486)	\$ 606,682
Net cash (used in) provided by operating activities	(192,451)	353,183	982,391	(545,634)	(629,208)
Net cash used in investing activities	(177,612)	(1,055,160)	(910,283)	877,548	(144,877)
Net cash provided by (used in) financing activities	776,591	(238,295)	525,003	1,014,886	(763,298)
Effect of exchange rate changes on cash and cash equivalents	(56,236)	844	(41,693)	(57,080)	42,537
Change in cash and cash equivalents held for sale	12,318	(58)	51,264	12,376	(51,322)
Cash and cash equivalents, end of year	<u>\$ 1,733,783</u>	<u>\$ 1,371,173</u>	<u>\$ 2,310,659</u>	<u>\$ 362,610</u>	<u>\$ (939,486)</u>

The following is a discussion of the primary sources and uses of cash in our operating, investing and financing activities.

We used \$192.5 million of cash in our operating activities during 2013, a \$545.6 million, or 154%, change from the net cash provided by operating activities in 2012, primarily due to increased operating losses and higher interest expense related to the senior notes we issued in 2013. Our operating activities provided us with \$353.2 million of cash during 2012, a \$629.2 million, or 64%, decrease from 2011, primarily due to a significant decrease in operating income in 2012 compared to 2011.

We used \$177.6 million of cash in our investing activities during 2013, a \$877.5 million, or 83%, decrease from 2012, driven by \$721.4 million in proceeds received from the sale of towers in Brazil and Mexico in 2013, \$355.5 million in proceeds from the sale of Nextel Peru, which excludes \$50.0 million of cash received and held in escrow on our behalf in connection with this sale, a \$377.6 million decrease in cash capital expenditures due to lower investments in our iDEN and WCDMA networks and a \$129.1 million increase in proceeds from the sales of short-term investments, partially offset by a \$681.6 million increase in purchases of investments.

We used \$1,055.2 million of cash in our investing activities during 2012, a \$144.9 million, or 16% increase from 2011, driven by \$1,042.5 million in cash capital expenditures, partially offset by \$134.9 million in net proceeds received from maturities of our short-term investments in Brazil and at the corporate level.

Our financing activities provided us with \$776.6 million of cash during 2013, primarily due to \$900.0 million in gross proceeds we received from the issuance of our 11.375% senior notes in February 2013 and April 2013 and \$700.0 million in gross proceeds we received from the issuance of our 7.875% senior notes in May 2013, which we used to repay our bank loan in Mexico, certain bank loans in Brazil and all of our import financing facilities in Brazil. We also used \$150.0 million to repay our equipment financing facility in Chile.

We used \$238.3 million of cash in our financing activities during 2012, primarily due to the principal repayment of \$97.4 million under our syndicated loan facility in Brazil, and the repayment of \$212.8 million face amount of our 3.125% convertible notes in the U.S., partially offset by \$212.8 million in borrowings under a Brazilian real-denominated loan agreement.

Our financing activities provided us with \$525.0 million of cash during 2011, including \$1,439.5 million in gross proceeds that we received from the issuance of our 7.625% senior notes and \$693.0 million in borrowings from two Brazilian banks that we used to repay the remainder of the original spectrum license financing with the Brazilian telecommunications regulator, partially offset by the purchase of \$890.2 million face amount of our 3.125% convertible notes, the repayment of \$683.9 million under our Brazil spectrum license financing, the principal repayment of \$237.8 million under our syndicated loan facilities in Mexico and Brazil and debt financing costs related to our 7.625% senior notes.

D. Future Capital Needs and Resources

Our business strategy contemplates the continued expansion of our WCDMA networks and the maintenance and operation of our iDEN networks. Consistent with this strategy, we currently offer services on our WCDMA networks in Brazil, Mexico and Chile and continue to provide services on our iDEN networks in all of our markets. In the third quarter of 2013, our WCDMA network reached geographic coverage parity with our iDEN network in Mexico. In Brazil, we are currently offering services supported by our WCDMA network in over 250 cities, including cities in and around Sao Paulo and Rio de Janeiro.

Our current spectrum holdings are sufficient to enable us to deploy networks that utilize LTE technology in certain areas in Brazil and Mexico, and we currently plan to upgrade our WCDMA networks to support LTE services in select cities in Brazil and

Mexico in 2014. We will also continue to expand the coverage and quality of our WCDMA networks in Brazil and Mexico in 2014 in addition to using the roaming arrangements under the agreements we recently reached with Telefonica to supplement the coverage of our services, particularly in Brazil, where our coverage is not yet comparable to that of our iDEN network.

While we intend to reduce our investment in capital expenditures for 2014, including our investments in our networks, below the \$882.9 million we invested in 2013, we plan to maintain a significant level of capital expenditures in order to continue to pursue our business plans. Additionally, based on our current level of debt, we need to pay cash interest in excess of \$550.0 million annually, which includes interest related to our sale of towers in Brazil and Mexico in 2013.

Capital Resources. Our ongoing capital resources depend on a variety of factors, including our existing cash, cash equivalents and investment balances, our equipment financing agreements in Brazil and Mexico, cash flows generated by our operating companies and external financial sources.

Our ability to generate sufficient net cash from our operating activities in the future is dependent upon, among other things:

- the amount of revenue we are able to generate and collect from our subscribers;
- the amount of operating expenses required to provide our services;
- the cost of acquiring and retaining customers, including the subsidies we incur to provide handsets to both our new and existing subscribers;
- our ability to continue to increase the size of our subscriber base; and
- changes in foreign currency exchange rates.

Recently, our results of operations, including our operating revenues and operating cash flows, have been negatively affected by a number of factors, including competitive pressure across all of our markets, and a series of events that first arose or started to affect us to an unexpected degree in the third quarter of 2013. These events included:

- the impact of Sprint's decision to deactivate its iDEN network in the U.S.;
- the depreciation of local currencies;
- the impact of delays in the deployment and launch of services on our WCDMA networks, which delayed our ability to generate subscriber growth and revenues on those networks from what we had previously expected; and
- the increased costs to support those networks.

These factors had a significant negative impact on our results during the second half of 2013, and as a result, we ended 2013 with a significantly smaller subscriber and revenue base than we had previously expected. We plan to use our available funding to finance our current business plan; however, with a smaller subscriber base in Mexico and Brazil, absent changes to our outlook, it is probable that we will not be able to generate sufficient growth in our operating revenues and operating cash flows to meet our obligations through 2015. See “— *Future Outlook, Liquidity Plans and Going Concern.*” In addition, due to our recent and projected results of operations and other factors, our access to the capital markets is likely to be limited or nonexistent. See “Item 1A. Risk Factors — 5. *We are dependent on external sources of capital to meet our long-term funding needs and debt service requirements, and our financial condition could negatively impact our access to funding. If we are unable to obtain funding when needed and on terms acceptable to us, our business and liquidity will be adversely affected and we may not be able to meet our debt obligations.*”

Financing and Other Fundraising Activities. Over the last several years, we have been pursuing various alternatives to generate funding for our business, including U.S. capital market transactions, equipment financing and local bank financing, asset sales and sale/leaseback arrangements relation to our transmitter sites, to provide funding to support our planned deployment of new WCDMA networks, to pay for cash taxes and working capital and to meet our scheduled debt service obligations.

The following is a summary of the significant financing transactions we have executed over this time period.

In March 2011 and December 2011, we issued senior notes with aggregate principal amounts due at maturity of \$750.0 million and \$700.0 million, respectively, for total cash proceeds of \$1,424.9 million, after deducting original issue and underwriting discounts, commissions and offering expenses. The notes, which were issued by NII Capital Corp., a subsidiary of NII Holdings, are guaranteed by NII Holdings and certain of its subsidiaries and bear interest at a rate of 7.625% per year, which is payable semi-annually in arrears on April 1 and October 1. The notes will mature on April 1, 2021 when the entire principal amount of \$1,450.0 million will be due.

In June 2011, Nextel Brazil was granted spectrum licenses in the 1.8 GHz and 1.9/2.1 GHz spectrum bands in connection with its successful bids in the spectrum auction held in December 2010. The total purchase price of this spectrum, which was paid in Brazilian currency, was the equivalent of \$910.5 million. Nextel Brazil paid 10% of the purchase price upon the grant of the license and financed the remaining amount through deferred payment terms made available by the Brazilian telecommunications regulator as part of the auction.

In December 2011, Nextel Brazil borrowed funds from two Brazilian banks and utilized the proceeds of those borrowings to repay the remaining unpaid purchase price relating to the spectrum acquired in Brazil. Both of the loans from the Brazilian banks are denominated in Brazilian reais. In the first of the two spectrum financing transactions, we issued the equivalent of \$351.8 million in obligations that are required to be repaid semi-annually over a five-year period. We repaid all amounts outstanding under this spectrum financing transaction in the second quarter of 2013 utilizing the proceeds from the issuance of our 7.875% senior notes in May 2013. In the second transaction, we issued the equivalent of \$341.2 million in obligations that are required to be repaid quarterly over a seven-year period. Principal of the borrowings under the second transaction is payable beginning in March 2014. Borrowings under the second transaction mature on December 8, 2018.

In July 2011, Nextel Mexico entered into a \$375.0 million U.S. dollar-denominated loan agreement with the China Development Bank, under which Nextel Mexico will finance infrastructure equipment and certain other costs related to the deployment of its WCDMA network in Mexico. This financing has a final maturity of ten years, with a three-year borrowing period and a seven-year repayment term commencing in 2014. As of December 31, 2013, Nextel Mexico had borrowed \$300.8 million under this facility.

In December 2011, Nextel Mexico entered into a Mexican peso-denominated term loan facility providing for borrowings of up to an equivalent of \$300.0 million with three Mexican banks. We repaid all amounts outstanding under this term loan facility in the second quarter of 2013 utilizing the proceeds from the issuance of our 7.875% senior notes in May 2013.

In April 2012, Nextel Brazil entered into a U.S. dollar-denominated loan agreement with the China Development Bank, under which Nextel Brazil is able to borrow up to \$500.0 million to finance infrastructure equipment and certain other costs related to the deployment of its WCDMA network in Brazil. This financing has a final maturity of ten years, with a three-year borrowing period and a seven-year repayment term commencing in 2015. As of December 31, 2013, Nextel Brazil had borrowed \$352.7 million under this facility.

In October 2012, Nextel Brazil entered into a Brazilian real-denominated bank loan agreement, under which Nextel Brazil borrowed the equivalent of approximately \$196.9 million for general corporate purposes. Borrowings under this loan agreement have a three-year borrowing period, a two-year repayment term beginning in 2015 and a final maturity of October 2017.

In February 2013, we issued \$750.0 million aggregate principal amount of 11.375% senior notes and received net cash proceeds of approximately \$733.5 million, after deducting commissions and offering expenses. In April 2013, we issued an additional \$150.0 million aggregate principal amount of the 11.375% notes at a premium with an issue price of 107.25% of the principal amount of the notes plus accrued interest from February 19, 2013. In connection with this transaction, we received net cash proceeds of \$159.8 million, after deducting commissions and offering costs. The 11.375% notes, which were issued by NIIT, an indirect subsidiary of NII Holdings, are guaranteed by NII Holdings and bear interest at a rate of 11.375% per year, which is payable semi-annually in arrears on February 15 and August 15, beginning on August 15, 2013. The 11.375% notes will mature on August 15, 2019 when the entire principal amount of \$750.0 million will become due.

In May 2013, we issued \$700.0 million aggregate principal amount of 7.875% senior notes, for which we received \$691.7 million in net cash proceeds, after deducting \$8.3 million of initial purchasers' discounts, commissions and offering costs. The 7.875% notes, which were issued by NIIT, an indirect subsidiary of NII Holdings, are guaranteed by NII Holdings. The notes bear interest at a rate of 7.875% per year, which is payable semi-annually in arrears on February 15 and August 15, beginning on August 15, 2013, and will mature on August 15, 2019 when the entire principal amount of \$700.0 million will become due. In addition, both the 11.375% notes and the 7.875% notes include a covenant that should we be unable to refinance or repay our existing 10.0% senior notes due August 15, 2016 on or before May 15, 2016, we will be required to make an offer to repurchase the 11.375% and the 7.875% notes at par.

In August 2013, we, together with our wholly owned subsidiaries NII Mercosur Telecom, S.L. and NII Mercosur Moviles, S.L., completed the sale of all of the outstanding equity interests of our wholly owned subsidiary Nextel Peru to Entel for \$405.5 million in cash, which includes \$50.0 million that was deposited in escrow on our behalf to satisfy potential indemnification claims.

In August 2013, Nextel Brazil and Nextel Mexico agreed to sell 2,790 and 1,666 transmitter and receiver sites, respectively, to American Tower Corporation, or American Tower, in two separate transactions for total estimated proceeds based on foreign currency exchange rates at the time of \$432.3 million and \$391.2 million, respectively, subject to certain adjustments, including adjustments based on the actual number of transmitter and receiver sites sold. In November 2013, Nextel Mexico sold 1,483 transmitter and receiver sites to American Tower for proceeds based on foreign currency exchange rates at the time of \$374.3

million. In December 2013, Nextel Brazil sold 1,940 transmitter and receiver sites to American Tower for proceeds based on foreign currency exchange rates at the time of \$348.0 million. Once the applicable closing conditions are met, we expect to complete the sale of some or all of the remaining transmitter and receiver sites in Brazil and Mexico that were agreed to be sold.

We have also entered into a number of less significant local financing arrangements, including various other financings in Brazil.

Capital Needs and Contractual Obligations. We currently anticipate that our future capital needs will principally consist of funds required for:

- operating expenses and capital expenditures relating to our existing networks;
- operating expenses and capital expenditures relating to the planned deployment of LTE-based networks;
- payments in connection with spectrum purchases, including ongoing spectrum license fees and the repayment of financing incurred in connection with spectrum purchases;
- debt service requirements and obligations relating to our tower financing arrangements and capital lease obligations;
- cash taxes; and
- other general corporate expenditures.

The following table sets forth the amounts and timing of contractual payments for our most significant contractual obligations determined as of December 31, 2013. The information in the table reflects future unconditional payments and is based upon, among other things, the current terms of the relevant agreements and certain assumptions, such as future interest rates. Future events could cause actual payments to differ significantly from these amounts. See “Forward-Looking and Cautionary Statements.”

Contractual Obligations	Payments due by Period				
	Less than			More than	
	1 Year	1-3 Years	3-5 Years	5 Years	Total
	(in thousands)				
Senior notes (1)	\$ 392,438	\$ 1,584,875	\$ 624,875	\$ 4,028,281	\$ 6,630,469
2013 sale of towers (2)	109,887	226,410	235,557	2,458,376	3,030,230
Purchase obligations (3)	1,467,878	721,435	353,568	100,250	2,643,131
Spectrum fees (4)	130,363	260,343	257,862	1,250,645	1,899,213
Operating leases (5)	294,307	550,465	478,199	429,900	1,752,871
Capital leases and tower financing obligations (6)	114,017	227,293	197,991	388,373	927,674
Equipment financing (7)	36,546	181,582	198,953	328,279	745,360
Bank loans (8)	102,239	301,923	185,222	2	589,386
Other long-term obligations (9)	10,936	18,055	11,032	484,818	524,841
Total contractual commitments	\$ 2,658,611	\$ 4,072,381	\$ 2,543,259	\$ 9,468,924	\$ 18,743,175

- (1) These amounts include estimated principal and interest payments over the full term of the obligation, assuming the current payment schedule.
- (2) These amounts represent future minimum payments in connection with our sale of towers in Brazil and Mexico in 2013.
- (3) These amounts include maximum contractual purchase obligations under various agreements with our vendors.
- (4) These amounts are subject to increases in the Mexican Consumer Pricing Index.
- (5) These amounts principally include future lease costs related to our transmitter and receiver sites and switches and office facilities.
- (6) These amounts represent principal and interest payments due under our co-location agreements, our tower financing arrangements and our corporate aircraft lease. The amounts related to our aircraft lease exclude amounts that are contingently due in the event of our default under the lease, but do include remaining amounts due under the letter of credit provided for our corporate aircraft.
- (7) These amounts include loan agreements with the China Development Bank in Brazil and Mexico to finance infrastructure equipment and assist in the deployment of the WCDMA networks in these markets. As of December 31, 2013, the aggregate amount that remains available for borrowing under these loan agreements in Brazil and Mexico is \$221.4 million.
- (8) These amounts represent principal and interest payments associated with certain banks loans in Brazil.

- (9) These amounts include our current estimates of asset retirement obligations based on our expectations as to future retirement costs, inflation rates and timing of retirements, as well as amounts related to our uncertain income tax positions.

Capital Expenditures. Our capital expenditures, including capitalized interest, were \$882.9 million for 2013, \$1,421.1 million for 2012 and \$1,344.7 million for 2011. Our business strategy contemplates the continued expansion of our WCDMA networks and the continued maintenance and operation of our iDEN networks, but we intend to reduce our investment in capital expenditures, including our investments in our networks, below the \$882.9 million we invested in 2013.

Because of our recent and projected results of operations, non-investment grade credit rating, the going concern statement in the report of our independent registered public accounting firm, restrictions in our current debt and/or general conditions in the financial and credit markets, our access to the capital markets may be limited or nonexistent. As a result, we will likely need to fund our capital spending for our existing and future network using the most effective combination of cash on hand, cash from the sale or maturity of our short-term investments, borrowings under equipment financing facilities, including our financing facilities in Brazil and Mexico, and proceeds from asset sales. We may also consider entering into strategic relationships with third parties that will provide additional funding to support our business plans. Our capital spending and related expenses are expected to be driven by several factors, including:

- the amount we spend to deploy our WCDMA networks and our planned LTE-based networks;
- the extent to which we expand the coverage of our networks in new or existing market areas;
- the number of additional transmitter and receiver sites we build in order to increase system coverage and capacity and to maintain system quality and meet the demands of our growing subscriber base, as well as the costs associated with the installation of network infrastructure and switching equipment; and
- the costs we incur in connection with non-network related information technology projects.

Our future capital expenditures may also be affected by future technology improvements, technology choices and our available capital.

Future Outlook, Liquidity Plans and Going Concern. As of December 31, 2013, our current sources of funding include \$1,733.8 million in cash and cash equivalents, \$585.8 million in short-term investments and \$221.4 million in additional availability under our existing equipment financing facilities. Approximately \$168.0 million in cash and cash equivalents was held by Nextel Argentina and remains subject to Argentina's foreign currency controls.

Recently, our results of operations, including our operating revenues and operating cash flows, have been negatively affected by a number of factors, including competitive pressure across all of our markets, and a series of events that first arose or started to affect us to an unexpected degree in the third quarter of 2013. These events included:

- the impact of Sprint's deactivation of its iDEN network in the U.S.;
- the depreciation of local currencies;
- the impact of delays in the deployment and launch of services on our WCDMA networks, which delayed our ability to generate subscriber growth and revenues on those networks from what we had previously expected; and
- the increased costs to support our WCDMA networks.

In particular, Sprint's deactivation of its iDEN network in the U.S., combined with competitive pressures and delays in our deployment and optimization of our WCDMA network in Mexico, resulted in a significant loss of subscribers on our iDEN network that we were unable to offset with new subscribers on our WCDMA network. This subscriber loss resulted in a significant decline in subscribers and a reduction in operating revenues and operating cash flows in Mexico during the second half of 2013. We currently expect this trend in Mexico to continue into 2014 as iDEN subscriber losses continue to outpace our ability to attract customers to our new network. In addition, negative market perceptions of our WCDMA service in Mexico developed in late 2013 due primarily to Sprint's deactivation of its iDEN network and delays in effectively deploying and optimizing our WCDMA networks to meet the needs of customers who were seeking to replace the iDEN services that no longer met their needs, particularly in the border area with the U.S. These negative perceptions, if they persist, could further hinder our ability to attract the level of customers to our new network that we had previously anticipated. Similarly, delays in the deployment and optimization of our WCDMA network in Brazil made it difficult to proceed with our scheduled launches of WCDMA services in that market. As a result, we proceeded with launches of full voice and data services in Brazil late in 2013, which led to subscriber and revenue growth rates that were significantly lower than originally anticipated.

These factors had a significant negative impact on our results during the second half of 2013, and as a result, we ended 2013 with a significantly smaller subscriber and revenue base than we had previously expected. We plan to use our available funding, together with cash provided by our operations, to finance our current business plan; however, with a smaller subscriber base in Mexico and Brazil, absent changes to our outlook, it is probable that we will not be able to generate sufficient growth in our operating revenues and operating cash flows to meet our obligations through 2015. These conditions, and their impact on our liquidity, in combination with the potential impact if we cannot satisfy certain financial covenants under our current debt obligations in 2014 as more fully discussed below, raise substantial doubt about our ability to continue as a going concern under the applicable authoritative literature.

Moreover, because of the combined impact of our recent and projected results of operations, our non-investment grade credit rating, the inclusion of the going concern statement in the report of our independent registered public accounting firm, restrictions in our current debt and/or general conditions in the financial and credit markets, if available, the cost of any funding could be both significant and higher than the cost of our existing financing arrangements. Additionally, the urgency of a capital-raising transaction may require us to pursue funding at an inopportune time. We may not be successful in obtaining capital for these or other reasons. If we fail to obtain suitable financing when it is required, it could, among other things, negatively impact our results of operations and liquidity, result in our inability to implement our current or future business plans, and prevent us from meeting our debt service obligations.

Taking the foregoing circumstances into account, and assuming that we are not required to repay the outstanding debt under our operating company financing agreements prior to their scheduled maturity dates as described below, we believe our current sources of funding will be adequate to allow us to execute our business plan and meet our obligations through 2014, but that we will likely not have sufficient funding to do so throughout 2015. To meet our funding needs in 2014, we expect operating cash flows to improve in the second half of 2014, and we intend to reduce our investment in capital expenditures, including our investments in our networks, below the \$882.9 million we invested in 2013. Our current business plan assumes that customers will find our services attractive and that we will be able to expand our subscriber base on our WCDMA network in Brazil. We also assume that in 2014 we will be able to stabilize our business in Mexico and achieve a partial to full reversal of the subscriber loss trends we experienced in 2013. However, given the factors that have negatively affected our business and the difficulties associated with predicting our ability to overcome these factors, there can be no assurance that these assumptions will be correct.

In making the assessment of our funding needs under our current business plans and the adequacy of our current sources of funding for 2014, we have considered:

- cash and cash equivalents on hand and short-term investments available to fund our operations;
- expected cash flows from our operations;
- expected cash from the closing of the sale of the remaining transmitter and receiver sites in Brazil and Mexico to American Tower;
- the cost and timing of spectrum payments, including ongoing fees for spectrum use;
- the anticipated level of capital expenditures required to meet both minimum build-out requirements and our business plans for our deployment of WCDMA networks and our planned deployment of LTE-based networks in certain markets;
- our scheduled debt service and other contractual obligations; and
- cash income and other taxes.

In addition to the factors described above, the anticipated cash needs of our business, as well as the conclusions presented herein regarding our liquidity needs, could change significantly:

- if our plans change;
- if we are not able to comply with certain financial covenants in our existing debt obligations (see *"Maintenance Covenants Under Financing Agreements"*);
- if we decide to expand into new markets or expand our geographic coverage or network capacity in our existing markets beyond our current plans, as a result of the construction of additional portions of our networks or the acquisition of competitors or others;
- if currency values in our markets depreciate or appreciate relative to the U.S. dollar in a manner that is more significant than we currently expect and assume as part of our plans;
- if economic conditions in any of our markets change;

- if competitive practices in the mobile wireless telecommunications industry in our markets change materially from those currently prevailing or from those now anticipated; or
- if other presently unexpected circumstances arise that have a material effect on the cash flow or profitability of our business.

In light of the liquidity issues we face, we continue to assess our ability to significantly improve our operating cash flows and are considering a number of options to do so, including:

- reducing or delaying our investments in capital expenditures, including scaling back our network development and deployment efforts;
- reducing the scope of our operations in one or more markets that we currently serve;
- selling assets or operations;
- restructuring, reorganizing or refinancing all or a portion of our existing debt obligations, including modifying the terms of those obligations to reduce or delay our debt service requirements;
- seeking additional equity capital or borrowing additional funds;
- creating partnerships or alliances; or
- selling our company.

Some of these actions could have the effect of increasing our debt, negatively impacting the quality of our customer service or customer confidence in our ability to provide products and services, reducing our ability to raise additional capital, and further delaying our ability to operate profitably and generate operating cash flows. These actions could also have a significant adverse impact on the value of our business and the value of our outstanding debt and equity securities. There can be no assurance that any of these potential actions could, if necessary, be implemented on commercially reasonable terms, or at all, or that they would alone or in combination with other actions adequately preserve our liquidity or enable us to meet our ongoing funding requirements, including our debt service obligations. In addition, if we are able to and do incur additional debt, the risks associated with our substantial leverage, including the risk that we will be unable to service our debt or generate enough cash flow to fund our liquidity needs, could intensify.

As part of our current assessment or assessments in the future, if we believe we will be unable to significantly improve our cash flow from operations or implement measures to enable us to continue to satisfy our obligations, we may voluntarily commence reorganization proceedings, which could mean that debt and equity holders could lose all or part of their investment.

Maintenance Covenants Under Financing Agreements. The negative impact of the factors discussed above on our results of operations may also adversely affect our ability to comply with certain financial covenants in our existing debt obligations. Specifically, based on our current business plan projections, it is likely that we will be unable to satisfy one or more of the financial covenants currently included in the equipment financing arrangements for Nextel Brazil and Nextel Mexico in 2014. In addition, based on our current business plan projections, it is likely that we will be unable to satisfy the financial covenants currently included in Nextel Brazil's local bank financing arrangements in 2014. Each of these financing arrangements requires that we meet these financial covenants semi-annually, calculated as of June 30 and December 31. As of December 31, 2013, we were in compliance with these covenants and had \$926.8 million principal amount outstanding under these financing arrangements.

If we are unable to comply with the relevant covenants in these arrangements, some of the available courses of action that we could pursue either separately or in combination in an effort to ensure that we satisfy the requirements of these financial covenants or resolve potential non-compliance with these covenants include:

- negotiating amendments to the financing agreements to modify the relevant covenants;
- securing waivers of the non-compliance from the lenders;
- taking actions designed to enhance the creditworthiness of the borrowers, including moving cash or other assets to the relevant borrower; or

- repaying the relevant outstanding indebtedness in full.

While we believe we will be able to negotiate either amendments or waivers with these lenders, there can be no assurance that we will be able to negotiate such amendments or waivers on reasonable terms or at all. Accordingly, if we are required to repay these borrowings, which is not contemplated by our 2014 business plan, the repayment would have a significant negative impact on our liquidity and would further intensify the liquidity issues we face. In addition, if we are unable to remain in compliance with these financial covenants or to otherwise address that non-compliance, a default or acceleration of the debt under those agreements could occur. If the debt under any of these agreements were to be accelerated, the holders of 25% of each series of senior notes issued by Capital Corp. and NII International Telecom, S.C.A., or NIIT, would have the right to declare that an event of default has occurred under the related indentures and could then require the immediate repayment of all borrowings represented by the senior notes. As of December 31, 2013, we had approximately \$4.4 billion principal amount of senior notes outstanding.

If we are unable to meet our debt service obligations or to comply with our other obligations under our existing financing arrangements:

- the holders of our debt could declare all outstanding principal and interest to be due and payable;
- the holders of our secured debt could commence foreclosure proceedings against our assets;
- we could be forced into bankruptcy or liquidation; and
- debt and equity holders could lose all or part of their investment in us.

E. Effect of Inflation and Foreign Currency Exchange

Our net assets are subject to foreign currency exchange risks since they are primarily maintained in local currencies. Additionally, a significant portion of our long-term debt, including some long-term debt incurred by our operating subsidiaries, is denominated entirely in U.S. dollars, which exposes us to foreign currency exchange risks. We conduct business in countries in which the rate of inflation has historically been significantly higher than that of the U.S. We seek to protect our earnings from inflation and possible currency depreciation by periodically adjusting the local currency prices charged by each operating company for sales of handsets and services to its subscribers. We routinely monitor our foreign currency exposure and the cost effectiveness of hedging instruments.

Inflation is not currently a material factor affecting our business, although rates of inflation in some of the countries in which we operate have been historically volatile. In the last several years, the inflation rate in Argentina has risen significantly, and we expect that it may continue to rise, which will increase our costs and could reduce our profitability in Argentina. General operating expenses such as salaries, employee benefits and lease costs are, however, subject to normal inflationary pressures. From time to time, we may experience price changes in connection with the purchase of system infrastructure equipment and handsets, but we do not currently believe that any of these price changes will be material to our business.

F. Effect of New Accounting Standards

There were no new accounting standards issued during the year ended December 31, 2013 that materially impacted our consolidated financial statements or could materially impact our financial statements or related disclosures in a future period.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our revenues are primarily denominated in foreign currencies, while a significant portion of our operations are financed in U.S. dollars through our senior notes and our equipment financing facilities in Brazil and Mexico. As a result, fluctuations in exchange rates relative to the U.S. dollar expose us to foreign currency exchange risks. These risks include the impact of translating our local currency reported earnings into U.S. dollars when the U.S. dollar strengthens against the local currencies of our foreign operations. In addition, Nextel Brazil, Nextel Mexico, Nextel Argentina and Nextel Chile pay the purchase price for some capital assets and a portion of handsets in U.S. dollars, but generate revenue from their operations in local currency.

We occasionally enter into derivative transactions for hedging or risk management purposes. We have not and will not enter into any derivative transactions for speculative or profit generating purposes. During 2013 and 2012, Nextel Brazil and Nextel Mexico entered into hedge agreements to manage foreign currency risk on certain forecasted transactions. The values of these instruments are not material.

Interest rate changes expose our fixed rate long-term borrowings to changes in fair value and expose our variable rate long-term borrowings to changes in future cash flows. As of December 31, 2013, \$4,706.7 million, or 81%, of our consolidated principal

amount of debt was fixed rate debt, and the remaining \$1,097.5 million, or 19%, of our total consolidated debt was variable rate debt.

The table below presents principal amounts, related interest rates by year of maturity and aggregate amounts as of December 31, 2013 for both our fixed and variable rate debt obligations, including our senior notes, our equipment financing facilities in Brazil and Mexico, our bank loans in Brazil and our tower financing obligations, all of which have been determined at their fair values.

The changes in the fair values of our consolidated debt compared to their fair values as of December 31, 2012 reflect changes in applicable market conditions and changes in other company-specific conditions during 2013. All of the information in the table is presented in U.S. dollar equivalents, which is our reporting currency. The actual cash flows associated with our consolidated long-term debt are denominated in U.S. dollars (US\$), Mexican pesos (MP) and Brazilian reais (BR).

	Year of Maturity						2013		2012	
	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter	Total	Fair Value	Total	Fair Value
(dollars in thousands)										
Fixed Rate (US\$)	\$ 1,871	\$ 2,252	\$ 802,312	\$ 2,374	\$ 2,438	\$ 3,574,511	\$ 4,385,758	\$ 2,535,078	\$ 2,852,243	\$ 2,357,666
Average Interest Rate	2.6%	2.6%	10.0%	2.6%	2.6%	8.8%	9.0%		8.3%	
Fixed Rate (MP)	\$ 13,658	\$ 16,057	\$ 19,104	\$ 22,777	\$ 16,428	\$ 106,203	\$ 194,227	\$ 194,227	\$ 193,799	\$ 193,799
Average Interest Rate	14.1%	14.1%	14.1%	14.0%	13.0%	11.8%	12.8%		14.3%	
Fixed Rate (BR)	\$ 6,614	\$ 8,470	\$ 10,873	\$ 14,039	\$ 10,192	\$ 76,505	\$ 126,693	\$ 126,693	\$ 161,964	\$ 158,517
Average Interest Rate	22.8%	23.0%	23.2%	23.3%	22.2%	16.4%	19.0%		17.4%	
Variable Rate (US\$)	\$ 20,056	\$ 63,626	\$ 87,141	\$ 87,141	\$ 87,141	\$ 308,454	\$ 653,559	\$ 620,173	\$ 492,382	\$ 430,269
Average Interest Rate	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%	3.1%		3.1%	
Variable Rate (BR)	\$ 54,640	\$ 111,557	\$ 111,557	\$ 111,556	\$ 54,641	\$ —	\$ 443,951	\$ 369,578	\$ 869,328	\$ 849,386
Average Interest Rate	11.4%	11.3%	11.3%	11.3%	11.4%	—	11.3%		7.9%	

Item 8. Financial Statements and Supplementary Data

We have listed the consolidated financial statements required under this Item in Part IV, Item 15(a)(1) of this annual report on Form 10-K. We have also listed the financial statement schedules required under Regulation S-X in Part IV, Item 15(a)(2) of this annual report on Form 10-K. The financial statements and schedules appear following the signature page of this annual report on Form 10-K.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Evaluation of Disclosure Controls and Procedures

We maintain disclosure controls and procedures that are designed to ensure that information required to be disclosed by us in the reports that we file or submit under the Securities Exchange Act of 1934, as amended, is recorded, processed, summarized and reported within the time periods required by the Securities and Exchange Commission, or the SEC, and that such information is accumulated and communicated to the Company's management, including our chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

As of December 31, 2013, an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures was carried out under the supervision and with the participation of our management teams in the United States and in our operating companies, including our chief executive officer and chief financial officer. Based on and as of the date of such evaluation, our chief executive officer and chief financial officer concluded that the design and operation of our disclosure controls and procedures were effective.

Management's Report on Internal Control over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rule 13a-15(f) and Rule 15d-15(f) under the Securities Exchange Act of 1934, as amended). Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions or that the degree of compliance with the policies or procedures may deteriorate.

In order to evaluate the effectiveness of internal control over financial reporting, management conducted an assessment using the criteria established in *Internal Control - Integrated Framework (1992)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. Based on this assessment, management concluded that as of December 31, 2013, our internal control over financial reporting was effective.

PricewaterhouseCoopers LLP, an independent registered public accounting firm, has audited the effectiveness of our internal control over financial reporting as of December 31, 2013, as stated in their report which is included in this annual report on Form 10-K.

Remediation of Prior Material Weaknesses in Internal Control Over Financial Reporting

In our annual report on Form 10-K for the year ended December 31, 2012, we disclosed material weaknesses in internal control over financial reporting relating to non-income based taxes in Nextel Brazil and accounting resources in Nextel Brazil. Management has been actively engaged in the implementation of remediation efforts, as outlined below, to address these material weaknesses.

Brazil Segment Non-Income Based Taxes

We previously reported that we did not have an adequate design or operation of controls to provide reasonable assurance that the accounting for non-income based taxes and related disclosures relating to Nextel Brazil were prepared in accordance with generally accepted accounting principles in the United States. This material weakness was caused by an ineffective process to document and manage changes to information systems, lack of automation in the calculation of non-income based taxes, and an inadequately designed monthly trend analysis of non-income based taxes. In order to remediate this material weakness, the Company led by our chief financial officer and principal accounting officer, took the following actions in Nextel Brazil throughout 2013:

- implemented a new process to identify, document and manage the implementation of changes to our information systems to accommodate new business requirements;
- designed and implemented a monthly manual control for calculation of non-income taxes, including validation and review, to ensure the accuracy of our non-income based tax accounts; and
- developed new analytical reviews over non-income taxes to detect unusual balances and trends in time for corrective action to be taken as necessary.

We also plan to increase the degree of automation surrounding the processing of non-income based taxes. While this automation was not achieved during 2013, management considers the manual calculation and review controls that were implemented to be effective in ensuring accurate regulatory and financial reporting, and therefore management has concluded that this material weakness no longer existed as of December 31, 2013.

Brazil Segment Accounting Resources

We previously reported a material weakness related to our inability to maintain a sufficient complement of resources in Nextel Brazil's accounting department with an appropriate level of expertise and training, commensurate with our structure and financial reporting requirements. This lack of resources resulted in significant control deficiencies in the following areas, which aggregated to a material weakness:

- *IT Access Controls*: lack of experienced resources and appropriately designed controls to address risks, primarily resulting from the outsourcing of this function;
- *Fixed Assets*: lack of experienced resources, inadequate design of internal control, inconsistent operation of control activities, and insufficient monitoring of the accounting for fixed assets;
- *Classification of Leases*: lack of experienced resources required to monitor the consistent operation of control activities necessary to correctly classify certain transmitter and receiver site leases; and
- *Financial Reporting Process*: lack of experienced resources required to execute controls and to monitor certain close processes at the appropriate level of precision.

In order to remediate this material weakness, throughout 2013, we implemented process improvements designed to strengthen our control structure and remediate the control deficiencies identified. These specific process improvements included the following actions in Nextel Brazil:

- completed an organizational skills assessment within the accounting department to identify and fill gaps in order to build a competent team of resources;
- redesigned the organizational structure within the accounting department to improve oversight and monitoring;
- provided functional and system training to employees, and prepared detailed documentation reflecting the actions to be taken in connection with the financial reporting process to clearly define key tasks and actions, as well as the positions responsible for those tasks and actions;
- reinforced tone at the top and accountability for compliance across the organization and refreshed program governance;
- revised the internal control framework to address control design gaps, increase the number of preventative controls and improve focus on financial reporting risk;
- in-sourced information technology functions and redesigned the organizational structure to ensure adequate control and oversight; and
- concluded remediation task force activities to address the specific control design and execution failures that contributed to the significant deficiencies in IT Access Controls, Fixed Assets, Classification of Leases and the Financial Reporting Process.

Based upon the significant actions taken and the testing and evaluation of the effectiveness of the underlying controls, management has concluded that this material weakness no longer existed as of December 31, 2013.

Changes in Internal Control over Financial Reporting

There have been no changes in the Company's internal control over financial reporting during the most recently completed fiscal quarter that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

Item 9B. Other Information

None.

PART III

Item 10. Directors, Executive Officers of the Registrant and Corporate Governance

Except as to certain information regarding executive officers included in Part I hereof and incorporated herein by reference, the information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2014 Annual Meeting of Stockholders.

Item 11. Executive Compensation

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2014 Annual Meeting of Stockholders.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2014 Annual Meeting of Stockholders.

Item 13. Certain Relationships and Related Transactions, and Director Independence

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2014 Annual Meeting of Stockholders.

Item 14. Principal Accountant Fees and Services

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2014 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

(a)(1) Financial Statements. Consolidated financial statements and report of independent registered public accounting firm filed as part of this report are listed below:

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Consolidated Statements of Comprehensive Loss — For the Years Ended December 31, 2013, 2012 and 2011	F-4
Consolidated Statements of Changes in Stockholders' Equity — For the Years Ended December 31, 2013, 2012 and 2011	F-5
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Notes to Consolidated Financial Statements	F-7

(2) Financial Statement Schedules. The following financial statement schedules are filed as part of this report. Schedules other than the schedules listed below are omitted because they are either not required or not applicable.

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Schedule II — Valuation and Qualifying Accounts	F-64

(3) List of Exhibits. The exhibits filed as part of this report are listed in the Exhibit Index, which is incorporated in this item by reference.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

NII HOLDINGS, INC.

By: /s/ ESTEBAN NARANJO

Esteban Naranjo
Vice President, Corporate Controller
(on behalf of the registrant and as
Principal Accounting Officer)

February 28, 2014

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities indicated on February 28, 2014.

<u>Signature</u>	<u>Title</u>
<u>/s/ Steven M. Shindler</u> Steven M. Shindler	Chief Executive Officer
<u>/s/ Juan R. Figueroa</u> Juan R. Figueroa	Executive Vice President, Chief Financial Officer (Principal Financial Officer)
<u>/s/ Kevin L. Beebe</u> Kevin L. Beebe	Chairman of the Board of Directors
<u>/s/ Donald Guthrie</u> Donald Guthrie	Director
<u>/s/ Charles M. Herington</u> Charles M. Herington	Director
<u>/s/ Carolyn Katz</u> Carolyn Katz	Director
<u>/s/ Ricardo Knoepfelmacher</u> Ricardo Knoepfelmacher	Director
<u>/s/ Rosendo G. Parra</u> Rosendo G. Parra	Director
<u>/s/ Paulino do Rego Barros</u> Paulino do Rego Barros	Director
<u>/s/ John W. Risner</u> John W. Risner	Director

NII HOLDINGS, INC. AND SUBSIDIARIES
INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND FINANCIAL STATEMENT SCHEDULES

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REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of NII Holdings, Inc.

In our opinion, the consolidated financial statements listed in the index appearing under Item 15(a)(1) present fairly, in all material respects, the financial position of NII Holdings, Inc. and its subsidiaries at December 31, 2013 and 2012, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2013 in conformity with accounting principles generally accepted in the United States of America. In addition, in our opinion, the financial statement schedules listed in the index appearing under Item 15(a)(2) present fairly, in all material respects, the information set forth therein when read in conjunction with the related consolidated financial statements. Also in our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as of December 31, 2013, based on criteria established in *Internal Control - Integrated Framework 1992* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for these financial statements and financial statement schedules, for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in Management's Report on Internal Control over Financial Reporting appearing under Item 9A. Our responsibility is to express opinions on these financial statements, on the financial statement schedules, and on the Company's internal control over financial reporting based on our integrated audits. We conducted our audits in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free of material misstatement and whether effective internal control over financial reporting was maintained in all material respects. Our audits of the financial statements included examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. Our audit of internal control over financial reporting included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. Our audits also included performing such other procedures as we considered necessary in the circumstances. We believe that our audits provide a reasonable basis for our opinions.

The accompanying consolidated financial statements have been prepared assuming that the Company will continue as a going concern. As more fully discussed in Note 1 to the consolidated financial statements, the Company projects that it is likely that it will not be able to comply with certain debt covenants throughout 2014. This condition and its impact on the Company's liquidity raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to this matter are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

/s/ PricewaterhouseCoopers LLP
McLean, Virginia
February 28, 2014

NII HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(in thousands, except par values)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 1,733,783	\$ 1,371,173
Short-term investments	585,760	204,834
Accounts receivable, less allowance for doubtful accounts of \$61,293 and \$108,676	522,563	674,459
Handset and accessory inventory	342,585	323,329
Deferred income taxes, net	127,395	175,753
Prepaid expenses and other	436,100	488,091
Assets held for sale	—	97,393
Total current assets	3,748,186	3,335,032
Property, plant and equipment, net	3,388,060	3,531,271
Intangible assets, net	993,669	1,125,382
Deferred income taxes, net	26,713	367,181
Other assets	523,326	463,912
Assets held for sale	—	400,300
Total assets	\$ 8,679,954	\$ 9,223,078
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	\$ 369,056	\$ 424,177
Accrued expenses and other	972,534	969,793
Deferred revenues	128,148	144,105
Current portion of long-term debt	96,839	94,039
Deposits related to 2013 sale of towers	720,013	—
Liabilities held for sale	—	127,911
Total current liabilities	2,286,590	1,760,025
Long-term debt	5,696,632	4,765,505
Deferred revenues	11,238	14,007
Deferred tax liabilities	108,991	58,189
Other long-term liabilities	221,116	296,168
Liabilities held for sale	—	12,735
Total liabilities	8,324,567	6,906,629
Commitments and contingencies (Note 10)		
Stockholders' equity		
Undesignated preferred stock, par value \$0.001, 10,000 shares authorized — 2013 and 2012, no shares issued or outstanding — 2013 and 2012	—	—
Common stock, par value \$0.001, 600,000 shares authorized — 2013 and 2012, 172,105 shares issued and outstanding — 2013, 171,653 shares issued and outstanding — 2012	172	171
Paid-in capital	1,504,258	1,483,086
(Accumulated deficit) retained earnings	(192,966)	1,456,633
Accumulated other comprehensive loss	(956,077)	(623,441)
Total stockholders' equity	355,387	2,316,449
Total liabilities and stockholders' equity	\$ 8,679,954	\$ 9,223,078

The accompanying notes are an integral part of these consolidated financial statements.

NII HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(in thousands, except per share amounts)

	Year Ended December 31,		
	2013	2012	2011
Operating revenues			
Service and other revenues	\$ 4,573,879	\$ 5,465,120	\$ 6,081,577
Handset and accessory revenues	198,685	278,002	299,240
	<u>4,772,564</u>	<u>5,743,122</u>	<u>6,380,817</u>
Operating expenses			
Cost of service (exclusive of depreciation and amortization included below)	1,472,320	1,574,327	1,681,692
Cost of handsets and accessories	911,635	829,859	784,072
Selling, general and administrative	1,913,454	2,167,688	2,201,102
Provision for doubtful accounts	116,619	217,315	159,201
Impairment and restructuring charges	171,047	329,767	—
Depreciation	634,199	601,769	551,463
Amortization	64,148	47,776	36,701
	<u>5,283,422</u>	<u>5,768,501</u>	<u>5,414,231</u>
Operating (loss) income	<u>(510,858)</u>	<u>(25,379)</u>	<u>966,586</u>
Other income (expense)			
Interest expense, net	(539,159)	(365,521)	(311,735)
Interest income	43,379	33,862	34,096
Foreign currency transaction losses, net	(143,745)	(53,957)	(37,297)
Other expense, net	(12,982)	(28,340)	(37,750)
	<u>(652,507)</u>	<u>(413,956)</u>	<u>(352,686)</u>
(Loss) income from continuing operations before income tax provision	<u>(1,163,365)</u>	<u>(439,335)</u>	<u>613,900</u>
Income tax provision	<u>(446,052)</u>	<u>(158,144)</u>	<u>(351,206)</u>
Net (loss) income from continuing operations	<u>(1,609,417)</u>	<u>(597,479)</u>	<u>262,694</u>
Loss from discontinued operations, net of income taxes	<u>(40,182)</u>	<u>(167,770)</u>	<u>(37,498)</u>
Net (loss) income	<u>\$ (1,649,599)</u>	<u>\$ (765,249)</u>	<u>\$ 225,196</u>
Net (loss) income from continuing operations, per common share, basic	<u>\$ (9.36)</u>	<u>\$ (3.48)</u>	<u>\$ 1.53</u>
Net loss from discontinued operations, per common share, basic	<u>(0.24)</u>	<u>(0.98)</u>	<u>(0.22)</u>
Net (loss) income, per common share, basic	<u>\$ (9.60)</u>	<u>\$ (4.46)</u>	<u>\$ 1.31</u>
Net (loss) income from continuing operations, per common share, diluted	<u>\$ (9.36)</u>	<u>\$ (3.48)</u>	<u>\$ 1.52</u>
Net loss from discontinued operations, per common share, diluted	<u>(0.24)</u>	<u>(0.98)</u>	<u>(0.22)</u>
Net (loss) income, per common share, diluted	<u>\$ (9.60)</u>	<u>\$ (4.46)</u>	<u>\$ 1.30</u>
Weighted average number of common shares outstanding, basic	<u>171,912</u>	<u>171,499</u>	<u>170,601</u>
Weighted average number of common shares outstanding, diluted	<u>171,912</u>	<u>171,499</u>	<u>172,781</u>
Comprehensive loss, net of income taxes			
Foreign currency translation adjustment	\$ (334,893)	\$ (97,589)	\$ (462,457)
Other	2,257	(1,802)	(342)
Other comprehensive loss	<u>(332,636)</u>	<u>(99,391)</u>	<u>(462,799)</u>
Net (loss) income	<u>(1,649,599)</u>	<u>(765,249)</u>	<u>225,196</u>
Total comprehensive loss	<u>\$ (1,982,235)</u>	<u>\$ (864,640)</u>	<u>\$ (237,603)</u>

The accompanying notes are an integral part of these consolidated financial statements.

NII HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
(in thousands)

	Common Stock		Paid-in Capital	(Accumulated Deficit) Retained Earnings	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
	Shares	Amount				
Balance, January 1, 2011	169,661	\$ 169	\$ 1,364,705	\$ 1,996,686	\$ (61,251)	\$ 3,300,309
Net income	—	—	—	225,196	—	225,196
Other comprehensive loss	—	—	—	—	(462,799)	(462,799)
Purchase of convertible notes	—	—	(17,693)	—	—	(17,693)
Share-based payment expense	—	—	59,985	—	—	59,985
Issuance of shares for employee awards, net	1,526	2	24,967	—	—	24,969
Other	(10)	—	8,115	—	—	8,115
Balance, December 31, 2011	171,177	171	1,440,079	2,221,882	(524,050)	3,138,082
Net loss	—	—	—	(765,249)	—	(765,249)
Other comprehensive loss	—	—	—	—	(99,391)	(99,391)
Purchase of convertible notes	—	—	(526)	—	—	(526)
Share-based payment expense	—	—	46,458	—	—	46,458
Issuance of shares for employee awards, net	476	—	150	—	—	150
Other	—	—	(3,075)	—	—	(3,075)
Balance, December 31, 2012	171,653	171	1,483,086	1,456,633	(623,441)	2,316,449
Net loss	—	—	—	(1,649,599)	—	(1,649,599)
Other comprehensive loss	—	—	—	—	(332,636)	(332,636)
Share-based payment expense	—	—	27,805	—	—	27,805
Issuance of shares for employee awards, net	452	1	(1)	—	—	—
Other	—	—	(6,632)	—	—	(6,632)
Balance, December 31, 2013	172,105	\$ 172	\$ 1,504,258	\$ (192,966)	\$ (956,077)	\$ 355,387

The accompanying notes are an integral part of these consolidated financial statements.

NII HOLDINGS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(in thousands)

	Year Ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net (loss) income	\$ (1,649,599)	\$ (765,249)	\$ 225,196
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities:			
Loss from discontinued operations	40,182	167,770	37,498
Amortization of debt discount and financing costs	42,029	22,925	46,082
Depreciation and amortization	698,347	649,545	588,164
Provision for doubtful accounts	116,619	217,315	159,201
Losses related to inventory obsolescence	56,249	1,594	3,186
Foreign currency transaction losses, net	143,745	53,957	37,297
Asset impairments and losses on disposals of fixed assets	149,924	338,402	1,446
Deferred income tax provision (benefit)	382,070	(17,877)	(12,694)
Share-based payment expense	28,695	42,573	54,559
Other, net	(10,478)	31,879	26,404
Change in assets and liabilities:			
Accounts receivable, gross	(29,087)	(100,250)	(336,643)
Handset and accessory inventory	(98,080)	(68,182)	10,627
Prepaid expenses and other	(39,081)	(276,751)	(28,443)
Other long-term assets	(53,242)	(99,970)	4,576
Accounts payable, accrued expenses and other	36,609	148,405	170,357
Total operating cash (used in) provided by continuing operations	(185,098)	346,086	986,813
Total operating cash (used in) provided by discontinued operations	(7,353)	7,097	(4,422)
Net cash (used in) provided by operating activities	(192,451)	353,183	982,391
Cash flows from investing activities:			
Capital expenditures	(664,877)	(1,042,479)	(961,794)
Purchase of long-term and short-term investments	(2,360,529)	(1,678,918)	(2,298,409)
Proceeds from sales of long-term and short-term investments	1,942,886	1,813,783	2,476,986
Proceeds from 2013 sale of towers, net	721,404	—	—
Transfers to restricted cash	(41,709)	(11,969)	(4,977)
Transfers from restricted cash	2,273	7,882	136,467
Purchase of licenses and other	(52,859)	(99,167)	(134,471)
Total investing cash used in continuing operations	(453,411)	(1,010,868)	(786,198)
Total investing cash provided by (used in) discontinued operations	275,799	(44,292)	(124,085)
Net cash used in investing activities	(177,612)	(1,055,160)	(910,283)
Cash flows from financing activities:			
Borrowings under equipment financing facilities and other	145,122	482,316	1,153,211
Proceeds from issuance of senior notes	1,600,000	—	1,439,500
(Payments related to) proceeds from stock option exercises	(1,026)	(2,040)	24,968
Repayments and purchases of convertible notes	—	(212,782)	(904,200)
Repayments under spectrum license financing	—	(1,513)	(683,878)
Repayments under bank loans, equipment financing and other borrowings	(965,142)	(403,669)	(474,667)
Total financing cash provided by (used in) continuing operations	778,954	(137,688)	554,934
Total financing cash used in discontinued operations	(2,363)	(100,607)	(29,931)
Net cash provided by (used in) financing activities	776,591	(238,295)	525,003
Effect of exchange rate changes on cash and cash equivalents	(56,236)	844	(41,693)
Change in cash and cash equivalents held for sale	12,318	(58)	51,264
Net increase (decrease) in cash and cash equivalents	362,610	(939,486)	606,682
Cash and cash equivalents, beginning of year	1,371,173	2,310,659	1,703,977
Cash and cash equivalents, end of year	\$ 1,733,783	\$ 1,371,173	\$ 2,310,659

The accompanying notes are an integral part of these consolidated financial statements.

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Operations and Significant Accounting Policies and Going Concern

Operations. We provide wireless communication services under the Nextel™ brand, primarily targeted at meeting the needs of subscribers who use our services to improve the productivity of their businesses and subscribers who make the individual decision to use our service for both professional and personal needs. Unless the context requires otherwise, “NII Holdings, Inc.,” “NII Holdings,” “we,” “our,” “us” and “the Company” refer to the combined businesses of NII Holdings, Inc. and its consolidated subsidiaries. Our subscribers generally value our broad set of value-added services, including our push-to-talk services, which allow subscribers to talk to each other instantly, and our high level of customer service. As we expand our wideband code division multiple access-based, or WCDMA-based, networks in our markets, we are extending our target market to include additional business subscribers and consumers who exhibit above average usage, revenue and loyalty characteristics and who we believe will be attracted to the services and attractive pricing plans we offer, the quality of and data speeds provided by our WCDMA networks and the quality of our customer service.

We provide our services through operating companies located in Brazil, Mexico, Argentina and Chile with our principal operations located in major business centers and related transportation corridors of these countries. We provide our services in major urban and suburban centers with high population densities where we believe there is a concentration of the country’s business users and economic activity. We believe that the growing economic base, increase in the middle and upper class and lower wireline service penetration encourage the use of the mobile wireless communications services that we offer and plan to offer in the future. Our WCDMA networks in Brazil, Mexico and Chile serve or are expected to serve these major business centers and, in some instances, a broader geographic area in order to meet the requirements of our spectrum licenses.

Our original networks utilize integrated digital enhanced network, or iDEN, technology developed by Motorola, Inc. to provide our mobile services on our 800 MHz spectrum holdings in all of our markets. Our next generation networks utilize WCDMA technology, which is a standards-based technology that is being deployed by carriers throughout the world. These technologies allow us to use our spectrum efficiently and offer multiple wireless services integrated into a variety of handset and data devices.

The services we currently offer include:

- mobile telephone service;
- push-to-talk services, including our Direct Connect®, Prip and International Direct Connect® services, which allow subscribers to talk to each other instantly;
- wireless data services, including text messaging services; mobile internet services; and e-mail services;
- other value-added services, including location-based services, which include the use of Global Positioning System, or GPS, technologies; digital media services; and a wide ranging set of applications available via our content management system, as well as the Android™ open application market;
- business solutions, such as security, work force management, logistics support and other applications that help our business subscribers improve their productivity; and
- voice and data roaming services.

The deployment and expansion of our WCDMA networks in Brazil, Mexico and Chile enable us to offer a wider range of products and services that are supported by that technology, including data services provided at substantially higher speeds than can be delivered on our iDEN networks. These WCDMA networks also support our unique push-to-talk services that provide significant differentiation from our competitors’ offerings. In the third quarter of 2013, our WCDMA network reached geographic coverage parity with our iDEN network in Mexico, and in Brazil we are currently offering services supported by our WCDMA network in over 250 cities, including cities in and around Sao Paulo and Rio de Janeiro. In December 2013, we signed agreements with Telefonica Moviles, or Telefonica, under which Telefonica agreed to provide Nextel Brazil and Nextel Mexico with nationwide roaming voice and data coverage services on Telefonica’s networks. When implemented, the agreements will allow us to enhance our service offerings by expanding the areas in which customers using our WCDMA services in Brazil and Mexico can access voice and data services. We plan to expand the coverage and quality of our networks in Brazil and Mexico in 2014. We also offer service on our iDEN network in Argentina. Our current spectrum holdings are sufficient to enable us to deploy networks that utilize long-term evolution, or LTE, technology in certain areas in Brazil and Mexico, and we currently plan to upgrade our WCDMA networks to support LTE services in select cities in Brazil and Mexico in 2014.

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Going Concern. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and the satisfaction of liabilities in the normal course of business. These consolidated financial statements do not include any adjustments that might result from the occurrence of any of the uncertainties described below.

Recently, our results of operations, including our operating revenues and operating cash flows, have been negatively affected by a number of factors, including competitive pressure across all of our markets, and a series of events that first arose or started to affect us to an unexpected degree in the third quarter of 2013. These events included:

- the impact of Sprint Corporation's, or Sprint's, deactivation of its iDEN network in the U.S.;
- the depreciation of local currencies;
- the impact of delays in the deployment and launch of services on our WCDMA networks, which delayed our ability to generate subscriber growth and revenues on those networks from what we had previously expected; and
- the increased costs to support our WCDMA networks.

In particular, Sprint's deactivation of its iDEN network in the U.S., combined with competitive pressures and delays in our deployment and optimization of our WCDMA network in Mexico, resulted in a significant loss of subscribers on our iDEN network that we were unable to offset with new subscribers on our WCDMA network. This subscriber loss resulted in a significant decline in subscribers and a reduction in operating revenues and operating cash flows in Mexico during the second half of 2013. We currently expect this trend in Mexico to continue into 2014 as iDEN subscriber losses continue to outpace our ability to attract customers to our new network. In addition, negative market perceptions of our WCDMA service in Mexico developed in late 2013 due primarily to Sprint's deactivation of its iDEN network and delays in effectively deploying and optimizing our WCDMA networks to meet the needs of customers who were seeking to replace the iDEN services that no longer met their needs, particularly in the border area with the U.S. These negative perceptions, if they persist, could further hinder our ability to attract the level of customers to our new network that we had previously anticipated. Similarly, delays in the deployment and optimization of our WCDMA network in Brazil made it difficult to proceed with our scheduled launches of WCDMA services in that market. As a result, we proceeded with launches of full voice and data services in Brazil late in 2013, which led to subscriber and revenue growth rates that were significantly lower than originally anticipated.

These factors had a significant negative impact on our results during the second half of 2013, and as a result, we ended 2013 with a significantly smaller subscriber and revenue base than we had previously expected. We plan to use our available funding, together with cash provided by our operations, to finance our current business plan; however, with a smaller subscriber base in Mexico and Brazil, absent changes to our outlook, it is probable that we will not be able to generate sufficient growth in our operating revenues and operating cash flows to meet our obligations through 2015. These conditions, and their impact on our liquidity, in combination with the potential impact if we cannot satisfy certain financial covenants under our current debt obligations in 2014 as more fully discussed below, raise substantial doubt about our ability to continue as a going concern under the applicable authoritative literature.

Taking the foregoing circumstances into account, and assuming that we are not required to repay the outstanding debt under our operating company financing agreements prior to their scheduled maturity dates as described below, we believe our current sources of funding will be adequate to allow us to execute our business plan and meet our obligations through 2014, but that we will likely not have sufficient funding to do so throughout 2015. To meet our funding needs in 2014, we expect operating cash flows to improve in the second half of 2014, and we intend to reduce our investment in capital expenditures, including our investments in our networks, below the \$882.9 million we invested in 2013. Our current business plan assumes that customers will find our services attractive and that we will be able to expand our subscriber base on our WCDMA network in Brazil. We also assume that in 2014 we will be able to stabilize our business in Mexico and achieve a partial to full reversal of the subscriber loss trends we experienced in 2013. However, given the factors that have negatively affected our business and the difficulties associated with predicting our ability to overcome these factors, there can be no assurance that these assumptions will be correct.

The negative impact of the factors discussed above on our results of operations may also adversely affect our ability to comply with certain financial covenants in our existing debt obligations. Specifically, based on our current business plan projections, it is likely that we will be unable to satisfy one or more of the financial covenants currently included in the equipment financing arrangements for Nextel Brazil and Nextel Mexico in 2014. In addition, based on our current business plan projections, it is likely

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

that we will be unable to satisfy the financial covenants currently included in Nextel Brazil's local bank financing arrangements in 2014. Each of these financing arrangements requires that we meet these financial covenants semi-annually, calculated as of June 30 and December 31. As of December 31, 2013, we were in compliance with these covenants and had \$926.8 million principal amount outstanding under these financing arrangements.

If we are unable to comply with the relevant covenants in these arrangements, some of the available courses of action that we could pursue either separately or in combination in an effort to ensure that we satisfy the requirements of these financial covenants or resolve potential non-compliance with these covenants include:

- negotiating amendments to the financing agreements to modify the relevant covenants;
- securing waivers of the non-compliance from the lenders;
- taking actions designed to enhance the creditworthiness of the borrowers, including moving cash or other assets to the relevant borrower; or
- repaying the relevant outstanding indebtedness in full.

While we believe we will be able to negotiate either amendments or waivers with these lenders, there can be no assurance that we will be able to negotiate such amendments or waivers on reasonable terms or at all. Accordingly, if we are required to repay these borrowings, which is not contemplated by our 2014 business plan, the repayment would have a significant negative impact on our liquidity and would further intensify the liquidity issues we face. In addition, if we are unable to remain in compliance with these financial covenants or to otherwise address that non-compliance, a default or acceleration of the debt under those agreements could occur. If the debt under any of these agreements were to be accelerated, the holders of 25% of each series of senior notes issued by Capital Corp. and NII International Telecom, S.C.A., or NIIT, would have the right to declare that an event of default has occurred under the related indentures and could then require the immediate repayment of all borrowings represented by the senior notes. As of December 31, 2013, we had approximately \$4.4 billion principal amount of senior notes outstanding.

Even if we are able to successfully address the potential financial covenant issues in 2014, in light of the liquidity issues we face, we continue to assess our ability to significantly improve our operating cash flows and are considering a number of options to do so, including:

- reducing or delaying our investments in capital expenditures, including scaling back our network development and deployment efforts;
- reducing the scope of our operations in one or more markets that we currently serve;
- selling assets or operations;
- restructuring, reorganizing or refinancing all or a portion of our existing debt obligations, including modifying the terms of those obligations to reduce or delay our debt service requirements;
- seeking additional equity capital or borrowing additional funds;
- creating partnerships or alliances; or
- selling our company.

Some of these actions could have the effect of increasing our debt, negatively impacting the quality of our customer service or customer confidence in our ability to provide products and services, reducing our ability to raise additional capital, and further delaying our ability to operate profitably and generate operating cash flows. These actions could also have a significant adverse impact on the value of our business and our outstanding debt and equity securities. There can be no assurance that any of these potential actions could, if necessary, be implemented on commercially reasonable terms, or at all, or that they would alone or in combination with other actions adequately preserve our liquidity or enable us to meet our ongoing funding requirements including our debt service obligations. In addition, if we are able to and do incur additional debt, the risks associated with our substantial

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

leverage, including the risk that we will be unable to service our debt or generate enough cash flow to fund our liquidity needs, could intensify.

As part of our current assessment or assessments in the future, if we believe we will be unable to significantly improve our cash flow from operations or implement measures to enable us to continue to satisfy our obligations, we may voluntarily commence reorganization proceedings, which could mean that debt and equity holders could lose all or part of their investment.

Use of Estimates. The preparation of financial statements in conformity with accounting principles generally accepted in the United States, or the U.S., requires us to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, actual results to be reported in future periods could differ from our estimates.

Principles of Consolidation. The consolidated financial statements include the accounts of NII Holdings and our subsidiaries. Our decision to consolidate an entity is based on our control of the entity through direct and indirect majority interest in the entity. We eliminate all significant intercompany transactions, including intercompany profits and losses, in consolidation.

We refer to our subsidiaries by the countries in which they operate, such as Nextel Brazil, Nextel Mexico, Nextel Argentina and Nextel Chile.

Concentrations of Risk. Substantially all of our revenues are generated from our operations located in Brazil, Mexico and Argentina. Regulatory entities in each country regulate the licensing, construction, acquisition, ownership and operation of our networks, and certain other aspects of our business, including some of the rates we charge our subscribers. Changes in the current telecommunications statutes or regulations in any of these countries could adversely affect our business. In addition, as of December 31, 2013 and 2012, \$6,400.7 million and \$6,650.0 million, respectively, of our assets were owned by Nextel Brazil and Nextel Mexico. Political, financial and economic developments in Brazil and Mexico could impact the recoverability of our assets.

Motorola Solutions is the primary supplier for iDEN network equipment, and Motorola Mobility is the primary supplier of iDEN handsets. We expect to continue to rely on Motorola Solutions and Motorola Mobility for iDEN network equipment and handsets.

As we transition to our WCDMA networks, and as Sprint proceeded with its planned deactivation of its iDEN network, the significant reduction in demand for iDEN network equipment and handsets may make it uneconomical for Motorola Solutions to continue to provide the same level of ongoing support for our iDEN networks. We also expect that this transition could also affect Motorola Mobility's ability or willingness to provide support for the development of new iDEN handsets beyond their contractual obligations and may also result in an increase in our costs for those handsets, including handsets that are capable of operating on both our iDEN and WCDMA networks. As a result, we may not be able to adequately service our existing iDEN subscribers or attract new iDEN subscribers. The impact of this transition may be more significant in Argentina where we do not currently hold spectrum that would support the deployment of a WCDMA network.

Financial instruments that potentially subject us to significant amounts of credit risk consist of cash, cash equivalents, short-term investments and accounts receivable. Our cash and cash equivalents are deposited with high-quality financial institutions. At times, we maintain cash balances in excess of Federal Deposit Insurance Corporation (or the foreign country equivalent institution) limits. Our short-term investments are composed of investments in U.S. treasury securities, investments in corporate bonds and certain investments made by Nextel Brazil in two different funds. See Note 9 for further information. Our accounts receivable are generally unsecured. In some cases, for certain higher risk subscribers, we require a subscriber deposit. We routinely assess the credit worthiness of our subscribers and maintain allowances for probable losses, where necessary.

Foreign Currency. We translate the results of operations for our non-U.S. subsidiaries and affiliates from the designated functional currency to the U.S. dollar using average exchange rates during the relevant period, while we translate assets and liabilities at the exchange rate in effect at the reporting date. We translate equity balances at historical rates. We report the resulting gains or losses from translating foreign currency financial statements as other comprehensive income or loss.

In general, monetary assets and liabilities denominated in U.S. dollars give rise to realized and unrealized foreign currency transaction gains and losses, which we record in the consolidated statement of operations as foreign currency transaction gains, net. We report the effects of changes in exchange rates associated with certain U.S. dollar-denominated intercompany loans and advances to our foreign subsidiaries that are of a long-term investment nature as other comprehensive income or loss in our consolidated financial statements. We have determined that certain U.S. dollar-denominated intercompany loans and advances to Nextel Brazil and Nextel Chile are of a long-term investment nature.

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

The authorities in some of our markets have, from time to time, used formal and informal restrictions to limit the convertibility of currency and our ability to repatriate capital from our market operations to their parent companies. For example, the Argentine government continues to impose formal and informal limitations on our ability to repatriate funds and repay intercompany contractual obligations.

Accumulated Other Comprehensive Loss. The components of our accumulated other comprehensive loss, net of taxes, are as follows:

	December 31, 2013	December 31, 2012
	(in thousands)	
Cumulative foreign currency translation adjustment	\$ (951,271)	\$ (616,378)
Other	(4,806)	(7,063)
	\$ (956,077)	\$ (623,441)

Supplemental Cash Flow Information.

	Year Ended December 31,		
	2013	2012	2011
	(in thousands)		
Capital expenditures			
Cash paid for capital expenditures, including capitalized interest	\$ 664,877	\$ 1,042,479	\$ 961,794
Change in capital expenditures accrued and unpaid or financed, including accreted interest capitalized	218,071	378,638	382,911
	\$ 882,948	\$ 1,421,117	\$ 1,344,705
Interest costs			
Interest expense, net	\$ 539,159	\$ 365,521	\$ 311,735
Interest capitalized	78,254	127,189	76,204
	\$ 617,413	\$ 492,710	\$ 387,939
Acquisitions of assets and business combinations			
Fair value of assets acquired	\$ 53,066	\$ 100,185	\$ 138,678
Less: liabilities assumed and deferred tax liabilities incurred	—	—	—
Less: cash acquired	—	—	—
	\$ 53,066	\$ 100,185	\$ 138,678
Cash paid for interest, net of amounts capitalized	\$ 391,874	\$ 293,594	\$ 183,475
Cash paid for income taxes	\$ 39,292	\$ 269,597	\$ 344,963

For the year ended December 31, 2013, we had \$213.5 million in non-cash financing, primarily related to borrowings under our equipment financing facility in Mexico, the short-term financing of imported handsets and infrastructure in Brazil and co-location capital lease obligations on our transmitter and receiver sites, which we also refer to as communication towers or towers, although in some instances these towers are located on rooftops and other structures, in Brazil and Mexico. For the year ended December 31, 2012, we had \$238.8 million in non-cash financing, primarily related to borrowings under our equipment financing facilities in Mexico and Chile, the short-term financing of imported handsets and infrastructure in Brazil and co-location capital lease obligations on our communication towers in Brazil and Mexico. For the year ended December 31, 2011, we had \$918.7 million in non-cash financing. Of this amount, \$689.8 million related to the long-term financing of spectrum that was awarded to Nextel Brazil in June 2011 as described in Note 8. The remainder consisted primarily of the short-term financing of imported handsets and infrastructure in Brazil, the long-term financing of infrastructure equipment in Chile and co-location capital lease obligations on our communication towers.

Cash and Cash Equivalents. We consider all highly liquid investments with an original maturity of three months or less at the time of purchase to be cash equivalents. Cash equivalents primarily consist of money market funds and other similarly structured funds. As of December 31, 2013 and 2012, we had \$740.0 million and \$479.4 million, respectively, in time deposits.

NII HOLDINGS, INC. AND SUBSIDIARIES
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Restricted Cash. As of December 31, 2013, we had \$91.3 million in restricted cash, the majority of which was included in other long-term assets and was comprised of cash held in escrow in connection with the sale of Nextel Peru, a debt service reserve account related to Nextel Mexico's equipment financing facility, purchase commitments for handsets and cash collateral supporting the lease of our corporate headquarters, and the remainder of which was included in other current assets.

As of December 31, 2012, we had \$16.0 million in restricted cash, the majority of which was included in other long-term assets and represented cash collateral supporting the lease of our corporate headquarters, and the remainder of which was included in other current assets.

Short-Term Investments. Our short-term investments consist of investments made by Nextel Brazil in two different investment funds and certificates of deposit with a Brazilian bank. We classify investments in debt securities as available-for-sale as of the balance sheet date and report them at fair value. We record unrealized gains and losses, net of income tax, as other comprehensive income or loss. We report realized gains or losses, as determined on a specific identification basis, and other-than-temporary declines in value, if any, in net other expense in our consolidated statement of operations. We assess declines in the value of individual investments to determine whether the decline is other-than-temporary and thus the investment is impaired. We make these assessments by considering available evidence, including changes in general market conditions, specific industry and individual company data, the length of time and the extent to which the market value has been less than cost, the financial condition and near-term prospects of the individual company and our intent and ability to hold the investment. See Note 9 for additional information.

Handset and Accessory Inventory. We record handsets and accessories at the lower of cost or market. We determine cost by the weighted average costing method. We expense handset costs at the time of sale and classify such costs in cost of handset and accessory sales. Inventory cost includes amounts associated with non-income based taxes.

We analyze the net realizable value and replacement cost of handset and accessory inventory on a periodic basis. This analysis includes an assessment of the obsolescence of individual devices, our sales forecasts and other factors. For the years ended December 31, 2013, 2012 and 2011, we recorded losses related to inventory obsolescence of \$70.4 million, \$1.6 million and \$3.2 million, respectively, which included \$14.1 million in 2013 related to expected losses on firm purchase commitments.

Property, Plant and Equipment. We record property, plant and equipment, including improvements that extend useful lives or enhance functionality, at cost, while we charge maintenance and repairs to operations as incurred. We capitalize internal and external costs incurred to develop internal-use software, which consist primarily of costs related to configuration, interfaces, installation and testing. We also capitalize internal and external costs incurred to develop specified upgrades and enhancements if they result in significant additional functionalities for our existing software. We expense all costs related to evaluation of software needs, data conversion, training, maintenance and other post-implementation operating activities.

We calculate depreciation using the straight-line method based on estimated useful lives ranging from 3 to 30 years for network equipment, communication towers and software and 3 to 10 years for office equipment, furniture and fixtures, and other, which includes non-network internal use software. We depreciate our corporate aircraft capital lease using the straight-line method based on the lease term of 10 years. We include depreciation expense on our corporate aircraft capital lease and other capital leases in accumulated depreciation. We amortize leasehold improvements over the shorter of the lease terms or the useful lives of the improvements.

Construction in progress includes internal and external labor, materials, transmission and related equipment, engineering, site development, interest and other costs relating to the construction and development of our digital wireless networks. We do not depreciate assets under construction until they are ready for their intended use. We capitalize interest and other costs, including labor and software upgrades, which are applicable to the construction of, and significant improvements that enhance functionality to, our network equipment.

We periodically review the depreciation method, useful lives and estimated salvage value of our property, plant and equipment and revise those estimates if current estimates are significantly different from previous estimates.

During the fourth quarter of 2013, we reviewed the useful lives of our communication towers and determined that the useful lives of some of these towers should be increased to 30 years compared to the 10- or 15-year useful lives over which we were previously depreciating these sites. As a result of this change in useful lives, we estimate that our depreciation expense will decrease in 2014.

Asset Retirement Obligations. We record an asset retirement obligation and an associated asset retirement cost when we have a legal obligation in connection with the retirement of tangible long-lived assets. Our obligations arise from certain of our

NII HOLDINGS, INC. AND SUBSIDIARIES
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leases and relate primarily to the cost of removing our communication towers and network equipment from leased sites. We recognize an asset retirement obligation, and the associated asset retirement cost, in the period in which it is incurred at fair value computed using discounted cash flow techniques. The liability is then accreted over time until the obligation is settled and the asset retirement cost is depreciated over the useful life of the related assets.

We make adjustments for changes to either the timing or amount of the estimated future settlement obligation in the period incurred. We recognize increases in the present value of the asset retirement obligations as an additional liability and add this amount to the carrying amount of the associated asset retirement cost. We record decreases as a reduction in both the recorded liability and the carrying amount of the associated asset retirement cost. To the extent that the decrease in the recorded liability exceeds the carrying amount of the associated asset retirement cost, we record the excess as a component of operating income. For the year ended December 31, 2013, we recorded an \$82.6 million reduction to our asset retirement obligations as the result of a change in the timing and amount of estimated future settlements, of which \$48.3 million represented the amount of the liability that was in excess of the carrying amount of the associated asset retirement cost.

As of December 31, 2013 and 2012, our asset retirement obligations were as follows (in thousands):

	2013	2012
Balance, January 1	\$ 114,760	\$ 81,728
New asset retirement obligations	18,648	10,740
Change in assumptions	(82,634)	8,088
Accretion	18,319	14,804
Settlement of asset retirement obligation	(93)	(293)
Foreign currency translation and other	(13,775)	(307)
Balance, December 31	\$ 55,225	\$ 114,760

Derivative Financial Instruments. We enter into derivative transactions for risk management purposes only. We have not and will not enter into any derivative transactions for speculative or profit generating purposes. As of December 31, 2013 and 2012, the values of our derivative instruments were not material.

Valuation of Long-Lived Assets. We review long-lived assets such as property, plant and equipment and identifiable intangible assets with definite useful lives, which include our licenses, for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. If the total of the expected undiscounted future cash flows of the asset or asset group is less than the carrying amount of the asset, we recognize a loss, if any, for the difference between the fair value and carrying value of the asset.

Intangible Assets. Substantially all of our intangible assets are wireless telecommunications licenses.

We amortize our intangible assets using the straight-line method over the estimated period benefited. We amortize licenses acquired after our emergence from reorganization in 2002 over their estimated useful lives of 3 to 20 years. In the countries in which we operate, licenses are customarily issued conditionally for specified periods of time ranging from 10 to 40 years, including renewals. The licenses are generally renewable provided the licensee has complied with applicable rules and policies. We believe we have complied with these standards in all material respects. However, the political and regulatory environments in the markets we serve are continuously changing and, in many cases, the renewal fees could be significant. Therefore, we do not view the renewal of our licenses to be perfunctory. In addition, the wireless telecommunications industry is experiencing significant technological change, and the commercial life of any particular technology is difficult to predict. Many of our licenses give us the right to use 800 MHz spectrum that is non-contiguous, and the iDEN technology is the only commercially available digital technology that operates on non-contiguous spectrum. As a result, our ability to deploy new technologies on our licensed 800 MHz spectrum may be limited unless we are able to reconfigure the spectrum holdings into contiguous blocks and meet other technical, operational and regulatory requirements. In light of the uncertainty regarding the availability of alternative technologies, our ability to reconfigure the 800 MHz spectrum, our ability to meet certain other requirements and the commercial life of any technology, including the iDEN technology, our ability to use our 800 MHz spectrum for an indefinite period cannot be assured. As a result, we classify our licenses as definite lived assets.

Revenue Recognition. Operating revenues primarily consist of wireless service revenues and revenues generated from the sale of handsets and accessories. We present our operating revenues net of value-added taxes, but we include certain revenue-based taxes that are our primary obligation.

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Service revenues primarily consist of fixed monthly access charges. Other components of service revenue include revenues from calling party pays programs, where applicable, variable charges for airtime and two-way radio usage in excess of plan minutes, long-distance charges, international roaming revenues derived from calls placed by our subscribers on other carriers' networks and revenues generated from broadband data services we provide on our WCDMA networks, net of credits and adjustments for service discounts and value-added taxes. We recognize excess usage, local, long distance and calling party pays revenue at contractual rates per minute as minutes are used. We record cash received in excess of revenues earned as deferred revenues. We recognize service revenue as service is provided. We recognize handset revenue when title and risk of loss passes to the customer.

We bill excess usage to certain of our subscribers in arrears. In order to recognize the revenues originating from excess usage subsequent to subscriber invoicing, we estimate the unbilled portion based on the usage that the handset had during the part of the month already billed, and we use this actual usage to estimate the unbilled usage for the rest of the month taking into consideration working days and seasonality. Our estimates are based on our experience in each market. We periodically evaluate our estimates by comparing them to actual excess usage revenue billed the following month. While our estimates have been consistent with our actual results, actual usage in future periods could differ from our estimates.

Other revenues primarily include amounts generated from our handset maintenance programs, roaming revenues generated from other companies' subscribers that roam on our networks and co-location rental revenues from third party tenants that rent space on our towers. We recognize revenue generated from our handset maintenance programs on a monthly basis at fixed amounts over the service period. We recognize roaming revenues at contractual rates per minute as minutes are used. We recognize co-location revenues from third party tenants on a monthly basis based on the terms set by the underlying agreements.

We recognized the proceeds received from our spectrum use and build-out agreement with Sprint as deferred revenues. We amortize this amount into revenue on a straight-line basis over 15.5 years, which represents the average remaining useful life of our licenses in the Baja region of Mexico as of the date we began providing service under this agreement.

Revenue-Based Taxes. We record revenue-based taxes and other excise taxes on a gross basis as a component of both service and other revenues and selling, general and administrative expenses in our consolidated financial statements. For the years ended December 31, 2013, 2012 and 2011, we had \$166.0 million, \$211.5 million and \$245.2 million, respectively, in revenue-based taxes and other excise taxes.

Accounts Receivable. Accounts receivable represents amounts due from subscribers net of an allowance for doubtful accounts. Trade accounts receivable consists of fixed monthly charges, as well as charges for excess and roaming minutes used in arrears.

Allowance for Doubtful Accounts. We establish an allowance for doubtful accounts receivable sufficient to cover probable and reasonably estimated losses. We estimate this allowance based on historical experience, aging of accounts receivable and individual subscriber payment history. While we believe that the estimates we use are reasonable, actual results could differ from those estimates.

Subscriber Related Direct Costs. We recognize all costs of handset sales when title and risk of loss passes upon delivery of the handset to the subscriber.

Advertising Costs. We expense costs related to advertising and other promotional expenditures as incurred. Advertising costs totaled \$147.9 million, \$174.3 million and \$214.4 million during the years ended December 31, 2013, 2012 and 2011, respectively.

Stock-Based Compensation. We measure and recognize compensation expense for all stock-based compensation awards based on estimated fair values. See Note 13 for more information.

Net (Loss) Income Per Common Share, Basic and Diluted. Basic net (loss) income per common share is computed by dividing adjusted net (loss) income attributable to common shares by the weighted average number of common shares outstanding for the period. Diluted net (loss) income per common share reflects the potential dilution of securities that could participate in our earnings, but not securities that are antidilutive, including stock options with an exercise price greater than the average market price of our common stock.

Our unvested restricted stock awards, or RSAs, contain non-forfeitable rights to dividends, whether paid or unpaid. As a result, our RSAs are considered participating securities because their holders have the right to participate in earnings with common stockholders. We use the two-class method to allocate net income between common shares and other participating securities.

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As presented for the years ended December 31, 2013 and 2012, our calculation of diluted net loss per share is based on the weighted average number of common shares outstanding during the period and does not include other potential common shares, including shares issuable upon the potential exercise of stock options under our stock-based employee compensation plans, restricted common shares issued under those plans or common shares resulting from the potential conversion of our 3.125% convertible notes prior to their maturity on June 15, 2012 since their effect would have been antidilutive to our net loss for those periods. In addition, for the years ended December 31, 2013 and 2012, we did not include 10.8 million or 16.8 million stock options, respectively, and 2.8 million and 2.0 million in restricted stock, respectively, in our calculation of diluted net loss per common share because their effect would have been antidilutive to our net loss per common share for those periods.

As presented for the year ended December 31, 2011, our calculation of diluted net income per share includes common shares resulting from shares issuable upon the potential exercise of stock options under our stock-based employee compensation plans and our restricted stock, as well as common shares resulting from the potential conversion of our 2.75% convertible notes. During the third quarter of 2011, certain holders of our 2.75% convertible notes required us to purchase a portion of these notes, and we exercised our call option and redeemed the remaining outstanding principal amount of these notes. We did not include the common shares resulting from the potential conversion of our 3.125% convertible notes in our calculation of diluted net income per common share because their effect would have been antidilutive to our net income per common share for the year ended December 31, 2011. Further, for the year ended December 31, 2011, we did not include 9.3 million in antidilutive stock options nor did we include an immaterial amount of our restricted stock in our calculation of diluted net income per common share because their effect would also have been antidilutive to our net income per common share for that period.

The following tables provide a reconciliation of the numerators and denominators used to calculate basic and diluted net (loss) income per common share as disclosed in our consolidated statements of operations for the years ended December 31, 2013, 2012 and 2011:

	Year Ended December 31, 2013		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
(in thousands, except per share data)			
Basic net loss per common share:			
Net loss	\$ (1,649,599)	171,912	
Net income allocable to participating shares	—	—	
Adjusted net loss attributable to common shares	(1,649,599)	171,912	\$ (9.60)
Effect of dilutive securities:			
Stock options	—	—	
Restricted stock	—	—	
Convertible notes, net of capitalized interest and taxes	—	—	
Diluted net loss per common share:			
Net loss on which diluted earnings per share is calculated	\$ (1,649,599)	171,912	\$ (9.60)

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	Year Ended December 31, 2012		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except per share data)		
Basic net loss per common share:			
Net loss	\$ (765,249)	171,499	
Net income allocable to participating shares	—	—	
Adjusted net loss attributable to common shares	(765,249)	171,499	\$ (4.46)
Effect of dilutive securities:			
Stock options	—	—	
Restricted stock	—	—	
Convertible notes, net of capitalized interest and taxes	—	—	
Diluted net loss per common share:			
Net loss on which diluted earnings per share is calculated	\$ (765,249)	171,499	\$ (4.46)

	Year Ended December 31, 2011		
	Income (Numerator)	Shares (Denominator)	Per Share Amount
	(in thousands, except per share data)		
Basic net income per common share:			
Net income	\$ 225,196	170,601	
Net income allocable to participating shares	(1,546)	—	
Adjusted net income attributable to common shares	223,650	170,601	\$ 1.31
Effect of dilutive securities:			
Stock options	—	1,971	
Restricted stock	—	208	
Convertible notes, net of capitalized interest and taxes	—	1	
Diluted net income per common share:			
Net income on which diluted earnings per share is calculated	\$ 225,196	172,781	\$ 1.30

Income Taxes. We account for income taxes using the asset and liability method, under which we recognize deferred income taxes for the tax consequences attributable to differences between the financial statement carrying amounts and the tax bases of existing assets and liabilities, as well as for tax loss carryforwards and tax credit carryforwards. We measure deferred tax assets and liabilities using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recoverable or settled. We recognize the effect on deferred taxes of a change in tax rates in income in the period that includes the enactment date. We provide a valuation allowance against deferred tax assets if, based upon the weight of available evidence, we do not believe it is “more-likely-than-not” that some or all of the deferred tax assets will be realized.

During 2013 the valuation allowance against our deferred tax assets increased by a net amount of \$4.0 billion. This increase is due to a continuance of our prior position of recording a full valuation allowance with respect to the net deferred tax assets of Nextel Chile and the U.S., resulting in an additional \$151.3 million valuation allowance for these entities. Our prior position of recording a full valuation allowance with respect to the net deferred tax assets of our holding companies in Luxembourg, Spain and Netherlands also continued in 2013, and we recorded in total a \$3.3 billion valuation allowance against the deferred tax assets of these entities. Due to the nature of these companies and their tax status under local holding company rules, a full valuation allowance is necessary as the net operating loss carryforwards will never be utilized and add no value to the company. In addition, our prior position regarding the need for a valuation allowance on one of our Brazil subsidiaries and three of our Mexico subsidiaries changed in 2013, and we recorded valuation allowances of \$382.9 million and \$189.8 million against the net deferred tax assets of these Brazilian and Mexican subsidiaries, respectively. This change of position was primarily due to the significant decline in our current and recent cumulative earnings.

Realization of deferred tax assets in any of our markets depends on various factors, including continued future profitability in these markets. Our ability to generate the expected amounts of taxable income from future operations is dependent upon general

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economic conditions, technology trends, political uncertainties, competitive pressures and other factors beyond management's control. We will continue to evaluate the deferred tax asset valuation allowance balances in all of our foreign and U.S. companies throughout 2014 to determine the appropriate level of valuation allowances.

We continued to assert our prior position regarding the repatriation of historical foreign earnings back to the U.S. During the first quarter of 2010, we determined that we will repatriate an additional amount of \$200.0 million of 2010 undistributed earnings back to the U.S. in a taxable manner. This amount was in addition to \$26.3 million that remained to be repatriated in accordance with our 2007 decision to repatriate foreign earnings to the U.S., for a total of \$226.3 million to be repatriated. As of December 31, 2012, we included a \$54.4 million provision in deferred tax liability for U.S. federal, state and foreign taxes with respect to future remittances of certain undistributed earnings (other than income that has been previously taxed in the U.S. under the subpart F rules) of certain of our foreign subsidiaries. This deferred tax liability decreased slightly in 2013 due to changes in foreign currency exchange rates to \$54.2 million as of December 31, 2013. Except for the earnings associated with this provision and income that has been previously taxed in the U.S. under the subpart F rules and can be remitted to the U.S. without incurring additional income taxes, we currently have no intention to remit any additional undistributed earnings of our foreign subsidiaries in a taxable manner. Should additional amounts of our foreign subsidiaries' undistributed earnings be remitted to the U.S. as dividends, we may be subject to additional U.S. income taxes (net of allowable foreign tax credits) and foreign withholding taxes. It is not practicable to estimate the amount of any additional taxes which may be payable on the remaining undistributed earnings.

Reclassifications. We have reclassified some prior period amounts in our consolidated financial statements to conform to our current year presentation.

New Accounting Pronouncements. There were no new accounting standards issued during the year ended December 31, 2013 that materially impacted our consolidated financial statements or could materially impact our financial statements or related disclosures in a future period.

2. 2013 Sale of Towers

In August 2013, Nextel Brazil and Nextel Mexico agreed to sell 2,790 and 1,666 communication towers, respectively, to American Tower Corporation, or American Tower, in two separate transactions for total estimated proceeds based on foreign currency exchange rates at the time of \$432.3 million and \$391.2 million, respectively, subject to certain adjustments, including adjustments based on the actual number of towers sold. We refer to these sales as the 2013 sale of towers. Both Nextel Brazil and Nextel Mexico agreed to lease these towers from American Tower for a minimum initial lease term of 12 years with optional additional renewals. NII International Telecom, S.C.A., or NIIT, which is an indirect subsidiary of NII Holdings, Inc., agreed to provide certain credit support with respect to the lease obligations of Nextel Brazil. The transaction agreements provide that all payments, including the purchase price and site rental, will be made in local currencies. As a result, the estimated U.S. dollar-denominated proceeds are subject to changes in the values of the local currencies relative to the U.S. dollar.

In November 2013, Nextel Mexico completed the sale of 1,483 communication towers to American Tower for proceeds based on foreign currency exchange rates at the time of \$374.3 million. In December 2013, Nextel Brazil completed the sale of 1,940 communication towers to American Tower for proceeds based on foreign currency exchange rates at the time of \$348.0 million. The agreement with American Tower provides for a post-closing period during which certain adjustments can be made to the purchase price of each transferred tower or certain towers can be returned based on the verification of information relevant to the tower. During this post-closing adjustment period, which we expect will last about 120 days from the date of each closing, we are accounting for the proceeds from these transactions under the deposit method and recording payments received from American Tower as a deposit liability, which is included in our consolidated balance sheet as a component of deposits related to 2013 sale of towers. After any price adjustments are determined, we will calculate the gain on the sale of the towers and begin accounting for these sales as sale-leaseback transactions in accordance with the FASB's authoritative guidance on leases. In addition, we expect to recognize a capital lease liability for the portion of the leases related to these towers. We will recognize a portion of the gain over the lease term and record the remainder of the gain as a component of operating income immediately. Once the applicable closing conditions are met, we expect to complete the sale of some or all of the remaining towers in Brazil and Mexico that were agreed to be sold.

For years subsequent to December 31, 2013, future minimum payments related to the 2013 sale of towers, including committed executory costs, are as follows (in thousands):

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2014	\$	109,887
2015		112,084
2016		114,326
2017		116,612
2018		118,945
Thereafter		2,458,376
Total	\$	<u>3,030,230</u>

3. Impairment and Restructuring Charges

Asset Impairments.

In January 2013, we began evaluating the feasibility of discontinuing the broader use of software previously developed for use in multiple markets to support our customer relationship management systems and the possibility of restricting its ongoing use to one market. As a result of this evaluation, in the first quarter of 2013, we recognized a non-cash asset impairment charge of \$85.3 million related to the discontinuation of this software, of which \$42.8 million was recognized at the corporate level, \$33.5 million was recognized by Nextel Chile and \$9.0 million was recognized by Nextel Mexico.

We recognized a \$5.9 million asset impairment at the corporate level in September 2013 related to the discontinuation of the development of certain network features.

During 2013, we tested long-lived assets in our Nextel Brazil, Nextel Mexico, and Nextel Chile segments for recoverability and, based on our estimates of undiscounted cash flows, determined the carrying values to be recoverable. Our estimates of undiscounted cash flows for each asset group exceeded the carrying value of the respective asset groups.

During the year ended December 31, 2012, we recognized \$322.2 million in non-cash impairment charges, \$298.8 million of which related to an asset impairment recognized by our Nextel Chile operating segment described below. The remainder of our impairment charges related to the write-off of certain information technology projects in 2012, the majority of which was at the corporate level.

Due to a change in management focus, in December 2012, we determined that the carrying value of the asset group within our Nextel Chile operating segment, which includes all operating assets and liabilities held at our Chilean operating segment, was not recoverable. As a result, we recorded a non-cash asset impairment charge of \$298.8 million to reduce the carrying amount of the asset group to its fair value. We determined the estimated fair value of Nextel Chile's asset group using a discounted cash flow analysis in conjunction with a sum-of-the-parts cost approach, both of which are considered Level 3 inputs within the fair value hierarchy under the FASB's authoritative guidance on fair value measurements. The discounted cash flows mentioned above were derived from a seven-year projection of revenues and expenses, plus a residual value, with the resulting projected cash flows discounted at an appropriate weighted average cost of capital. We assembled the sum-of-the-parts analysis using the estimated cost to construct a network with the related spectrum licenses.

Restructuring Charges.

In the fourth quarter of 2013, we recognized \$23.8 million in restructuring charges, the majority of which was at the corporate level and in Mexico, in connection with an organizational realignment plan that we designed to simplify the roles and responsibilities of both our headquarters and market organizations and better align our costs and organizational structure with our growth strategy.

In September 2013, Nextel Mexico recognized \$8.6 million in restructuring charges related to the separation of employees in conjunction with actions taken to realign staffing and other resources and reduce general and administrative expenses in our Mexican operating company.

In August 2013, we recognized \$6.8 million in contract termination costs incurred in connection with the sublease of certain excess space located in one of our corporate office buildings.

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In 2009, we entered into an agreement with Nokia Siemens Networks, or NSN, to manage our network operations infrastructure. During the first quarter of 2013, we restructured and amended this agreement, reduced the scope of the services provided by NSN, added terms to facilitate the transition of those services to us and established the terms on which further transitions of services and the termination of the NSN arrangements could be implemented in each of our markets. Under the agreements in effect prior to this restructuring, we classified a portion of the base contractual fees as a prepayment and were recognizing this prepayment over the life of the previous agreement. As a result of the restructuring with NSN, we recognized a non-cash charge of \$39.9 million relating to the write-off of the remainder of the prepayment.

During the fourth quarter of 2012, we recognized \$7.6 million in restructuring charges at the corporate level, primarily related to the separation of employees in conjunction with certain actions taken to realign resources and roles between our corporate headquarters and operating segments.

As of December 31, 2013, \$15.4 million of our restructuring charges were accrued and unpaid. Total impairment and restructuring charges for the years ended December 31, 2013 and 2012 were as follows (in thousands):

	December 31,	
	2013	2012
Brazil	\$ 24,515	\$ 2,437
Mexico	39,057	439
Argentina	7,908	73
Chile	36,004	299,366
Corporate	63,563	27,452
Total impairment and restructuring charges	<u>\$ 171,047</u>	<u>\$ 329,767</u>

4. Discontinued Operations

Sale of Nextel Peru. In August 2013, we, together with our wholly-owned subsidiaries NII Mercosur Telecom, S.L. and NII Mercosur Moviles, S.L., completed the sale of all of the outstanding equity interests of our wholly-owned subsidiary, Nextel del Peru, S.A., or Nextel Peru, to Empresa Nacional de Telecomunicaciones S.A. and one of its subsidiaries, Entel Inversiones, S.A., which we refer to collectively as Entel, for \$405.5 million in cash, which includes \$50.0 million that was deposited in escrow on our behalf to satisfy potential indemnification claims. The aggregate value we received reflects estimated adjustments for cash, debt and working capital balances as of the closing date and is subject to post-closing working capital adjustments. In connection with the disposal of our Nextel Peru operation, we recognized a loss of \$2.8 million for the year ended December 31, 2013. We also entered into a transition services agreement, pursuant to which we and our subsidiaries will provide certain services to Entel in order to facilitate the transition of Nextel Peru.

In connection with the sale of Nextel Peru to Entel, we have reported Nextel Peru as a discontinued operation in this annual report on Form 10-K. Accordingly, we reclassified Nextel Peru's results of operations for all periods presented to reflect Nextel Peru as discontinued operations. Unless otherwise noted, amounts included in these notes to our consolidated financial statements exclude amounts attributable to discontinued operations. The major components of loss from discontinued operations related to Nextel Peru were as follows (in thousands):

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	Year Ended December 31,		
	2013	2012	2011
Operating revenues	\$ 204,982	\$ 343,341	\$ 354,129
Operating expenses	(239,915)	(441,222)	(389,163)
Other expense, net	(1,501)	(5,924)	(9,481)
Loss before income tax provision	(36,434)	(103,805)	(44,515)
Income tax (provision) benefit	(900)	(63,965)	7,017
	(37,334)	(167,770)	(37,498)
Loss on disposal of Nextel Peru	(2,848)	—	—
Loss from discontinued operations, net of income taxes	\$ (40,182)	\$ (167,770)	\$ (37,498)

The components of assets and liabilities classified as held for sale as of December 31, 2012 consisted of the following (in thousands):

	December 31, 2012
ASSETS	
Cash and cash equivalents	\$ 12,318
Accounts receivable, less allowance for doubtful accounts of \$4,245	31,278
Handset and accessory inventory	26,375
Prepaid expenses and other	27,422
Property, plant and equipment, net	353,676
Intangible assets, net	39,290
Other assets	7,334
Total assets	\$ 497,693
LIABILITIES	
Accounts payable	\$ 61,365
Accrued expenses and other	45,995
Deferred revenues	17,346
Current portion of long-term debt	3,205
Long-term debt	3,453
Other long-term liabilities	9,282
Total liabilities	\$ 140,646

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5. Property, Plant and Equipment

The components of our property, plant and equipment are as follows:

	December 31,	
	2013	2012
	(in thousands)	
Land	\$ 9,652	\$ 10,505
Building and leasehold improvements	193,376	201,227
Digital mobile network equipment, communication towers and network software	4,829,134	4,406,690
Office equipment, furniture and fixtures and other	785,242	783,370
Corporate aircraft capital lease	42,747	42,747
Less: Accumulated depreciation and amortization	(2,995,667)	(2,684,635)
	<u>2,864,484</u>	<u>2,759,904</u>
Construction in progress	523,576	771,367
	<u>\$ 3,388,060</u>	<u>\$ 3,531,271</u>

6. Intangible Assets

Our intangible assets include the following:

	December 31, 2013			December 31, 2012		
	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
	(in thousands)					
Amortizable intangible assets:						
Licenses	\$ 1,220,990	\$ (245,321)	\$ 975,669	\$ 1,299,433	\$ (192,051)	\$ 1,107,382
Total amortizable intangible assets	<u>\$ 1,220,990</u>	<u>\$ (245,321)</u>	<u>\$ 975,669</u>	<u>\$ 1,299,433</u>	<u>\$ (192,051)</u>	<u>\$ 1,107,382</u>

Based on the carrying amount of intangible assets as of December 31, 2013 and current exchange rates, we estimate amortization expense for each of the next five years to be as follows (in thousands):

<u>Years</u>	<u>Estimated Amortization Expense</u>
2014	\$ 81,216
2015	81,216
2016	81,216
2017	81,216
2018	81,216

Actual amortization expense to be reported in future periods could differ from these estimates as a result of additional acquisitions of intangibles, as well as changes in exchange rates and other relevant factors. As of December 31, 2013 the balance of our indefinite lived intangible assets was \$18.6 million compared to the December 31, 2012 balance of \$18.7 million. In addition, the weighted average useful life of the intangible assets we acquired during the year ended December 31, 2013 was 15 years.

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7. Balance Sheet Details

Prepaid Expenses and Other.

The components are as follows:

	December 31,	
	2013	2012
	(in thousands)	
Prepaid value-added taxes	\$ 237,119	\$ 230,899
Prepaid income taxes	59,054	111,087
Other prepaid assets	97,421	112,571
Other current assets	42,506	33,534
	<u>\$ 436,100</u>	<u>\$ 488,091</u>

Accrued Expenses and Other.

The components are as follows:

	December 31,	
	2013	2012
	(in thousands)	
Capital expenditures	\$ 290,484	\$ 300,905
Non-income based taxes	114,360	154,126
Network system and information technology	92,109	97,443
Payroll related items and commissions	92,852	88,843
Accrued interest	128,509	73,135
Other	254,220	255,341
	<u>\$ 972,534</u>	<u>\$ 969,793</u>

8. Debt

	December 31,	
	2013	2012
	(in thousands)	
NII Capital Corp. senior notes, net	\$ 2,729,321	\$ 2,725,303
NII International Telecom, S.C.A. senior notes, net	1,609,962	—
Equipment financing	653,557	557,043
Bank loans	444,268	1,190,980
Capital lease and tower financing obligations	352,462	346,879
Brazil import financing	—	37,422
Other	3,901	1,917
Total debt	<u>5,793,471</u>	<u>4,859,544</u>
Less: current portion	<u>(96,839)</u>	<u>(94,039)</u>
	<u>\$ 5,696,632</u>	<u>\$ 4,765,505</u>

NII Capital Corp. Senior Notes.

7.625% Senior Notes due 2021. In March 2011, we issued \$750.0 million aggregate principal amount of senior notes for which we received \$735.6 million in cash proceeds, after deducting \$14.4 million of underwriting discounts and offering expenses,

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which we are amortizing into interest expense over the ten-year term of the notes. In December 2011, we issued an additional \$700.0 million aggregate principal amount of these senior notes for which we received \$689.3 million in cash proceeds, after deducting \$10.7 million in original issue discount, underwriting discounts and offering expenses, which we are amortizing over the remaining term of the notes. The December 2011 issuance is fully fungible with, ranks equally with and forms a single series with the March 2011 senior notes.

The notes are senior unsecured obligations of NII Capital Corp., a domestic subsidiary that we wholly own, and are guaranteed by us and by certain of our other domestic wholly-owned subsidiaries. These guarantees are full and unconditional, as well as joint and several. Subject to certain exceptions, the notes are equal in right of payment with any future unsecured, unsubordinated indebtedness of NII Capital Corp. and the guarantors of the notes. The notes will also be senior to any of NII Capital Corp.'s future subordinated indebtedness. In addition, the notes are effectively subordinated to all NII Capital Corp.'s existing and future secured indebtedness, as well as to all existing and future indebtedness of our subsidiaries that are not guarantors of the notes, including the foreign subsidiaries that operate in each of our markets. The notes bear interest at a rate of 7.625% per year, which is payable semi-annually in arrears on April 1 and October 1, beginning on October 1, 2011 and will mature on April 1, 2021.

The notes are not entitled to any mandatory redemption or sinking fund. Prior to April 1, 2014, up to 35% of the aggregate principal amount of the notes may be redeemed with the net cash proceeds from specified equity offerings at a redemption price of 107.625% of their principal amount, plus accrued and unpaid interest. Such redemption may only be made if, after the redemption, at least 65% of the aggregate principal amount of the notes issued remains outstanding. In addition, prior to April 1, 2016, NII Capital Corp. may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a "make-whole" premium and accrued and unpaid interest. At any time on or after April 1, 2016 and prior to maturity, the notes will be redeemable, in whole or in part, at the redemption prices presented below (expressed as percentages of principal amount), plus accrued and unpaid interest to the redemption date if redeemed during the 12-month period beginning on April 1 of the applicable year:

<u>Year</u>	<u>Redemption Price</u>
2016	103.813%
2017	102.541%
2018	101.271%
2019 and thereafter	100.000%

Upon the occurrence of specified events involving a change of control, holders of the notes may require us to purchase their notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest.

The indenture governing the notes, among other things, limits our ability and the ability of some of our subsidiaries to:

- incur additional indebtedness and issue preferred stock;
- create liens or other encumbrances;
- place limitations on distributions from some of our subsidiaries;
- pay dividends, acquire shares of our capital stock or make investments;
- prepay subordinated indebtedness or make other restricted payments;
- issue or sell capital stock of some of our subsidiaries;
- issue guarantees;
- sell or exchange assets;
- enter into transactions with affiliates; and
- merge or consolidate with another entity.

These covenants are subject to a number of qualifications and exceptions.

8.875% Senior Notes due 2019. In December 2009, we issued \$500.0 million aggregate principal amount of senior notes for total cash proceeds of about \$486.6 million, after deducting original issue discount and commissions and \$0.5 million in offering expenses related to the issuance of the notes, which we are amortizing into interest expense over the term of the notes. The notes are senior unsecured obligations of NII Capital Corp. and are guaranteed by us and by certain of our other domestic wholly-owned subsidiaries. These guarantees are full and unconditional, as well as joint and several. Subject to certain exceptions, the notes are

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equal in right of payment with any future unsecured, unsubordinated indebtedness of NII Capital Corp. and of the guarantors of the notes. The notes will also be senior to any of NII Capital Corp.'s future subordinated indebtedness. In addition, the notes are effectively subordinated to all NII Capital Corp.'s existing and future secured indebtedness, as well as to all existing and future indebtedness of our subsidiaries that are not guarantors of the notes, including the foreign subsidiaries that operate in each of our markets. The notes bear interest at a rate of 8.875% per year, which is payable semi-annually in arrears on June 15 and December 15, beginning June 15, 2010. The notes will mature on December 15, 2019 when the entire principal amount of \$500.0 million will be due.

The notes are not entitled to any mandatory redemption or sinking fund. Prior to December 15, 2014, NII Capital Corp. may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a "make-whole" premium and accrued and unpaid interest. At any time on or after December 15, 2014 and prior to maturity, the notes will be redeemable, in whole or in part, at the redemption prices presented below (expressed as percentages of principal amount), plus accrued and unpaid interest to the redemption date if redeemed during the 12-month period beginning on December 15 of the applicable year:

<u>Year</u>	<u>Redemption Price</u>
2014	104.438%
2015	102.958%
2016	101.479%
2017 and thereafter	100.000%

Upon the occurrence of specified events involving a change of control, holders of the notes may require us to purchase their notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest.

The indenture pursuant to which the notes were issued includes covenants that are substantially similar to the covenants (including the related qualifications and exceptions) contained in the indentures governing NII Capital Corp.'s 7.625% senior notes due 2021.

10.0% Senior Notes due 2016. In August 2009, we issued \$800.0 million aggregate principal amount of senior notes for total cash proceeds of \$762.5 million, after deducting original issue discount and commissions and \$0.9 million in offering expenses related to the issuance of the notes, which we are amortizing into interest expense over the term of the notes. The notes are senior unsecured obligations of NII Capital Corp., a domestic subsidiary that we wholly own, and are guaranteed by us and by certain of our other domestic wholly-owned subsidiaries. These guarantees are full and unconditional, as well as joint and several. Subject to certain exceptions, the notes are equal in right of payment with any future unsecured, unsubordinated indebtedness of NII Capital Corp. and of the guarantors of the notes. The notes will also be senior to any of NII Capital Corp.'s future subordinated indebtedness. In addition, the notes are effectively subordinated to all NII Capital Corp.'s existing and future secured indebtedness, as well as to all existing and future indebtedness of our subsidiaries that are not guarantors of the notes, including the foreign subsidiaries that operate in each of our markets. The notes bear interest at a rate of 10% per year, which is payable semi-annually in arrears on February 15 and August 15, beginning February 15, 2010. The notes will mature on August 15, 2016 when the entire principal amount of \$800.0 million will be due.

The notes are not entitled to any mandatory redemption or sinking fund. Prior to August 15, 2013, NII Capital Corp. may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount thereof plus a "make-whole" premium and accrued and unpaid interest. At any time on or after August 15, 2013 and prior to maturity, the notes will be redeemable, in whole or in part, at the redemption prices presented below (expressed as percentages of principal amount), plus accrued and unpaid interest to the redemption date if redeemed during the 12-month period beginning on August 15 of the applicable year:

<u>Year</u>	<u>Redemption Price</u>
2013	105.00%
2014	102.50%
2015 and thereafter	100.00%

Upon the occurrence of specified events involving a change of control, holders of the notes may require us to purchase their notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest.

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The indenture pursuant to which the notes were issued includes covenants that are substantially similar to the covenants (including the related qualifications and exceptions) contained in the indentures governing NII Capital Corp.'s 7.625% senior notes due 2021.

NII International Telecom, S.C.A. Senior Notes.

7.875% Senior Notes due 2019. In May 2013, we issued \$700.0 million aggregate principal amount of a new series of senior notes, which we refer to as the 7.875% notes, for which we received \$691.7 million in net cash proceeds, after deducting \$8.3 million of initial purchasers' discounts, commissions and offering costs that we are amortizing into interest expense over the six-year term of the notes. We utilized all of the net proceeds from this offering to repay in full our Mexican peso-denominated bank loan in Mexico, several of our Brazilian real-denominated bank loans in Brazil and all of our import financing loans in Brazil. In connection with these repayments, we expensed \$6.5 million in unamortized deferred financing costs and recognized an immaterial loss on extinguishment of debt.

The 7.875% notes are senior unsecured obligations of NIIT, which is an indirect subsidiary of NII Holdings, Inc., and are guaranteed by NII Holdings, Inc. This guarantee is full and unconditional; however, NII Holdings, Inc. is not subject to any of the restrictive covenants in the indenture governing the 7.875% notes. Subject to certain exceptions, the 7.875% notes rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of NIIT and NII Holdings, Inc., including the 11.375% notes described below, and are effectively junior to all existing and future secured indebtedness of NIIT and NII Holdings, Inc. to the extent of the assets securing that indebtedness. In addition, the notes are effectively senior to all of NII Capital Corp.'s unsecured indebtedness. No subsidiaries of NIIT guarantee the notes. As a result, the notes are structurally subordinated to all existing and future liabilities and obligations of the subsidiaries of NIIT. The notes bear interest at a rate of 7.875% per year, which is payable semi-annually in arrears on February 15 and August 15, beginning on August 15, 2013, and will mature on August 15, 2019.

Prior to February 15, 2016, NIIT may redeem up to 35% of the notes at a redemption price equal to 107.875% of the principal amount, plus accrued and unpaid interest, using the proceeds of certain equity offerings by NII Holdings. NIIT may, however, only make such a redemption if, after the redemption, at least 65% of the aggregate principal amount of the notes issued remains outstanding. Prior to February 15, 2017, NIIT may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a "make-whole" premium and accrued and unpaid interest. In addition, NIIT may redeem any of the notes, in whole or in part, at any time on or after February 15, 2017 at the redemption prices presented below (expressed as percentages of the principal amount), plus accrued and unpaid interest, if any, to the date of redemption:

<u>Year</u>	<u>Redemption Price</u>
2017	103.938%
2018	101.969%
2019	100.000%

Upon the occurrence of specified events involving a change of control, holders of the notes may require NIIT to purchase their notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest.

In addition, in accordance with the indenture governing the 7.875% notes, if we have not repaid or refinanced the \$800.0 million outstanding of our existing 10.0% senior notes due 2016 on or prior to May 15, 2016, NIIT will be required to offer to repurchase all of the 7.875% notes at a price equal to 100% of the principal amount.

The indenture governing the notes restricts our ability to make upstream payments to NII Holdings, Inc., other than payments for interest on existing NII Capital Corp. notes and operating expenses of NII Holdings, Inc. In addition, this indenture, among other things, limits NIIT's ability and the ability of some of its subsidiaries to:

- incur additional indebtedness and issue preferred stock;
- create liens or other encumbrances;
- place limitations on distributions from restricted subsidiaries;
- pay dividends, acquire shares of our capital stock or make investments;

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- prepay subordinated indebtedness or make other restricted payments;
- issue or sell capital stock of restricted subsidiaries;
- issue guarantees;
- sell or exchange assets;
- enter into transactions with affiliates; and
- merge or consolidate with another entity.

These covenants are subject to a number of qualifications and exceptions.

11.375% Senior Notes due 2019. In February 2013, we issued \$750.0 million aggregate principal amount of a new series of senior notes, which we refer to as the 11.375% notes, for which we received \$733.5 million in net cash proceeds, after deducting \$16.5 million of commissions and offering costs that we are amortizing into interest expense over the six-year term of the notes. In April 2013, we issued an additional \$150.0 million aggregate principal amount of the 11.375% notes at a premium with an issue price of 107.25% of the principal amount of the notes plus accrued interest from February 19, 2013. In connection with this transaction, we received net cash proceeds of \$159.8 million, after deducting \$0.8 million in commissions and offering costs. The 11.375% notes issued in April 2013 are fully fungible with, rank equally with and form a single series with the 11.375% notes issued in February 2013.

The 11.375% notes are senior unsecured obligations of NIIT and are guaranteed by NII Holdings, Inc. This guarantee is full and unconditional; however, NII Holdings, Inc. is not subject to any of the restrictive covenants in the indenture governing the 11.375% notes. Subject to certain exceptions, the 11.375% notes rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of NIIT and NII Holdings, Inc., including the 7.875% notes, and are effectively junior to all existing and future secured indebtedness of NIIT and NII Holdings, Inc. to the extent of the assets securing that indebtedness. In addition, the notes are effectively senior to all of NII Capital Corp.'s unsecured indebtedness. No subsidiaries of NIIT guarantee the notes. As a result, the notes are structurally subordinated to all existing and future liabilities and obligations of the subsidiaries of NIIT. The notes bear interest at a rate of 11.375% per year, which is payable semi-annually in arrears on February 15 and August 15, beginning on August 15, 2013, and will mature on August 15, 2019.

Prior to February 15, 2016, NIIT may redeem up to 35% of the notes at a redemption price equal to 111.375% of the principal amount, plus accrued and unpaid interest, using the proceeds of certain equity offerings by NII Holdings. NIIT may, however, only make such a redemption if, after the redemption, at least 65% of the aggregate principal amount of the notes issued remains outstanding. Prior to February 15, 2017, NIIT may redeem the notes, in whole or in part, at a redemption price equal to 100% of the principal amount plus a "make-whole" premium and accrued and unpaid interest. In addition, NIIT may redeem any of the notes, in whole or in part, at any time on or after February 15, 2017 at the redemption prices presented below (expressed as percentages of the principal amount), plus accrued and unpaid interest, if any, to the date of redemption:

<u>Year</u>	<u>Redemption Price</u>
2017	105.688%
2018	102.844%
2019	100.000%

Upon the occurrence of specified events involving a change of control, holders of the notes may require NIIT to purchase their notes at a purchase price equal to 101% of the principal amount of the notes, plus accrued and unpaid interest.

In addition, in accordance with the indenture governing the 11.375% notes, if we have not repaid or refinanced the \$800.0 million outstanding of our existing 10.0% senior notes due 2016 on or prior to May 15, 2016, NIIT will be required to offer to repurchase all of the 11.375% notes at a price equal to 100% of the principal amount.

The indenture governing the notes restricts our ability to make upstream payments to NII Holdings, Inc., other than payments for interest on existing NII Capital Corp. notes and operating expenses of NII Holdings, Inc. The indenture governing the 11.375% notes also includes covenants that are substantially similar to the covenants contained in the indentures governing NIIT's 7.875% senior notes due 2019, including the related qualifications and exceptions.

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In connection with the issuance of the 11.375% notes, we entered into a registration rights agreement with the initial purchasers of these notes. Under this agreement, we are required to prepare and file with the SEC an exchange offer registration statement enabling holders to exchange these notes for notes having identical terms that are freely tradable, cause the exchange offer registration statement to be declared effective as promptly as possible by the SEC, and consummate the exchange offer within 360 days of the date of issue of these notes. We expect to file this registration statement in the near future. If we default on our obligations under this agreement, additional interest, up to a maximum amount of 1.0% per annum, is payable on the 11.375% notes until such registration defaults are cured. We do not expect to incur any material amounts of additional interest.

Equipment Financing.

Brazil Equipment Financing. In April 2012, Nextel Brazil entered into a U.S. dollar-denominated loan agreement with the China Development Bank, under which Nextel Brazil is able to borrow up to \$500.0 million to finance infrastructure equipment and certain other costs related to the deployment of its WCDMA network. This financing has a floating interest rate based on LIBOR plus 2.90% (3.15% and 3.21% as of December 31, 2013 and 2012, respectively) and may limit our ability to pay dividends and other upstream payments. Loans under this agreement have a three-year borrowing period, a seven-year repayment term beginning in 2015 and a final maturity of June 2022. As of December 31, 2013, Nextel Brazil had borrowed \$352.7 million and had \$147.3 million remaining under this loan agreement. Assets purchased using the amounts borrowed under Nextel Brazil's equipment financing facilities are pledged as collateral.

Mexico Equipment Financing. In July 2011, Nextel Mexico entered into a U.S. dollar-denominated loan agreement with the China Development Bank, under which Nextel Mexico is entitled to borrow up to \$375.0 million to finance infrastructure equipment and certain other costs related to the deployment of its WCDMA network in Mexico. This vendor financing has a floating interest rate based on LIBOR plus 2.80% (3.05% and 3.11% as of December 31, 2013 and 2012, respectively) and may limit our ability to pay dividends and other upstream payments. Loans under this agreement have a final maturity of ten years, with a three-year borrowing period and a seven-year repayment term commencing in 2014. As of December 31, 2013, Nextel Mexico had borrowed \$300.8 million and had \$74.2 million remaining under this loan agreement. Assets purchased using the amounts borrowed under Nextel Mexico's equipment financing facility are pledged as collateral.

Nextel Brazil and Nextel Mexico have financial covenants under these equipment financing facilities. During the third quarter of 2013, Nextel Brazil and Nextel Mexico entered into amendments to the existing equipment financing agreements to adjust certain financial covenants through June 30, 2015 in order to provide Nextel Brazil and Nextel Mexico greater operating flexibility, provide for a parent company guarantee from NII Holdings during this period, add a requirement that the net proceeds received from the sale of our transmitter and receiver sites described in Note 2 above remain in the respective markets and establish a minimum level of cash and cash equivalents to be held in each of these markets. As of December 31, 2013 and 2012, Nextel Brazil and Nextel Mexico were in compliance with all financial covenants under these facilities.

Chile Equipment Financing. In December 2010, Nextel Chile entered into a similar equipment financing agreement with the China Development Bank and HSBC Bank USA, under which Nextel Chile was entitled to borrow up to \$150.0 million to finance equipment and certain other costs related to the deployment of its WCDMA network in Chile. This equipment financing had a floating interest rate based on LIBOR plus 2.50% (2.81% as of December 31, 2012). During the second quarter of 2013, we repaid the entire \$150.0 million outstanding under Nextel Chile's equipment financing agreement.

Bank Loans.

Brazil Bank Loans. In December 2011, Nextel Brazil borrowed funds from two Brazilian banks and utilized the proceeds of those borrowings to repay the remaining unpaid purchase price relating to the spectrum it acquired in June 2011. Both of the loans from the Brazilian banks were denominated in Brazilian reais. In the first of the two local bank financings, we issued the equivalent of \$351.8 million in obligations that were required to be repaid semi-annually over a five-year period with principal payable beginning in May 2014. In the second quarter of 2013, we repaid all amounts outstanding under this local bank financing utilizing a portion of the proceeds from the issuance of our 7.875% senior notes. In the second transaction, we issued the equivalent of \$341.2 million in obligations that are required to be repaid quarterly over a seven-year period. Principal of the borrowings under the second transaction is payable beginning in March 2014. Borrowings under the second transaction accrue interest at a floating interest rate of 115% of the Brazilian local borrowing rate (11.39% and 7.94% as of December 31, 2013 and 2012, respectively). Because these financings are denominated in Brazilian reais, the payments for principal and interest will fluctuate in U.S. dollars based on changes in the exchange rate of the Brazilian real relative to the U.S. dollar. Nextel Brazil has financial covenants under this local bank financing and was in compliance with all financial covenants under this facility as of December 31, 2013 and 2012.

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In October 2012, Nextel Brazil entered into a Brazilian real-denominated bank loan agreement, under which Nextel Brazil borrowed the equivalent of approximately \$196.9 million. This loan agreement has a floating interest rate equal to 113.9% of the local Brazilian borrowing rate (11.28% and 7.86% as of December 31, 2013 and 2012, respectively). Borrowings under this loan agreement have a three-year borrowing period, a two-year repayment term beginning in 2015 and a final maturity of October 2017. Nextel Brazil has financial covenants under this bank loan and was in compliance with all financial covenants under this loan as of December 31, 2013 and 2012.

Mexico Bank Loan. In December 2011, Nextel Mexico entered into a Mexican peso-denominated term loan facility providing for borrowings of up to an equivalent of \$300.0 million with three Mexican banks. This loan agreement had a floating interest rate of TIIE, a floating interest rate set by the Mexican Central Bank, plus 2.00% (6.87% as of December 31, 2012). In the second quarter of 2013, we repaid all amounts outstanding under Nextel Mexico's term loan facility utilizing a portion of the proceeds from the issuance of our 7.875% senior notes.

Capital Leases and Tower Financing Obligations.

Site-Related Capital Lease Obligations. We have entered into various agreements under which we are entitled to lease space on towers or other structures owned by third parties and to install our transmitter and receiver equipment in that space, including a master lease agreement with American Tower, pursuant to which Nextel Brazil and Nextel Mexico are permitted to lease space and install communications equipment on sites owned by American Tower. Nextel Brazil and Nextel Mexico account for these arrangements as capital leases.

Tower Financing Obligations. From 2002 to 2008, we sold and subsequently leased back space on certain transmitter and receiver sites in Brazil and Mexico. Due to our continuing involvement with these properties, we account for these transactions as financing arrangements. As a result, we did not recognize any gains from the sales of these towers under these arrangements, and we maintain the tower assets on our consolidated balance sheets. In addition, we recognized the proceeds received as financing obligations. We recognize ground rent payments as operating expenses in cost of service and tower base rent payments as interest expense and a reduction in the financing obligation using the effective interest method. In addition, we recognize co-location rent payments made by the third party lessees to the owner of the site as other operating revenues because of our continuing involvement with the tower assets. During the years ended December 31, 2013, 2012 and 2011, we recognized \$39.4 million, \$56.8 million and \$41.5 million, respectively, in other operating revenues related to these co-location lease arrangements.

Corporate Aircraft Lease. We entered into an agreement to lease a new corporate aircraft beginning in 2009 for ten years. We determined that in accordance with the authoritative guidance for lessee involvement in asset construction, we were the owner of this new corporate aircraft during its construction because we had substantially all of the construction period risks. As a result, we recorded an asset for construction-in-progress and a corresponding long-term liability for the new aircraft as construction occurred. In December 2009, upon taking delivery of the aircraft and commencement of the lease term, we began accounting for the aircraft lease as a capital lease. As a result, we recorded a capital lease liability and a corresponding capital lease asset of \$42.7 million in December 2009.

Brazil Import Financing. Beginning in 2010, Nextel Brazil financed certain handset and infrastructure equipment purchased mainly from Motorola and Research in Motion, or RIM, which conducts business as BlackBerry, that was imported into Brazil through agreements with several Brazilian banks. Each tranche of these financings matured within a six to twelve-month period. In the second quarter of 2013, we repaid all amounts outstanding under Nextel Brazil's import financing arrangements utilizing a portion of the proceeds from the issuance of our 7.875% senior notes. As of December 31, 2012, our short-term financings, which consisted solely of Nextel Brazil's import financing arrangements, had a weighted average interest rate of 2.49%.

Debt Maturities. For the years subsequent to December 31, 2013, scheduled annual maturities of all debt outstanding as of December 31, 2013 are as follows (in thousands):

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Year	<u>Principal Repayments</u>
2014	\$ 96,839
2015	201,962
2016	1,030,987
2017	237,887
2018	170,840
Thereafter	4,065,673
Total	<u>\$ 5,804,188</u>

9. Fair Value Measurements

We estimate the fair value of our long-term debt instruments, our available-for-sale securities, our held-to-maturity investments and other financial instruments as described below.

The FASB's authoritative guidance on fair value measurements defines fair value as an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. As such, fair value is a market-based measurement that is determined based on assumptions that market participants would use in pricing an asset or liability. Valuation techniques discussed under the FASB's authoritative guidance for fair value measurements include the market approach (comparable market prices), the income approach (present value of future income or cash flow based on current market expectations) and the cost approach (cost to replace the service capacity of an asset or replacement cost). As a basis for considering these assumptions, the guidance utilizes a three-tier fair value hierarchy, which prioritizes the inputs to the valuation techniques used to measure fair value. The following is a brief description of the three levels in the fair value hierarchy:

Level 1: Observable inputs such as quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Inputs other than quoted prices in active markets that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs that reflect the reporting entity's own assumptions.

To the extent that the valuation is based on models or inputs that are less observable or unobservable in the market, the determination of fair value requires more judgment. Accordingly, the degree of judgment exercised in determining fair value is greatest for instruments categorized in Level 3. In certain cases, the inputs used to measure fair value may fall into different levels of the fair value hierarchy. In such cases, for disclosure purposes, the level in the fair value hierarchy within which the fair value measurement falls is determined based on the lowest level input that is significant to the fair value measurement in its entirety.

For assets and liabilities measured at fair value on a non-recurring basis, fair value is determined by using various valuation approaches. The same hierarchy as described above, which maximizes the use of observable inputs and minimizes the use of unobservable inputs, by generally requiring that the observable inputs be used when available, is used in measuring fair value for these items. Fair value may be derived using pricing models. Pricing models take into account the contract terms (including maturity) as well as multiple inputs, including, where applicable, interest rate yield curves, credit curves, correlation, credit-worthiness of the counterparty, option volatility and currency rates. In accordance with the FASB's authoritative guidance for fair value measurements, the impact of our own credit spreads is also considered when measuring the fair value of liabilities. Where appropriate, valuation adjustments are made to account for various factors such as credit quality and model uncertainty. These adjustments are subject to judgment, are applied on a consistent basis and are based upon observable inputs where available. We generally subject all valuations and models to a review process initially and on a periodic basis thereafter. As fair value is a market-based measure considered from the perspective of a market participant rather than an entity-specific measure, even when market assumptions are not readily available, our own assumptions are set to reflect those that we believe market participants would use when pricing the asset or liability at the measurement date.

Considerable judgment is required in interpreting market data to develop the estimates of fair value. Accordingly, the estimates presented below are not necessarily indicative of the amounts that we could realize in a current market exchange. The use of different market assumptions and valuation techniques may have a material effect on the estimated fair value amounts. The following is a description of the major categories of assets and liabilities measured at fair value on a recurring basis and the valuation techniques applied to them.

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Available-for-Sale Securities.

As of December 31, 2013 and 2012, available-for-sale securities include \$418.6 million and \$204.8 million, respectively, in short-term investments made by Nextel Brazil in two investment funds and certificates of deposit with a Brazilian bank. These funds invest primarily in Brazilian government bonds, long-term, low-risk bank certificates of deposit and Brazilian corporate debentures. During the years ended December 31, 2013, 2012 and 2011, we did not have any material unrealized gains or losses associated with these investments.

As a result of favorable market conditions during the third quarter of 2013, we sold \$150.0 million in certificates of deposit for an immaterial gain. Prior to the third quarter of 2013, we classified these investments as held-to-maturity and recorded them at amortized cost. As a result of this sale, we transferred the remaining \$167.2 million in short-term investments and \$31.4 million in long-term investments held at one of our Spanish subsidiaries from held-to-maturity to available-for-sale and recognized an immaterial unrealized gain, which we recorded as other comprehensive income during 2013.

We account for our available-for-sale securities at fair value in accordance with the FASB's authoritative guidance surrounding the accounting for investments in debt and equity securities. The fair value of the Brazilian securities is based on the net asset value of the funds. The fair value of the certificates of deposit held at the corporate level is based on quoted market prices for the individual instruments. In our judgment, both of these types of securities trade with sufficient daily observable market activity to support a Level 1 classification within the fair value hierarchy.

Long-Term Debt Instruments.

The carrying amounts and estimated fair values of our long-term debt instruments at December 31, 2013 and 2012 are as follows:

	December 31,			
	2013		2012	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(in thousands)			
NII Capital Corp. senior notes, net	\$ 2,729,321	\$ 1,227,950	\$ 2,725,303	\$ 2,256,070
NII International Telecom, S.C.A. senior notes, net	1,609,962	1,271,370	—	—
Bank loans and other	448,169	373,796	1,230,319	1,194,875
Equipment financing	653,557	620,173	557,043	494,284
	<u>\$ 5,441,009</u>	<u>\$ 3,493,289</u>	<u>\$ 4,512,665</u>	<u>\$ 3,945,229</u>

We estimated the fair values of our senior notes using quoted market prices. Because our fair value measurement is based on market prices in an active market, we consider this Level 1 in the fair value hierarchy.

Bank loans and other consists primarily of loans with certain banks in Brazil and Mexico. We estimated the fair value of these bank loans, as well as the fair value of our equipment financing, utilizing inputs such as U.S. Treasury security yield curves, prices of comparable bonds, LIBOR and zero-coupon yield curves, U.S. Treasury bond rates and credit spreads on comparable publicly traded bonds and consider these measurements to be Level 2 in the fair value hierarchy.

During the first quarter of 2013, as a result of our assessment that our senior notes are valued based on quoted market prices in an active market, we transferred these senior notes to Level 1 in the fair value hierarchy. Prior to the first quarter of 2013, we concluded that there was insufficient trading activity to warrant a Level 1 classification of our senior notes and as a result, classified these senior notes as Level 2 in the fair value hierarchy. We also transferred our equipment financing facilities and bank loans from Level 3 to Level 2 on the fair value hierarchy during the first quarter of 2013 as the result of a reassessment of the underlying inputs.

Other Financial Instruments.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable contained in our condensed consolidated balance sheets approximate their fair values due to the short-term nature of these instruments. The fair values of our derivative instruments are not material.

NII HOLDINGS, INC. AND SUBSIDIARIES
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10. Commitments and Contingencies

Capital and Operating Lease Commitments.

We have co-location capital lease obligations on some of our transmitter and receiver sites in Mexico and Brazil. In addition, we have a capital lease obligation on our corporate aircraft. The remaining term of this lease agreement is six years. See Note 8 for further information regarding these agreements.

We lease various cell sites, office facilities and other assets under operating leases. Some of these leases provide for annual increases in our rent payments based on changes in locally-based consumer price indices. The remaining terms of our cell site leases range from one to fifteen years and are generally renewable, at our option, for additional terms. The remaining terms of our office leases range from less than one to ten years. During the years ended December 31, 2013, 2012 and 2011, total rent expense under operating leases was \$333.9 million, \$299.1 million and \$265.4 million, respectively.

For years subsequent to December 31, 2013, future minimum payments for all capital and operating lease obligations that have initial noncancelable lease terms exceeding one year, net of rental income, are as follows (in thousands):

	Capital Leases	Operating Leases	Total
2014	\$ 55,666	\$ 294,307	\$ 349,973
2015	55,630	283,370	339,000
2016	55,149	267,095	322,244
2017	54,496	251,125	305,621
2018	53,264	227,074	280,338
Thereafter	321,618	429,900	751,518
Total minimum lease payments	595,823	1,752,871	2,348,694
Less: imputed interest	(362,117)	—	(362,117)
Total	\$ 233,706	\$ 1,752,871	\$ 1,986,577

Handset, Equipment and Other Commitments.

We are a party to purchase agreements with various suppliers, under which we have committed to purchase handsets, equipment and network services that will be used or sold in the ordinary course of business. As of December 31, 2013, we are committed to purchase \$2.6 billion under these arrangements, \$1.4 billion of which we expect to pay in 2014, \$1.1 billion of which we expect to pay in 2015 and 2016 and the remaining \$100.3 million of which we expect to pay in 2017. These amounts do not represent our entire anticipated purchases in the future, but represent only those items that are the subject of contractual obligations. Our commitments are generally determined based on noncancelable quantities or termination amounts. We also purchase products and services as needed with no firm commitment.

Brazilian Contingencies.

Nextel Brazil has received various assessment notices from state and federal Brazilian authorities asserting deficiencies in payments related primarily to value-added taxes, excise taxes on imported equipment and other non-income based taxes. Nextel Brazil has filed various administrative and legal petitions disputing these assessments. In some cases, Nextel Brazil has received favorable decisions, which are currently being appealed by the respective governmental authority. In other cases, Nextel Brazil's petitions have been denied, and Nextel Brazil is currently appealing those decisions. Nextel Brazil also had contingencies related to certain regulatory, civil and labor-related matters as of December 31, 2013 and 2012.

As of December 31, 2013 and 2012, Nextel Brazil had accrued liabilities of \$70.9 million and \$73.0 million, respectively, related to contingencies, all of which were classified in accrued contingencies reported as a component of other long-term liabilities, of which \$11.2 million and \$20.7 million related to unasserted claims, respectively. We currently estimate the range of reasonably possible losses related to matters for which Nextel Brazil has not accrued liabilities, as they are not deemed probable, to be between \$456.8 million and \$460.8 million as of December 31, 2013. We are continuing to evaluate the likelihood of probable and reasonably possible losses, if any, related to all known contingencies. As a result, future increases or decreases to our accrued liabilities may be necessary and will be recorded in the period when such amounts are determined to be probable and reasonably estimable.

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Legal Proceedings.

We are subject to claims and legal actions that may arise in the ordinary course of business. We do not believe that any of these pending claims or legal actions will have a material effect on our business, financial condition, results of operations or cash flows.

Income Taxes.

We are subject to income taxes in both the U.S. and the non-U.S. jurisdictions in which we operate. Certain of our entities are under examination by the relevant taxing authorities for various tax years. We regularly assess the potential outcome of current and future examinations in each of the taxing jurisdictions when determining the adequacy of the provision for income taxes. We have only recorded financial statement benefits for tax positions which we believe reflect the “more-likely-than-not” criteria incorporated in the FASB’s authoritative guidance on accounting for uncertainty in income taxes, and we have established income tax reserves in accordance with this authoritative guidance where necessary. Once a financial statement benefit for a tax position is recorded or a tax reserve is established, we adjust it only when there is more information available or when an event occurs necessitating a change. While we believe that the amount of the recorded financial statement benefits and tax reserves reflect the more-likely-than-not criteria, it is possible that the ultimate outcome of current or future examinations may result in a reduction to the tax benefits previously recorded on the financial statements or may exceed the current income tax reserves in amounts that could be material.

11. Capital Stock

We currently have 600,000,000 shares of authorized common stock, par value \$0.001 per share, and 10,000,000 shares of authorized undesignated preferred stock, par value \$0.001 per share.

During the years ended December 31, 2013, 2012 and 2011, we issued shares of common stock in connection with the exercise of stock options by employees and the vesting of employee restricted share awards.

As of December 31, 2013 and 2012, there were 172,104,720 shares and 171,653,078 shares of our common stock outstanding, respectively.

Common Stock. Holders of our common stock are entitled to one vote per share on all matters submitted for action by the stockholders and share equally, share for share, if dividends are declared on the common stock. If our Company is partially or completely liquidated, dissolved or wound up, whether voluntarily or involuntarily, the holders of the common stock are entitled to share ratably in the net assets remaining after payment of all liquidation preferences, if any, applicable to any outstanding preferred stock. There are no redemption or sinking fund provisions applicable to the common stock.

Undesignated Preferred Stock. Our board of directors has the authority to issue undesignated preferred stock of one or more series and in connection with the creation of such series, to fix by resolution the designation, voting powers, preferences and relative, participating, optional and other special rights of such series, and the qualifications, limitations and restrictions thereof. As of December 31, 2013, we had not issued any shares of undesignated preferred stock.

Common Stock Reserved for Issuance. Under our 2012 Incentive Compensation Plan, we had 22,089,643 shares of our common stock reserved for future issuance as of December 31, 2013, assuming our restricted stock units outstanding as of December 31, 2013 are settled in cash. As of December 31, 2013, common stock reserved for future issuance does not include 3,341,132 restricted stock units that were issued in 2013 that, if settled in shares of common stock, would reduce the shares available under our 2012 Incentive Compensation Plan by 5,011,698 shares. We had 7,721,927 shares of our common stock reserved for future issuance as of December 31, 2012, assuming our restricted stock units outstanding as of December 31, 2012 were settled in cash. As of December 31, 2012, common stock reserved for future issuance did not include 1,540,328 restricted stock units that were issued in 2012 that, if settled in shares of common stock, would have reduced the shares available under our 2012 Incentive Compensation Plan by 2,310,492 shares.

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12. Income Taxes

The components of the income tax provision from continuing operations are as follows (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Current:			
Federal	\$ —	\$ 727	\$ —
State, net of Federal tax benefit	—	—	—
Foreign	(63,982)	(176,748)	(363,900)
Total current income tax provision	(63,982)	(176,021)	(363,900)
Deferred:			
Federal	(1,310)	895	7,906
State, net of Federal tax benefit	(146)	100	880
Foreign	(380,614)	16,882	3,908
Total deferred income tax (provision) benefit	(382,070)	17,877	12,694
Total income tax provision	\$ (446,052)	\$ (158,144)	\$ (351,206)

A reconciliation of the U.S. statutory Federal income tax rate to our effective tax rate as a percentage of income from continuing operations before income tax provision is as follows:

	Year Ended December 31,		
	2013	2012	2011
Statutory Federal tax rate	35%	35%	35%
Effect of foreign operations	(5)	(19)	1
Change in deferred tax asset valuation allowance	(72)	(53)	21
Intercompany transactions	(2)	(1)	—
Tax on subpart F income	—	(2)	2
Withholding tax	(2)	(7)	5
Tax — deductible dividends	3	7	(5)
Inflation adjustments	1	3	(3)
Income tax credits	—	1	(1)
Loss on Mexican fixed asset dispositions	—	—	2
Local statutory investment loss	5	—	—
Other nondeductible expenses	(1)	(2)	2
Other	—	2	(2)
Effective tax rate	(38)%	(36)%	57%

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Significant components of our deferred tax assets and liabilities consist of the following:

	December 31,	
	2013	2012
	(in thousands)	
Deferred tax assets:		
Net operating losses and capital loss carryforwards	\$ 4,078,428	\$ 506,553
Allowance for doubtful accounts	35,939	54,628
Accrued expenses	153,229	160,287
Accrual for contingent liabilities	22,117	22,525
Property, plant and equipment	73,073	248,169
Capital lease obligations	300,141	67,400
Deferred revenue	35,179	34,234
Equity compensation	71,139	81,238
Inventory reserve	22,621	19,289
Other	41,116	14,978
	<u>4,832,982</u>	<u>1,209,301</u>
Valuation allowance	(4,533,910)	(508,101)
Total deferred tax asset	<u>299,072</u>	<u>701,200</u>
Deferred tax liabilities:		
Intangible assets	48,162	51,418
Unremitted foreign earnings	54,386	54,360
Deferred revenue	44,126	49,758
Property, plant and equipment	96,613	48,857
Other	12,388	14,619
Total deferred tax liability	<u>255,675</u>	<u>219,012</u>
Net deferred tax asset	<u>\$ 43,397</u>	<u>\$ 482,188</u>

We have not recorded a deferred tax liability on Nextel Brazil's unrealized foreign currency gain on the intercompany loan from NII Holdings as it is our intention to not subject that unrealized gain to Brazilian tax. If this gain is subject to tax, it could result in an additional income tax liability. As of December 31, 2013 and 2012, the cumulative amount of additional tax liability would have been approximately \$41.4 million and \$78.4 million, respectively.

We continued to assert our prior position regarding the repatriation of historical foreign earnings back to the U.S. During the first quarter of 2010, we determined that we will repatriate an additional amount of \$200.0 million of 2010 undistributed earnings back to the U.S. in a taxable manner. This amount was in addition to the \$26.3 million that remained to be repatriated in accordance with our 2007 decision to repatriate foreign earnings to the U.S., for a total of \$226.3 million to be repatriated. As of December 31, 2012, we included a \$54.4 million provision in deferred tax liability for U.S. Federal, state and foreign taxes with respect to future remittances of certain undistributed earnings (other than income that has been previously taxed in the U.S. under the subpart F rules) of certain of our foreign subsidiaries. This deferred tax liability decreased slightly in 2013 due to changes in foreign currency exchange rates to \$54.2 million as of December 31, 2013. Except for the earnings associated with this provision and income that has been previously taxed in the U.S. under the subpart F rules and can be remitted to the U.S. without incurring additional income taxes, we currently have no intention to remit any additional undistributed earnings of our foreign subsidiaries in a taxable manner. Should additional amounts of our foreign subsidiaries' undistributed earnings be remitted to the U.S. as taxable dividends, we may be subject to additional U.S. income taxes (net of allowable foreign tax credits) and foreign withholding taxes. It is not practicable to estimate the amount of any additional taxes that may be payable on the remaining undistributed earnings.

As of December 31, 2013, we had \$1.1 billion of net operating loss carryforwards for U.S. Federal and state income tax purposes, which expires in various amounts beginning in 2019 through 2033. The timing and manner in which we will utilize the net operating loss carryforwards in any year, or in total, may be limited in the future under the provisions of Internal Revenue Code Section 382 relating to changes in our ownership.

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As of December 31, 2013, we had \$8.4 million of capital loss carryforwards for U.S. Federal income tax purposes, which expires in 2014. We will only be able to utilize these capital losses to the extent we generate U.S. capital gains. As we do not believe we meet the more-likely-than-not criteria regarding the utilization of these capital losses prior to their expiration, we have established a full valuation allowance against these capital losses.

As of December 31, 2013, we had \$313.6 million of net operating loss carryforwards in our Mexican subsidiaries. These carryforwards expire in various amounts and at various periods from 2014 to 2023. Nextel Chile had \$790.9 million of net operating loss carryforwards that can be carried forward indefinitely. In addition, our Brazilian subsidiaries had \$372.0 million of net operating loss carryforwards that can also be carried forward indefinitely, but the amount that we can utilize annually is limited to 30% of Brazilian taxable income before the net operating loss deduction. Our foreign subsidiaries' ability to utilize the foreign tax net operating losses in any single year ultimately depends upon their ability to generate sufficient taxable income.

As of December 31, 2013, we had \$10.7 billion of net operating loss carryforwards in our holding companies in Luxembourg that can be carried forward indefinitely. Our holding companies in Spain had \$828.7 million of net operating loss carryforwards that can be carried forward 18 years, and our holding company in the Netherlands had \$0.2 million of net operating loss carryforwards that can be carried forward nine years. These net operating loss carryforwards significantly increased from 2012 due to the writedown of the underlying investments under local statutory rules. Given the nature of activities that are considered taxable in these jurisdictions and the activities engaged in by the holding companies, these net operating loss carryforwards will never be utilized by our holding companies and add no value to the company.

We excluded \$210.3 million of U.S. net operating loss carryforwards from the calculation of the deferred tax asset presented above because it represents excess stock option deductions that did not reduce taxes payable in the U.S. The tax effect of these unrealized excess stock option deductions, if realized in the future, will result in an increase to paid-in capital rather than a reduction to the income tax expense. We recognize the benefits of net operating loss carryforwards in the following order: (1) net operating losses from items other than excess stock option deductions; (2) net operating losses from excess stock option deductions accounted for under the FASB's updated authoritative guidance on share-based payments; and (3) from excess stock option deductions accounted for under the FASB's updated authoritative guidance on share-based payments. We use a "with-and-without" method to determine the tax benefit realized from excess stock option deductions under the FASB's updated authoritative guidance on share-based payments. We calculated our adoption date pool of excess tax benefits previously included in paid-in capital under the standard method outlined in FASB's updated authoritative guidance on share-based payments.

During 2013, the deferred tax asset valuation allowance increased by a net amount of \$4.0 billion. Our prior position of recording a full valuation allowance with respect to the net deferred tax assets of Nextel Chile and the U.S. continued in 2013, and we recorded a \$151.3 million valuation allowance for these entities. Our prior position of recording a full valuation allowance with respect to the net deferred tax assets of our Luxembourg, Spain and Netherlands holding companies also continued in 2013, and we recorded a \$3.3 billion valuation allowance for these entities. Due to the nature of these entities as holding companies and their tax status under local holding company rules, these net operating loss carryforwards will never be utilized by our holding companies and add no value to the company.

During the fourth quarter of 2013, we changed our prior position regarding the need for a valuation allowance with respect to one of our Brazil subsidiaries and two of our Mexico subsidiaries, and recorded full valuation allowances against the \$382.9 million and \$50.5 million net deferred tax assets of these Brazilian and Mexican subsidiaries, respectively. This valuation allowance is in addition to the \$139.3 million valuation allowance recorded with respect to another one of our Mexican subsidiaries due to the change in our valuation allowance position for that subsidiary in the second quarter of 2013.

In accordance with the FASB's authoritative guidance on accounting for income taxes, we evaluated all available evidence, both positive and negative, in reaching this conclusion. In evaluating the need for a valuation allowance in Brazil and Mexico, we considered the following positive and negative evidence: (1) the recent history of cumulative U.S. GAAP pre-tax operating losses, (2) the trend of declining recent U.S. GAAP pre-tax profits or generation of pre-tax losses on a standalone annual basis, (3) the absence of tax planning strategies that would allow for the utilization of these deferred tax assets, and (4) the companies are expected to generate pre-tax U.S. GAAP losses in the near future.

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The following table shows the deferred tax asset valuation allowances that our subsidiaries and holding companies had as of December 31, 2013 and 2012:

	2013	2012
	(in millions)	
Brazil	\$ 419.1	\$ 36.2
Chile	198.0	177.4
U.S.	363.8	233.2
Peru	—	31.3
Luxembourg	3,131.4	26.8
Mexico	190.7	0.8
Spain	230.9	2.4
Total	<u>\$ 4,533.9</u>	<u>\$ 508.1</u>

Of the \$4.5 billion valuation allowance in existence as of December 31, 2013, \$287.8 million was classified as current and \$4.2 billion was classified as non-current in our consolidated financial statements.

Realization of any additional deferred tax assets in any of our markets depends on future profitability in these markets. Our ability to generate the expected amounts of taxable income from future operations is dependent upon general economic conditions, technology trends, political uncertainties, competitive pressures and other factors beyond management's control. If our operations demonstrate profitability, we may reverse deferred tax asset valuation allowances by jurisdiction in the future. While we will continue to evaluate the deferred tax asset valuation allowance balances in all of our foreign and U.S. companies throughout 2014 to determine the appropriate level of valuation allowance, at this time, we do not believe it is reasonably possible that we will release any portion of the valuation allowance in the following 12 months.

We are subject to income taxes in both the U.S. and the non-U.S. jurisdictions in which we operate. Certain of our entities are under examination by the relevant taxing authorities for various tax years. The earliest years that remain subject to examination by jurisdiction are: Chile - 1993; U.S. - 1999; Argentina and Mexico - 2006; Brazil - 2007; and Luxembourg, Netherlands and Spain - 2009. We regularly assess the potential outcome of current and future examinations in each of the taxing jurisdictions when determining the adequacy of our provision for income taxes.

The following table shows a reconciliation of our unrecognized tax benefits according to the FASB's authoritative guidance on accounting for uncertainty in income taxes, as of December 31, 2013, 2012 and 2011 (in thousands):

	Year Ended December 31,		
	2013	2012	2011
Unrecognized tax benefits at January 1	\$ 35,639	\$ 35,572	\$ 102,880
Additions for current year tax positions	—	3,118	2,896
Additions for prior year tax positions	—	—	—
Reductions for current year tax positions	—	(551)	—
Reductions for prior year tax positions	(26,519)	(2,197)	(60,501)
Lapse of statute of limitations	—	—	(1,392)
Settlements with taxing authorities	—	—	—
Foreign currency translation adjustment	(434)	(303)	(8,311)
Unrecognized tax benefits at December 31	<u>\$ 8,686</u>	<u>\$ 35,639</u>	<u>\$ 35,572</u>

The unrecognized tax benefits that could potentially reduce our future effective tax rate, if recognized, were \$2.1 million as of December 31, 2013, \$4.8 million as of December 31, 2012 and \$5.7 million as of December 31, 2011. We record interest and penalties associated with uncertain tax positions as a component of our income tax provision. During the years ended December 31, 2013, 2012 and 2011, we recognized \$0.2 million, \$0.3 million and \$0.3 million, respectively, of interest and penalties in our current income tax provision and statement of financial position. Unrecognized tax benefits (including penalties and interest) were released in the amount of \$26.5 million in 2013 due to the effective resolution of a tax position with the Internal Revenue Service

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and \$2.7 million in 2012 due to a change in estimates. As of December 31, 2013, we had accrued \$2.3 million for the payment of interest and penalties, \$2.4 million as of December 31, 2012 and \$2.3 million as of December 31, 2011. We classify our uncertain tax positions as non-current income tax liabilities.

During 2004, Nextel Mexico amended its Mexican Federal income tax returns in order to reverse a benefit previously claimed for a disputed provision of the Federal income tax law covering deductions and gains from the sale of property. We filed the amended returns in order to avoid potential penalties, and we also filed administrative petitions seeking clarification of our right to the tax benefits claimed on the original income tax returns. The tax authorities constructively denied our administrative petitions in January 2005, and in May 2005 we filed an annulment suit challenging the constructive denial. In March 2011, we were officially notified that the courts denied our petition based on the economic substance of our interpretation. Therefore, during the first quarter of 2011, we reversed the income tax receivable previously recorded on the financial statements and recorded a \$14.5 million increase in income tax expense with respect to this item.

Effective January 1, 2014, the Mexican government passed legislation to keep the corporate income tax rate fixed at 30%, which repealed the scheduled tax rate reduction previously approved in December 2012.

On September 5, 2012, the Chilean government enacted legislation increasing the corporate income tax rate from 18.5% to 20%. This increased rate applies to income derived and accrued in 2012 and thereafter.

(Loss) income from continuing operations before income taxes consisted of the following (in thousands):

	Year Ended December 31,		
	2013	2012	2011
U.S.	\$ (378,942)	\$ (313,716)	\$ (284,164)
Non-U.S.	(784,423)	(125,619)	898,064
Total	\$ (1,163,365)	\$ (439,335)	\$ 613,900

13. Employee Stock and Benefit Plans

In May 2012, our stockholders adopted the 2012 Incentive Compensation Plan, which replaced our prior incentive compensation plans. The 2012 Incentive Compensation Plan provides us with the ability to award stock options, restricted stock, restricted stock units, and cash-based incentives to our employees, directors and consultants. The 2012 Incentive Compensation Plan incorporated the outstanding equity grants and remaining shares available for grant under our prior plans. Our stockholders previously authorized the Company to grant equity and equity-related incentives up to a maximum of 64,933,332 shares of common stock, subject to adjustments. At the time of adoption of the 2012 Incentive Compensation Plan, there were 9,731,179 shares authorized, unissued and available for grant under the 2012 Incentive Compensation Plan. All grants or awards made under the 2012 Incentive Compensation Plan are governed by written agreements between us and the participants and have a maximum term of ten years.

Historically, our Board of Directors has granted equity-related incentives consisting of stock options, restricted stock awards and restricted stock units to employees on an annual basis near the end of April. On April 30, 2013, our Board of Directors granted 1,375,969 stock options, 358,555 restricted stock awards and 2,645,779 restricted stock units to certain of our employees and directors in connection with this annual grant of equity-related incentives. Stock options, restricted stock awards, and restricted stock units are also granted to certain new employees on the later of their date of hire or the date that the grant is approved. In addition, under the provisions outlined in the 2012 Incentive Compensation Plan, our chief executive officer may grant, under authority delegated to him by the Compensation Committee of our Board of Directors, a limited number of stock options (not to exceed 1,000,000 shares in the aggregate for the plan year) and restricted stock/restricted stock unit awards (not to exceed 500,000 shares in the aggregate for the plan year) to employees who are not executive officers.

We account for share-based awards exchanged for employee services in accordance with the authoritative guidance for stock compensation. Under the guidance, stock compensation expense is measured at the grant date, based on the estimated fair value of the award when settled in shares, and is recognized, net of estimated forfeitures, over the employee's requisite service period. Compensation expense is amortized on a straight-line basis over the requisite service period for the entire award, which is generally the maximum vesting period of the award. Our stock options and restricted shares generally vest thirty-three percent per year over a three-year period. We adjusted our compensation expense to reflect actual forfeitures for the years ended December 31, 2013, 2012 and 2011.

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For the years ended December 31, 2013, 2012 and 2011, we recognized \$9.0 million, \$20.3 million and \$40.0 million, respectively, in share-based compensation expense related to stock options. For the years ended December 31, 2013, 2012 and 2011, we recognized \$20.0 million, \$22.2 million and \$14.6 million, respectively, in share-based compensation expense related to restricted stock and restricted stock units. Amounts recognized in the income statement for tax benefits related to share-based payment arrangements in 2013, 2012 and 2011 were not material. We include substantially all share-based compensation expense, including restricted stock expense, as a component of selling, general and administrative expenses based on classification of the compensation expense for the applicable grantee. We classify tax benefits resulting from tax deductions in excess of the compensation cost recognized for share-based awards as financing cash flows. As of December 31, 2013, there was approximately \$10.8 million in unrecognized compensation cost related to non-vested employee stock option awards. We expect this cost to be recognized over a weighted average period of 1.47 years. Cash (paid) received from exercise under all share-based payment arrangements was \$(1.0) million for 2013, \$(2.0) million for 2012 and \$25.0 million for 2011.

Stock Option Awards

The following table summarizes stock option activity for the year ended December 31, 2013:

	Number of Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Life	Aggregate Intrinsic Value
Outstanding, December 31, 2012	13,961,759	\$ 39.21		
Granted	1,475,969	8.28		
Exercised	—	—		
Forfeited	(4,177,860)	36.44		
Outstanding, December 31, 2013	<u>11,259,868</u>	36.20	5.23	\$ 67,800
Exercisable, December 31, 2013	<u>8,706,525</u>	43.23	4.14	—

Total intrinsic value of options exercised for the years ended December 31, 2012 and 2011 was \$0.2 million and \$25.6 million, respectively. There were no options exercised during the year ended December 31, 2013. The total fair value of vested options was \$39.1 million, \$54.3 million and \$61.9 million for the years ended December 31, 2013, 2012 and 2011, respectively. Generally, our stock options are non-transferable, except by will or laws of descent or distribution, and the actual value of the stock options that a recipient may realize, if any, will depend on the excess of the market price on the date of exercise over the exercise price.

The weighted average fair value of the stock option awards on their grant dates using the Black-Scholes-Merton option-pricing model was \$4.64 for each option granted during the year ended December 31, 2013, \$7.31 for each option granted during the year ended December 31, 2012 and \$17.62 for each option granted during the year ended December 31, 2011 based on the following assumptions:

	2013	2012	2011
Risk free interest rate	0.63% - 1.49%	0.62% - 0.95%	1.82% - 2.05%
Expected stock price volatility	56.56% - 69.53%	50.00% - 56.56%	49.85% - 50.00%
Expected term in years	4.78 - 4.81	4.65 - 4.78	4.65 - 4.76
Expected dividend yield	—	—	—

The expected term of stock option awards granted represents the period that we expect our stock option awards will be outstanding and was determined based on (1) historical data on employee exercise and post-vesting employment termination behavior, (2) the contractual terms of the stock option awards, (3) vesting schedules and (4) expectations of future employee behavior. The risk-free interest rate for periods consistent with the contractual life of the stock option award is based on the yield curve of U.S. Treasury strip securities in effect at the time of the grant. Expected volatility takes into consideration historical volatility and the implied volatility from traded options on our stock.

Restricted Stock and Restricted Stock Unit Awards

Restricted stock includes both non-vested restricted stock awards and restricted stock units. Following is a summary of our restricted stock:

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	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Restricted stock awards as of December 31, 2012	2,971,757	\$21.95
Granted	3,024,472	8.69
Vested	(1,051,863)	24.15
Forfeited	(1,024,881)	16.44
Restricted stock awards as of December 31, 2013	3,919,485	12.99

If a participant terminates employment prior to the vesting dates, the unvested shares are forfeited and available for reissuance under the terms of the 2012 Incentive Compensation Plan. The fair value of our restricted stock is determined based on the quoted price of our common stock at the grant date. As of December 31, 2013, there was approximately \$29.6 million in unrecognized compensation cost related to restricted stock. We expect this cost to be recognized over a weighted average period of 1.46 years. The total fair value of restricted stock awards vested was \$7.7 million during 2013 and \$11.1 million during 2012. The weighted average grant date fair value of restricted stock awards granted during 2013 was \$8.69 per unit compared to \$16.97 per unit for 2012 and \$40.28 per unit for 2011.

14. Segment Information

We have determined that our reportable segments are those that are based on our method of internal reporting, which disaggregates our business by geographic location. We evaluate performance of these segments and provide resources to them based on operating income before depreciation, amortization and impairment and restructuring charges, which we refer to as segment earnings. Our reportable segments are: (1) Brazil, (2) Mexico, (3) Argentina, and (4) Chile. We have recast our segment information for the years ended December 31, 2012 and 2011 to present Nextel Chile as a reportable segment.

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	Brazil	Mexico	Argentina	Chile	Corporate and Eliminations	Consolidated
	(in thousands)					
Year Ended December 31, 2013						
Operating revenues	\$ 2,208,034	\$ 1,872,697	\$ 636,448	\$ 72,677	\$ (17,292)	\$ 4,772,564
Segment earnings (losses)	\$ 311,129	\$ 179,896	\$ 179,418	\$ (134,057)	\$ (177,850)	\$ 358,536
Less:						
Impairment and restructuring charges						(171,047)
Depreciation and amortization						(698,347)
Foreign currency transaction losses, net						(143,745)
Interest expense and other, net						(508,762)
Loss before income tax provision						<u>\$ (1,163,365)</u>
Capital expenditures	\$ 461,458	\$ 375,522	\$ 21,183	\$ 10,854	\$ 13,931	\$ 882,948
Year Ended December 31, 2012						
Operating revenues	\$ 2,902,350	\$ 2,109,573	\$ 685,201	\$ 49,886	\$ (3,888)	\$ 5,743,122
Segment earnings (losses)	\$ 674,632	\$ 561,059	\$ 180,956	\$ (173,229)	\$ (289,485)	\$ 953,933
Less:						
Impairment and restructuring						(329,767)
Depreciation and amortization						(649,545)
Foreign currency transaction losses, net						(53,957)
Interest expense and other, net						(359,999)
Loss before income tax provision						<u>\$ (439,335)</u>
Capital expenditures	\$ 632,796	\$ 523,555	\$ 56,825	\$ 115,421	\$ 92,520	\$ 1,421,117
Year Ended December 31, 2011						
Operating revenues	\$3,456,758	\$ 2,249,447	\$ 648,926	\$ 27,103	\$ (1,417)	\$ 6,380,817
Segment earnings (losses)	\$ 1,047,297	\$ 747,247	\$ 168,790	\$ (74,613)	\$ (333,971)	\$ 1,554,750
Less:						
Depreciation and amortization						(588,164)
Foreign currency transaction losses, net						(37,297)
Interest expense and other, net						(315,389)
Income before income tax provision						<u>\$ 613,900</u>
Capital expenditures	\$ 656,498	\$ 387,345	\$ 86,363	\$ 115,479	\$ 99,020	\$ 1,344,705
December 31, 2013						
Identifiable assets	\$ 3,705,642	\$ 2,695,091	\$ 451,041	\$ 169,062	\$ 1,659,118	\$ 8,679,954
December 31, 2012						
Identifiable assets	\$ 4,191,668	\$ 2,458,361	\$ 484,343	\$ 199,365	\$ 1,889,341	\$ 9,223,078

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

15. Quarterly Financial Data (Unaudited)

	First	Second	Third	Fourth
	(in thousands, except per share amounts)			
2013				
Operating revenues	\$ 1,330,839	\$ 1,259,560	\$ 1,101,265	\$ 1,080,900
Operating loss	(79,516)	(82,005)	(162,757)	(186,580)
Net loss from continuing operations	(185,820)	(384,856)	(293,131)	(745,610)
Net loss from discontinued operations	(21,684)	(11,495)	(6,810)	(193)
Net loss from continuing operations, per common share, basic and diluted	\$ (1.08)	\$ (2.23)	\$ (1.70)	\$ (4.33)
Net loss from discontinued operations, per common share, basic and diluted	\$ (0.13)	\$ (0.07)	\$ (0.04)	\$ —

	First	Second	Third	Fourth
	(in thousands, except per share amounts)			
2012				
Operating revenues	\$ 1,544,359	\$ 1,409,424	\$ 1,407,367	\$ 1,381,972
Operating income (loss)	196,786	63,719	60,254	(346,138)
Net income (loss) from continuing operations	25,851	(85,266)	(61,678)	(476,386)
Net loss from discontinued operations	(12,262)	(18,245)	(20,740)	(116,523)
Net income (loss) from continuing operations, per common share, basic and diluted	\$ 0.15	\$ (0.50)	\$ (0.36)	\$ (2.77)
Net loss from discontinued operations, per common share, basic and diluted	\$ (0.07)	\$ (0.10)	\$ (0.12)	\$ (0.68)

The sum of the per share amounts do not equal the annual amounts due to changes in the number of weighted average common shares outstanding during the year.

In August 2013, we completed the sale of all of the outstanding equity interests of our wholly-owned subsidiary, Nextel Peru, to Entel. As a result of the sale of Nextel Peru, the quarterly amounts included above differ from the amounts originally included in our quarterly report on 10-Q for the three months ended March 31, 2013. See Note 4 for more information.

In the first quarter of 2013, we recorded \$124.6 million in impairment and restructuring charges, the majority of which related to the discontinuation of software to support our customer relationship management systems and the restructuring of our outsourcing agreements with NSN. See Note 3 for more information.

In December 2012, we determined that the carrying value of the asset group within our Nextel Chile operating segment was not recoverable and recorded a non-cash asset impairment charge of \$298.8 million to reduce the carrying amount of the asset group to its fair value. See Note 3 for more information.

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

16. Condensed Consolidating Financial Statements

In 2011, we issued \$1.45 billion in aggregate principal amount of our 7.625% senior notes due in 2021. In addition, during 2009, we issued senior notes totaling \$1.3 billion in aggregate principal amount comprised of our 10.0% senior notes due 2016 and our 8.875% senior notes due 2019. We refer to the senior notes issued in 2011 and 2009 collectively as the "notes." All of these notes are senior unsecured obligations of NII Capital Corp., our wholly-owned domestic subsidiary, and are guaranteed on a senior unsecured basis by NII Holdings and all of its current and future first tier and domestic restricted subsidiaries, other than NII Capital Corp. No foreign subsidiaries will guarantee the notes unless they are first tier subsidiaries of NII Holdings. These guarantees are full and unconditional, as well as joint and several.

In connection with the issuance of the notes and the guarantees thereof, we are required to provide certain condensed consolidating financial information. Included in the tables below are condensed consolidating balance sheets as of December 31, 2013 and 2012, as well as condensed consolidating statements of comprehensive (loss) income for the years ended December 31, 2013, 2012 and 2011 and condensed consolidating statements of cash flows for the years ended December 31, 2013, 2012 and 2011, of: (a) the parent company, NII Holdings, Inc.; (b) the subsidiary issuer, NII Capital Corp.; (c) the guarantor subsidiaries on a combined basis; (d) the non-guarantor subsidiaries on a combined basis; (e) consolidating adjustments; and (f) NII Holdings, Inc. and subsidiaries on a consolidated basis.

In connection with the preparation of this annual report on Form 10-K, we made certain immaterial adjustments to our condensed consolidating statements of cash flows for the years ended December 31, 2012 and 2011 to reflect the proper classification of cash flows related to intercompany transactions in which the parent company made direct payments on behalf of certain guarantor subsidiaries. We will also make similar adjustments to our condensed consolidating statements of cash flows for comparative periods presented in future filings. This condensed consolidating financial information is provided in connection with outstanding senior notes that are fully and unconditionally guaranteed by a group of our subsidiaries. These adjustments did not affect the assets available to the group of subsidiaries guaranteeing our senior notes; did not change the net (decrease) increase in cash and cash equivalents for the parent company, the issuer, the guarantor subsidiaries or the non-guarantor subsidiaries; and had no impact on consolidated amounts. The substantial majority of these adjustments had the effect of a) decreasing the parent company's net cash outflows from operating activities and increasing the parent company's net cash outflows from investing activities for the years ended December 31, 2012 and 2011 by \$171.8 million and \$225.3 million, respectively, and b) increasing the guarantors' net cash outflows from operating activities for the same periods by \$167.0 million and \$226.6 million, respectively, increasing the guarantors' net cash outflows from investing activities by \$76.9 million and \$122.1 million, respectively, and increasing the guarantors' net cash inflows from financing activities by \$243.9 million and \$348.7 million, respectively.

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2013

	NII Holdings, Inc. (Parent and Guarantor)	NII Capital Corp. (Issuer)(1)	Guarantor Subsidiaries(2)	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)						
ASSETS						
Current assets						
Cash and cash equivalents	\$ 356,314	\$ —	\$ 5,586	\$ 1,371,883	\$ —	\$ 1,733,783
Short-term investments	—	—	—	585,760	—	585,760
Accounts receivable, net	—	—	627	521,936	—	522,563
Short-term intercompany receivables	31,803	129,810	72,595	4,779	(238,987)	—
Handset and accessory inventory	—	—	—	342,585	—	342,585
Deferred income taxes, net	—	—	1,145	126,250	—	127,395
Prepaid expenses and other	6,832	—	7,914	421,354	—	436,100
Total current assets	394,949	129,810	87,867	3,374,547	(238,987)	3,748,186
Property, plant and equipment, net	—	—	130,729	3,257,618	(287)	3,388,060
Investments in and advances to affiliates	1,867,753	1,503,202	1,562,080	—	(4,933,035)	—
Intangible assets, net	18,000	—	—	975,669	—	993,669
Deferred income taxes, net	16,025	—	—	26,716	(16,028)	26,713
Long-term intercompany receivables	1,474,658	3,714,760	701,680	1,354	(5,892,452)	—
Other assets	29,381	32,556	15,383	446,006	—	523,326
Total assets	<u>\$ 3,800,766</u>	<u>\$ 5,380,328</u>	<u>\$ 2,497,739</u>	<u>\$ 8,081,910</u>	<u>\$ (11,080,789)</u>	<u>\$ 8,679,954</u>
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities						
Accounts payable	\$ —	\$ —	\$ 727	\$ 368,329	\$ —	\$ 369,056
Short-term intercompany payables	464,798	132,007	1,485,835	159,322	(2,241,962)	—
Accrued expenses and other	—	59,490	26,089	887,177	(222)	972,534
Deferred revenues	—	—	—	128,148	—	128,148
Current portion of long-term debt	—	—	1,871	94,968	—	96,839
Deposits related to 2013 sale of towers	—	—	—	720,013	—	720,013
Total current liabilities	464,798	191,497	1,514,522	2,357,957	(2,242,184)	2,286,590
Long-term debt	23	2,729,321	33,864	2,933,424	—	5,696,632
Deferred revenues	—	—	—	11,238	—	11,238
Deferred tax liabilities	3	2,950	15,384	106,682	(16,028)	108,991
Long-term intercompany payables	2,950,226	—	10,390	929,990	(3,890,606)	—
Other long-term liabilities	30,329	—	10,248	180,539	—	221,116
Total liabilities	3,445,379	2,923,768	1,584,408	6,519,830	(6,148,818)	8,324,567
Total stockholders' equity	355,387	2,456,560	913,331	1,562,080	(4,931,971)	355,387
Total liabilities and stockholders' equity	<u>\$ 3,800,766</u>	<u>\$ 5,380,328</u>	<u>\$ 2,497,739</u>	<u>\$ 8,081,910</u>	<u>\$ (11,080,789)</u>	<u>\$ 8,679,954</u>

(1) NII Capital Corp. is the issuer of our 7.625% senior notes due 2021, our 10.0% senior notes due 2016 and our 8.875% senior notes due 2019.

(2) Represents our subsidiaries that have provided guarantees of the obligations of NII Capital Corp. under our 7.625% senior notes due 2021, our 10.0% senior notes due 2016 and our 8.875% notes due 2019.

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2012

	NII Holdings, Inc. (Parent and Guarantor)	NII Capital Corp. (Issuer)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS						
Current assets						
Cash and cash equivalents	\$ 735,022	\$ —	\$ 6,469	\$ 629,682	\$ —	\$ 1,371,173
Short-term investments	—	—	—	204,834	—	204,834
Accounts receivable, net	—	—	1,820	672,639	—	674,459
Short-term intercompany receivables	19,716	79,899	39,126	6,564	(145,305)	—
Handset and accessory inventory	—	—	—	323,329	—	323,329
Deferred income taxes, net	—	—	4,947	174,539	(3,733)	175,753
Prepaid expenses and other	6,617	—	10,001	471,473	—	488,091
Assets held for sale	—	—	—	97,393	—	97,393
Total current assets	761,355	79,899	62,363	2,580,453	(149,038)	3,335,032
Property, plant and equipment, net	—	—	223,888	3,307,670	(287)	3,531,271
Investments in and advances to affiliates	2,717,391	2,291,545	2,388,414	—	(7,397,350)	—
Intangible assets, net	18,000	—	—	1,107,382	—	1,125,382
Deferred income taxes, net	13,683	—	—	367,181	(13,683)	367,181
Long-term intercompany receivables	2,377,065	3,762,924	735,842	166,075	(7,041,906)	—
Other assets	16,280	38,942	22,356	386,334	—	463,912
Assets held for sale	—	—	—	400,300	—	400,300
Total assets	\$ 5,903,774	\$ 6,173,310	\$ 3,432,863	\$ 8,315,395	\$ (14,602,264)	\$ 9,223,078
LIABILITIES AND STOCKHOLDERS' EQUITY						
Current liabilities						
Accounts payable	\$ —	\$ —	\$ 5,927	\$ 418,250	\$ —	\$ 424,177
Short-term intercompany payables	597,678	132,136	1,555,745	488,730	(2,774,289)	—
Accrued expenses and other	3,734	59,490	28,760	881,416	(3,607)	969,793
Deferred revenues	—	—	22	144,083	—	144,105
Current portion of long-term debt	—	—	12,851	81,188	—	94,039
Liabilities held for sale	—	—	—	127,911	—	127,911
Total current liabilities	601,412	191,626	1,603,305	2,141,578	(2,777,896)	1,760,025
Long-term debt	23	2,725,303	39,493	2,000,686	—	4,765,505
Deferred revenues	—	—	—	14,007	—	14,007
Deferred tax liabilities	—	2,950	11,945	56,977	(13,683)	58,189
Long-term intercompany payables	2,953,495	—	8,778	1,452,125	(4,414,398)	—
Other long-term liabilities	32,395	—	14,900	248,873	—	296,168
Liabilities held for sale	—	—	—	12,735	—	12,735
Total liabilities	3,587,325	2,919,879	1,678,421	5,926,981	(7,205,977)	6,906,629
Total stockholders' equity	2,316,449	3,253,431	1,754,442	2,388,414	(7,396,287)	2,316,449
Total liabilities and stockholders' equity	\$ 5,903,774	\$ 6,173,310	\$ 3,432,863	\$ 8,315,395	\$ (14,602,264)	\$ 9,223,078

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS
For the Year Ended December 31, 2013

	NII Holdings, Inc. (Parent and Guarantor)	NII Capital Corp. (Issuer)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)						
Operating revenues	\$ —	\$ —	\$ 3,114	\$ 4,772,522	\$ (3,072)	\$ 4,772,564
Operating expenses						
Cost of revenues (exclusive of depreciation and amortization included below)	—	—	—	2,383,955	—	2,383,955
Selling, general and administrative	3,136	—	167,180	1,751,400	(8,262)	1,913,454
Provision for doubtful accounts	—	—	—	116,619	—	116,619
Impairment and restructuring charges	—	—	97,063	73,984	—	171,047
Management fee and other	—	—	(75,116)	106,264	(31,148)	—
Depreciation and amortization	—	—	28,055	670,292	—	698,347
	3,136	—	217,182	5,102,514	(39,410)	5,283,422
Operating loss	(3,136)	—	(214,068)	(329,992)	36,338	(510,858)
Other income (expense)						
Interest expense, net	(562)	(240,132)	(1,379)	(297,086)	—	(539,159)
Intercompany interest expense	(234,799)	—	(59)	(51,740)	286,598	—
Interest income	913	—	9	42,457	—	43,379
Intercompany interest income	1,340	284,709	549	—	(286,598)	—
Foreign currency transaction losses, net	—	—	—	(143,745)	—	(143,745)
Equity in loss of affiliates	(1,473,856)	(1,274,274)	(1,269,438)	—	4,017,568	—
Other income (expense), net	36,017	—	612	(13,273)	(36,338)	(12,982)
	(1,670,947)	(1,229,697)	(1,269,706)	(463,387)	3,981,230	(652,507)
Loss from continuing operations before income tax benefit (provision)	(1,674,083)	(1,229,697)	(1,483,774)	(793,379)	4,017,568	(1,163,365)
Income tax benefit (provision)	24,484	(16,548)	(18,111)	(435,877)	—	(446,052)
Net loss from continuing operations	(1,649,599)	(1,246,245)	(1,501,885)	(1,229,256)	4,017,568	(1,609,417)
Loss from discontinued operations, net of income taxes	—	—	—	(40,182)	—	(40,182)
Net loss	\$ (1,649,599)	\$ (1,246,245)	\$ (1,501,885)	\$ (1,269,438)	\$ 4,017,568	\$ (1,649,599)
Comprehensive loss, net of income taxes						
Foreign currency translation adjustment	\$ (334,893)	\$ (335,183)	\$ (335,183)	\$ (335,183)	\$ 1,005,549	\$ (334,893)
Other	2,257	2,257	2,257	2,257	(6,771)	2,257
Other comprehensive loss	(332,636)	(332,926)	(332,926)	(332,926)	998,778	(332,636)
Net loss	(1,649,599)	(1,246,245)	(1,501,885)	(1,269,438)	4,017,568	(1,649,599)
Total comprehensive loss	\$ (1,982,235)	\$ (1,579,171)	\$ (1,834,811)	\$ (1,602,364)	\$ 5,016,346	\$ (1,982,235)

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS
For the Year Ended December 31, 2012

	NII Holdings, Inc. (Parent and Guarantor)	NII Capital Corp. (Issuer)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)						
Operating revenues	\$ —	\$ —	\$ 3,071	\$ 5,744,605	\$ (4,554)	\$ 5,743,122
Operating expenses						
Cost of revenues (exclusive of depreciation and amortization included below)	—	—	73	2,405,596	(1,483)	2,404,186
Selling, general and administrative	3,180	2	309,680	1,867,799	(12,973)	2,167,688
Provision for doubtful accounts	—	—	—	217,315	—	217,315
Impairments and restructuring charges	—	—	—	329,767	—	329,767
Management fee and other	—	—	(126,971)	225,202	(98,231)	—
Depreciation and amortization	—	—	36,079	613,466	—	649,545
	3,180	2	218,861	5,659,145	(112,687)	5,768,501
Operating (loss) income	(3,180)	(2)	(215,790)	85,460	108,133	(25,379)
Other income (expense)						
Interest expense, net	(23,646)	(229,652)	(2,072)	(110,151)	—	(365,521)
Intercompany interest expense	(215,501)	—	—	(84,203)	299,704	—
Interest income	15,292	24,181	801	(6,412)	—	33,862
Intercompany interest income	1	261,352	186	38,165	(299,704)	—
Foreign currency transaction losses, net	—	—	—	(53,957)	—	(53,957)
Equity in loss of affiliates	(639,902)	(443,294)	(434,443)	—	1,517,639	—
Other income (expense), net	86,324	—	101	(6,632)	(108,133)	(28,340)
	(777,432)	(387,413)	(435,427)	(223,190)	1,409,506	(413,956)
Loss from continuing operations before income tax benefit (provision)	(780,612)	(387,415)	(651,217)	(137,730)	1,517,639	(439,335)
Income tax benefit (provision)	15,363	(19,731)	(24,833)	(128,943)	—	(158,144)
Net loss from continuing operations	(765,249)	(407,146)	(676,050)	(266,673)	1,517,639	(597,479)
Loss from discontinued operations, net of income taxes	—	—	—	(167,770)	—	(167,770)
Net loss	\$ (765,249)	\$ (407,146)	\$ (676,050)	\$ (434,443)	\$ 1,517,639	\$ (765,249)
Comprehensive loss, net of income taxes						
Foreign currency translation adjustment	\$ (97,589)	\$ (96,593)	\$ (96,593)	\$ (96,593)	\$ 289,779	\$ (97,589)
Other	(1,802)	(1,802)	(1,802)	(1,802)	5,406	(1,802)
Other comprehensive loss	(99,391)	(98,395)	(98,395)	(98,395)	295,185	(99,391)
Net loss	(765,249)	(407,146)	(676,050)	(434,443)	1,517,639	(765,249)
Total comprehensive loss	\$ (864,640)	\$ (505,541)	\$ (774,445)	\$ (532,838)	\$ 1,812,824	\$ (864,640)

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE (LOSS) INCOME
For the Year Ended December 31, 2011

	NII Holdings, Inc. (Parent and Guarantor)	NII Capital Corp. (Issuer)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)						
Operating revenues	\$ —	\$ —	\$ 3,072	\$ 6,380,817	\$ (3,072)	\$ 6,380,817
Operating expenses						
Cost of revenues (exclusive of depreciation and amortization included below)	—	—	162	2,465,602	—	2,465,764
Selling, general and administrative	3,467	179	322,941	1,888,945	(14,430)	2,201,102
Provision for doubtful accounts	—	—	—	159,201	—	159,201
Management fee and other	—	—	(153,035)	223,630	(70,595)	—
Depreciation and amortization	—	—	12,334	575,830	—	588,164
	3,467	179	182,402	5,313,208	(85,025)	5,414,231
Operating (loss) income	(3,467)	(179)	(179,330)	1,067,609	81,953	966,586
Other income (expense)						
Interest expense, net	(59,137)	(166,940)	(2,715)	(82,943)	—	(311,735)
Intercompany interest expense	(172,465)	—	—	(67,677)	240,142	—
Interest income	2,792	—	7	31,297	—	34,096
Intercompany interest income	16,629	222,866	200	447	(240,142)	—
Foreign currency transaction losses	(4)	—	—	(37,293)	—	(37,297)
Equity in income of affiliates	324,435	506,345	520,665	—	(1,351,445)	—
Other income (expense), net	67,040	—	(113)	(22,724)	(81,953)	(37,750)
	179,290	562,271	518,044	(178,893)	(1,433,398)	(352,686)
Income before income tax benefit (provision)	175,823	562,092	338,714	888,716	(1,351,445)	613,900
Income tax benefit (provision)	49,373	(17,260)	(52,766)	(330,553)	—	(351,206)
Net income from continuing operations	225,196	544,832	285,948	558,163	(1,351,445)	262,694
Loss from discontinued operations, net of income taxes	—	—	—	(37,498)	—	(37,498)
Net income	\$ 225,196	\$ 544,832	\$ 285,948	\$ 520,665	\$ (1,351,445)	\$ 225,196
Comprehensive (loss) income, net of income taxes						
Foreign currency translation adjustment	\$ (462,457)	\$ (462,457)	\$ (462,457)	\$ (462,457)	\$ 1,387,371	\$ (462,457)
Other	(342)	(342)	(342)	(342)	1,026	(342)
Other comprehensive loss	(462,799)	(462,799)	(462,799)	(462,799)	1,388,397	(462,799)
Net income	225,196	544,832	285,948	520,665	(1,351,445)	225,196
Total comprehensive (loss) income	\$ (237,603)	\$ 82,033	\$ (176,851)	\$ 57,866	\$ 36,952	\$ (237,603)

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

	NII Holdings, Inc. (Parent and Guarantor)	NII Capital Corp. (Issuer)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)						
Cash flows from operating activities:						
Net loss	\$ (1,649,599)	\$ (1,246,245)	\$ (1,501,885)	\$ (1,269,438)	\$ 4,017,568	\$ (1,649,599)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities	1,477,932	1,298,129	1,342,141	1,413,777	(4,067,478)	1,464,501
Total operating cash (used in) provided by continuing operations	(171,667)	51,884	(159,744)	144,339	(49,910)	(185,098)
Total operating cash used in discontinued operations	—	—	—	(7,353)	—	(7,353)
Net cash (used in) provided by operating activities	(171,667)	51,884	(159,744)	136,986	(49,910)	(192,451)
Cash flows from investing activities:						
Capital expenditures	—	—	(14,232)	(650,645)	—	(664,877)
Purchases of licenses	—	—	—	(53,066)	—	(53,066)
Purchases of long-term and short-term investments	—	—	—	(2,360,529)	—	(2,360,529)
Proceeds from sales of long-term and short-term investments	—	—	—	1,942,886	—	1,942,886
Proceeds from 2013 sale of towers, net	—	—	—	721,404	—	721,404
Transfers to restricted cash	(15,050)	—	—	(26,659)	—	(41,709)
Transfers from restricted cash	—	—	—	2,273	—	2,273
Investment in subsidiaries	(191,526)	(1,974)	(1,260)	—	194,760	—
Other, net	545	—	—	191	(529)	207
Total investing cash used in continuing operations	(206,031)	(1,974)	(15,492)	(424,145)	194,231	(453,411)
Total investing cash provided by discontinued operations	—	—	—	275,799	—	275,799
Net cash used in investing activities	(206,031)	(1,974)	(15,492)	(148,346)	194,231	(177,612)
Cash flows from financing activities:						
Gross proceeds from issuance of senior notes	—	—	—	1,600,000	—	1,600,000
Borrowings under line of credit	—	—	—	45	—	45
Borrowings under equipment financing	—	—	—	145,077	—	145,077
Repayments under syndicated loan facilities	—	—	—	(473,918)	—	(473,918)
Repayments of import financing	—	—	—	(37,422)	—	(37,422)
Repayments under tower financing and other borrowings	—	—	(16,608)	(46,887)	—	(63,495)
Payment of line of credit	—	—	—	(362,736)	—	(362,736)
Intercompany dividends	—	(49,910)	—	—	49,910	—
Capital contributions	—	20	191,506	3,234	(194,760)	—
Other, net	(1,010)	(20)	(545)	(27,551)	529	(28,597)
Total financing cash (used in) provided by continuing operations	(1,010)	(49,910)	174,353	799,842	(144,321)	778,954
Total financing cash used in discontinued operations	—	—	—	(2,363)	—	(2,363)
Net cash (used in) provided by financing activities	(1,010)	(49,910)	174,353	797,479	(144,321)	776,591
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(56,236)	—	(56,236)
Change in cash and cash equivalents held for sale	—	—	—	12,318	—	12,318
Net (decrease) increase in cash and cash equivalents	(378,708)	—	(883)	742,201	—	362,610
Cash and cash equivalents, beginning of year	735,022	—	6,469	629,682	—	1,371,173
Cash and cash equivalents, end of year	\$ 356,314	\$ —	\$ 5,586	\$ 1,371,883	\$ —	\$ 1,733,783

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012

	NII Holdings, Inc. (Parent and Guarantor)	NII Capital Corp. (Issuer)	Guarantor Subsidiaries	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)						
Cash flows from operating activities:						
Net loss	\$ (765,249)	\$ (407,146)	\$ (676,050)	\$ (434,443)	\$ 1,517,639	\$ (765,249)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities	768,542	567,599	567,116	1,077,223	(1,869,145)	1,111,335
Total operating cash provided by (used in) continuing operations	3,293	160,453	(108,934)	642,780	(351,506)	346,086
Total operating cash provided by discontinued operations	—	—	—	7,097	—	7,097
Net cash provided by (used in) operating activities	3,293	160,453	(108,934)	649,877	(351,506)	353,183
Cash flows from investing activities:						
Capital expenditures	—	—	(92,574)	(949,905)	—	(1,042,479)
Purchases of licenses	—	—	—	(100,185)	—	(100,185)
Purchases of long-term and short-term investments	—	—	—	(1,678,918)	—	(1,678,918)
Proceeds from sales of long-term and short-term investments	224,330	—	—	1,589,453	—	1,813,783
Intercompany borrowings	—	—	—	(300)	300	—
Transfers to restricted cash	—	—	—	(11,969)	—	(11,969)
Transfers from restricted cash	—	—	—	7,882	—	7,882
Investment in subsidiaries	(318,949)	(9,445)	—	—	328,394	—
Other, net	—	—	—	1,018	—	1,018
Total investing cash used in continuing operations	(94,619)	(9,445)	(92,574)	(1,142,924)	328,694	(1,010,868)
Total investing cash used in discontinued operations	—	—	—	(44,292)	—	(44,292)
Net cash used in investing activities	(94,619)	(9,445)	(92,574)	(1,187,216)	328,694	(1,055,160)
Cash flows from financing activities:						
Borrowings under line of credit	—	—	—	212,770	—	212,770
Borrowings under equipment financing	—	—	—	269,546	—	269,546
Repayments under syndicated loan facilities	—	—	—	(97,403)	—	(97,403)
Repayments of import financing	—	—	—	(175,923)	—	(175,923)
Purchases of convertible notes	(212,782)	—	—	—	—	(212,782)
Proceeds from intercompany long-term loan	—	—	300	—	(300)	—
Principal repayments under spectrum license financing	—	—	—	(1,513)	—	(1,513)
Intercompany dividends	—	(151,186)	(100,320)	(100,000)	351,506	—
Capital contributions	—	—	318,949	9,445	(328,394)	—
Other, net	(3,228)	(778)	(19,368)	(109,009)	—	(132,383)
Total financing cash (used in) provided by continuing operations	(216,010)	(151,964)	199,561	7,913	22,812	(137,688)
Total financing cash used in discontinued operations	—	—	—	(100,607)	—	(100,607)
Net cash (used in) provided by financing activities	(216,010)	(151,964)	199,561	(92,694)	22,812	(238,295)
Effect of exchange rate changes on cash and cash equivalents						
	—	—	—	844	—	844
Change in cash and cash equivalents held for sale	—	—	—	(58)	—	(58)
Net decrease in cash and cash equivalents	(307,336)	(956)	(1,947)	(629,247)	—	(939,486)
Cash and cash equivalents, beginning of year	1,042,358	956	8,416	1,258,929	—	2,310,659
Cash and cash equivalents, end of year	\$ 735,022	\$ —	\$ 6,469	\$ 629,682	\$ —	\$ 1,371,173

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011

	NII Holdings, Inc. (Parent and Guarantor)	NII Capital Corp. (Issuer)	Guarantor Subsidiaries	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)						
Cash flows from operating activities:						
Net income	\$ 225,196	\$ 544,832	\$ 285,948	\$ 520,665	\$ (1,351,445)	\$ 225,196
Adjustments to reconcile net income to net cash provided by (used in) operating activities	(117,264)	(551,291)	(498,345)	800,350	1,128,167	761,617
Total operating cash provided by (used in) continuing operations	107,932	(6,459)	(212,397)	1,321,015	(223,278)	986,813
Total operating cash used in discontinued operations	—	—	—	(4,422)	—	(4,422)
Net cash provided by (used in) operating activities	107,932	(6,459)	(212,397)	1,316,593	(223,278)	982,391
Cash flows from investing activities:						
Capital expenditures	—	—	(122,124)	(839,670)	—	(961,794)
Purchases of licenses	—	—	—	(138,678)	—	(138,678)
Purchases of long-term and short-term investments	(329,292)	—	—	(1,969,117)	—	(2,298,409)
Proceeds from sales of long-term and short-term investments	585,000	—	—	1,891,986	—	2,476,986
Transfers to restricted cash	(276)	—	—	(4,701)	—	(4,977)
Transfers from restricted cash	—	—	—	136,467	—	136,467
Intercompany borrowings	(76,141)	(1,424,860)	—	—	1,501,001	—
Proceeds from intercompany borrowings	137,089	—	—	—	(137,089)	—
Investment in subsidiaries	(475,821)	(1,246)	—	—	477,067	—
Other, net	—	—	—	4,207	—	4,207
Total investing cash used in continuing operations	(159,441)	(1,426,106)	(122,124)	(919,506)	1,840,979	(786,198)
Total investing cash used in discontinued operations	—	—	—	(124,085)	—	(124,085)
Net cash used in investing activities	(159,441)	(1,426,106)	(122,124)	(1,043,591)	1,840,979	(910,283)
Cash flows from financing activities:						
Proceeds from issuance of senior notes	—	1,439,500	—	—	—	1,439,500
Borrowings under line of credit	—	—	—	745,150	—	745,150
Borrowings under long-term credit facility	—	—	—	365,386	—	365,386
Borrowings under equipment financing	—	—	—	42,675	—	42,675
Repayments under syndicated loan facilities	—	—	—	(237,771)	—	(237,771)
Repayments under spectrum license financing	—	—	—	(683,878)	—	(683,878)
Repayments under intercompany long-term loan	—	—	—	(137,089)	137,089	—
Repayments of import financing	—	—	—	(129,919)	—	(129,919)
Capital contributions	—	103,302	371,721	2,044	(477,067)	—
Proceeds from intercompany long-term loan	1,424,860	—	—	76,141	(1,501,001)	—
Purchases of convertible notes	(904,200)	—	—	—	—	(904,200)
Intercompany dividends	—	(84,139)	(139,139)	—	223,278	—
Other, net	25,010	(25,170)	(11,831)	(70,018)	—	(82,009)
Total financing cash provided by (used in) continuing operations	545,670	1,433,493	220,751	(27,279)	(1,617,701)	554,934
Total financing cash used in discontinued operations	—	—	—	(29,931)	—	(29,931)
Net cash provided by (used in) financing activities	545,670	1,433,493	220,751	(57,210)	(1,617,701)	525,003
Effect of exchange rate changes on cash and cash equivalents	—	—	—	(41,693)	—	(41,693)
Change in cash and cash equivalents held for sale	—	—	—	51,264	—	51,264
Net increase (decrease) in cash and cash equivalents	494,161	928	(113,770)	225,363	—	606,682
Cash and cash equivalents, beginning of year	548,197	28	122,186	1,033,566	—	1,703,977
Cash and cash equivalents, end of year	\$ 1,042,358	\$ 956	\$ 8,416	\$ 1,258,929	\$ —	\$ 2,310,659

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

In May 2013, we issued \$700.0 million in aggregate principal amount of our 7.875% senior notes due in 2019. In addition, in February 2013 and April 2013, we issued \$900.0 million in aggregate principal amount of our 11.375% senior notes due 2019. We refer to the senior notes issued in 2013 collectively as the "2013 notes." The 2013 notes are senior unsecured obligations of NIIT, which is an indirect subsidiary of NII Holdings, Inc., and are guaranteed NII Holdings, Inc. This guarantee is full and unconditional; however, NII Holdings, Inc. is not subject to any of the restrictive covenants in the indentures governing the 2013 notes. Subject to certain exceptions, the 2013 notes rank equally in right of payment with all existing and future unsecured and unsubordinated indebtedness of NIIT and NII Holdings, Inc. In addition, the 2013 notes are structurally senior to all of NII Capital Corp.'s unsecured indebtedness. No subsidiaries of NIIT guarantee the 2013 notes. As a result, the notes are structurally subordinated to all existing and future liabilities and obligations of the subsidiaries of NIIT.

In connection with the issuance of the 2013 notes, the guarantees thereof and our anticipated registration of these notes, we are providing certain condensed consolidating financial information. Included in the tables below are condensed consolidating balance sheets as of December 31, 2013 and 2012, as well as condensed consolidating statements of comprehensive (loss) income for the years ended December 31, 2013, 2012 and 2011 and condensed consolidating statements of cash flows for the years ended December 31, 2013, 2012 and 2011, of: (a) the parent company and guarantor entity, NII Holdings, Inc.; (b) the subsidiary issuer, NIIT; (c) the non-guarantor subsidiaries on a combined basis; (d) consolidating adjustments; and (e) NII Holdings, Inc. and subsidiaries on a consolidated basis.

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2013

	NII Holdings, Inc. (Parent and Guarantor)	NII International Telecom (Issuer)	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)					
ASSETS					
Current assets					
Cash and cash equivalents	\$ 356,314	\$ 771,347	\$ 606,122	\$ —	\$ 1,733,783
Short-term investments	—	167,189	418,571	—	585,760
Accounts receivable, net	—	—	522,563	—	522,563
Short-term intercompany receivables	31,803	66,000	130,768	(228,571)	—
Handset and accessory inventory	—	—	342,585	—	342,585
Deferred income taxes, net	—	—	127,395	—	127,395
Prepaid expenses and other	6,832	700	428,568	—	436,100
Total current assets	394,949	1,005,236	2,576,572	(228,571)	3,748,186
Property, plant and equipment, net	—	—	3,388,347	(287)	3,388,060
Investments in and advances to affiliates	1,867,753	1,842,211	—	(3,709,964)	—
Intangible assets, net	18,000	—	975,669	—	993,669
Deferred income taxes, net	16,025	—	26,716	(16,028)	26,713
Long-term intercompany receivables	1,474,658	1,145,218	3,981,213	(6,601,089)	—
Other assets	29,381	54,167	439,778	—	523,326
Total assets	\$ 3,800,766	\$ 4,046,832	\$ 11,388,295	\$ (10,555,939)	\$ 8,679,954
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable	\$ —	\$ —	\$ 369,056	\$ —	\$ 369,056
Short-term intercompany payables	464,798	80,200	1,671,827	(2,216,825)	—
Accrued expenses and other	—	59,527	913,229	(222)	972,534
Deferred revenues	—	—	128,148	—	128,148
Current portion of long-term debt	—	—	96,839	—	96,839
Deposits related to 2013 sale of towers	—	—	374,569	345,444	720,013
Total current liabilities	464,798	139,727	3,553,668	(1,871,603)	2,286,590
Long-term debt	23	1,609,962	4,432,091	(345,444)	5,696,632
Deferred revenues	—	—	11,238	—	11,238
Deferred tax liabilities	3	—	125,016	(16,028)	108,991
Long-term intercompany payables	2,950,226	644,000	1,208,807	(4,803,033)	—
Other long-term liabilities	30,329	—	190,787	—	221,116
Total liabilities	3,445,379	2,393,689	9,521,607	(7,036,108)	8,324,567
Total stockholders' equity	355,387	1,653,143	1,866,688	(3,519,831)	355,387
Total liabilities and stockholders' equity	\$ 3,800,766	\$ 4,046,832	\$ 11,388,295	\$ (10,555,939)	\$ 8,679,954

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING BALANCE SHEET
As of December 31, 2012

	NII Holdings, Inc. (Parent and Guarantor)	NII International Telecom (Issuer)	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
ASSETS					
Current assets					
Cash and cash equivalents	\$ 735,022	\$ 310,769	\$ 325,382	\$ —	\$ 1,371,173
Short-term investments	—	—	204,834	—	204,834
Accounts receivable, net	—	—	674,459	—	674,459
Short-term intercompany receivables	19,716	6	81,583	(101,305)	—
Handset and accessory inventory	—	—	323,329	—	323,329
Deferred income taxes, net	—	—	179,486	(3,733)	175,753
Prepaid expenses and other	6,617	—	481,474	—	488,091
Assets held for sale	—	—	97,393	—	97,393
Total current assets	761,355	310,775	2,367,940	(105,038)	3,335,032
Property, plant and equipment, net	—	—	3,531,558	(287)	3,531,271
Investments in and advances to affiliates	2,717,391	2,753,569	—	(5,470,960)	—
Intangible assets, net	18,000	—	1,107,382	—	1,125,382
Deferred income taxes, net	13,683	—	367,181	(13,683)	367,181
Long-term intercompany receivables	2,377,065	9,170	3,950,291	(6,336,526)	—
Other assets	16,280	180	447,452	—	463,912
Assets held for sale	—	—	400,300	—	400,300
Total assets	\$ 5,903,774	\$ 3,073,694	\$ 12,172,104	\$ (11,926,494)	\$ 9,223,078
LIABILITIES AND STOCKHOLDERS' EQUITY					
Current liabilities					
Accounts payable	\$ —	\$ —	\$ 424,177	\$ —	\$ 424,177
Short-term intercompany payables	597,678	80,044	1,967,162	(2,644,884)	—
Accrued expenses and other	3,734	85	969,581	(3,607)	969,793
Deferred revenues	—	—	144,105	—	144,105
Current portion of long-term debt	—	—	94,039	—	94,039
Liabilities held for sale	—	—	127,911	—	127,911
Total current liabilities	601,412	80,129	3,726,975	(2,648,491)	1,760,025
Long-term debt	23	—	4,765,482	—	4,765,505
Deferred revenues	—	—	14,007	—	14,007
Deferred tax liabilities	—	—	71,872	(13,683)	58,189
Long-term intercompany payables	2,953,495	644,000	600,931	(4,198,426)	—
Other long-term liabilities	32,395	—	263,773	—	296,168
Liabilities held for sale	—	—	12,735	—	12,735
Total liabilities	3,587,325	724,129	9,455,775	(6,860,600)	6,906,629
Total stockholders' equity	2,316,449	2,349,565	2,716,329	(5,065,894)	2,316,449
Total liabilities and stockholders' equity	\$ 5,903,774	\$ 3,073,694	\$ 12,172,104	\$ (11,926,494)	\$ 9,223,078

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS
For the Year Ended December 31, 2013

	NII Holdings, Inc. (Parent and Guarantor)	NII International Telecom (Issuer)	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
	(in thousands)				
Operating revenues	\$ —	\$ —	\$ 4,775,636	\$ (3,072)	\$ 4,772,564
Operating expenses					
Cost of revenues (exclusive of depreciation and amortization included below)	—	—	2,383,955	—	2,383,955
Selling, general and administrative	3,136	128	1,913,262	(3,072)	1,913,454
Provision for doubtful accounts	—	—	116,619	—	116,619
Impairment and restructuring charges	—	—	171,047	—	171,047
Royalty fee and other	—	41	36,298	(36,339)	—
Depreciation and amortization	—	—	698,347	—	698,347
	<u>3,136</u>	<u>169</u>	<u>5,319,528</u>	<u>(39,411)</u>	<u>5,283,422</u>
Operating loss	(3,136)	(169)	(543,892)	36,339	(510,858)
Other income (expense)					
Interest expense, net	(562)	(120,099)	(418,498)	—	(539,159)
Intercompany interest expense	(234,799)	(49,910)	(21,552)	306,261	—
Interest income	913	1,240	41,226	—	43,379
Intercompany interest income	1,340	20,212	284,709	(306,261)	—
Foreign currency transaction losses, net	—	—	(143,745)	—	(143,745)
Equity in loss of affiliates	(1,473,856)	(1,121,795)	(148,484)	2,744,135	—
Other income (expense), net	36,017	244	(12,904)	(36,339)	(12,982)
	<u>(1,670,947)</u>	<u>(1,270,108)</u>	<u>(419,248)</u>	<u>2,707,796</u>	<u>(652,507)</u>
Loss from continuing operations before income tax benefit (provision)	(1,674,083)	(1,270,277)	(963,140)	2,744,135	(1,163,365)
Income tax benefit (provision)	24,484	(3)	(470,533)	—	(446,052)
Net loss from continuing operations	(1,649,599)	(1,270,280)	(1,433,673)	2,744,135	(1,609,417)
Loss from discontinued operations, net of income taxes	—	—	(40,182)	—	(40,182)
Net loss	<u>\$ (1,649,599)</u>	<u>\$ (1,270,280)</u>	<u>\$ (1,473,855)</u>	<u>\$ 2,744,135</u>	<u>\$ (1,649,599)</u>
Comprehensive loss, net of income taxes					
Foreign currency translation adjustment	\$ (334,893)	\$ (335,183)	\$ (335,183)	\$ 670,366	\$ (334,893)
Other	2,257	2,257	2,257	(4,514)	2,257
Other comprehensive loss	(332,636)	(332,926)	(332,926)	665,852	(332,636)
Net loss	(1,649,599)	(1,270,280)	(1,473,855)	2,744,135	(1,649,599)
Total comprehensive loss	<u>\$ (1,982,235)</u>	<u>\$ (1,603,206)</u>	<u>\$ (1,806,781)</u>	<u>\$ 3,409,987</u>	<u>\$ (1,982,235)</u>

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE LOSS
For the Year Ended December 31, 2012

	NII Holdings, Inc. (Parent and Guarantor)	NII International Telecom (Issuer)	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
	(in thousands)				
Operating revenues	\$ —	\$ —	\$ 5,747,676	\$ (4,554)	\$ 5,743,122
Operating expenses					
Cost of revenues (exclusive of depreciation and amortization included below)	—	—	2,405,669	(1,483)	2,404,186
Selling, general and administrative	3,180	86	2,167,494	(3,072)	2,167,688
Provision for doubtful accounts	—	—	217,315	—	217,315
Impairment and restructuring charges	—	—	329,767	—	329,767
Royalty fee and other	—	33	108,100	(108,133)	—
Depreciation and amortization	—	—	649,545	—	649,545
	<u>3,180</u>	<u>119</u>	<u>5,877,890</u>	<u>(112,688)</u>	<u>5,768,501</u>
Operating loss	(3,180)	(119)	(130,214)	108,134	(25,379)
Other income (expense)					
Interest expense, net	(23,646)	—	(341,875)	—	(365,521)
Intercompany interest expense	(215,501)	(50,094)	(33,397)	298,992	—
Interest income	15,292	382	18,188	—	33,862
Intercompany interest income	1	266	298,725	(298,992)	—
Foreign currency transaction losses, net	—	—	(53,957)	—	(53,957)
Equity in loss of affiliates	(639,902)	(389,424)	(49,566)	1,078,892	—
Other income (expense), net	86,324	—	(6,530)	(108,134)	(28,340)
	<u>(777,432)</u>	<u>(438,870)</u>	<u>(168,412)</u>	<u>970,758</u>	<u>(413,956)</u>
Loss from continuing operations before income tax benefit (provision)	(780,612)	(438,989)	(298,626)	1,078,892	(439,335)
Income tax benefit (provision)	15,363	(2)	(173,505)	—	(158,144)
Loss from continuing operations	(765,249)	(438,991)	(472,131)	1,078,892	(597,479)
Loss from discontinued operations, net of income taxes	—	—	(167,770)	—	(167,770)
Net loss	\$ (765,249)	\$ (438,991)	\$ (639,901)	\$ 1,078,892	\$ (765,249)
Comprehensive loss, net of income taxes					
Foreign currency translation adjustment	\$ (97,589)	\$ (96,589)	\$ (96,589)	\$ 193,178	(97,589)
Other	(1,802)	(1,802)	(1,802)	3,604	(1,802)
Other comprehensive loss	(99,391)	(98,391)	(98,391)	196,782	(99,391)
Net loss	(765,249)	(438,991)	(639,901)	1,078,892	(765,249)
Total comprehensive loss	\$ (864,640)	\$ (537,382)	\$ (738,292)	\$ 1,275,674	\$ (864,640)

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF COMPREHENSIVE (LOSS) INCOME
For the Year Ended December 31, 2011

	NII Holdings, Inc. (Parent and Guarantor)	NII International Telecom (Issuer)	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
	(in thousands)				
Operating revenues	\$ —	\$ —	\$ 6,383,889	\$ (3,072)	\$ 6,380,817
Operating expenses					
Cost of revenues (exclusive of depreciation and amortization included below)	—	—	2,465,764	—	2,465,764
Selling, general and administrative	3,467	85	2,200,622	(3,072)	2,201,102
Provision for doubtful accounts	—	—	159,201	—	159,201
Royalty fee and other	—	5	81,949	(81,954)	—
Depreciation and amortization	—	—	588,164	—	588,164
	3,467	90	5,495,700	(85,026)	5,414,231
Operating (loss) income	(3,467)	(90)	888,189	81,954	966,586
Other income (expense)					
Interest expense, net	(59,137)	—	(252,598)	—	(311,735)
Intercompany interest expense	(172,465)	(50,408)	(17,552)	240,425	—
Interest income	2,792	—	31,304	—	34,096
Intercompany interest income	16,629	475	223,321	(240,425)	—
Foreign currency transaction (losses) gains	(4)	1	(37,294)	—	(37,297)
Equity in income (loss) of affiliates	324,435	566,025	(50,023)	(840,437)	—
Other income (expense), net	67,040	—	(22,836)	(81,954)	(37,750)
	179,290	516,093	(125,678)	(922,391)	(352,686)
Income from continuing operations before income tax benefit (provision)	175,823	516,003	762,511	(840,437)	613,900
Income tax benefit (provision)	49,373	(1)	(400,578)	—	(351,206)
Income from continuing operations	225,196	516,002	361,933	(840,437)	262,694
Loss from discontinued operations, net of income taxes	—	—	(37,498)	—	(37,498)
Net income	\$ 225,196	\$ 516,002	\$ 324,435	\$ (840,437)	\$ 225,196
Comprehensive (loss) income, net of income taxes					
Foreign currency translation adjustment	\$ (462,457)	\$ (462,457)	\$ (462,457)	\$ 924,914	\$ (462,457)
Other	(342)	(342)	(342)	684	(342)
Other comprehensive loss	(462,799)	(462,799)	(462,799)	925,598	(462,799)
Net income	225,196	516,002	324,435	(840,437)	225,196
Total comprehensive (loss) income	\$ (237,603)	\$ 53,203	\$ (138,364)	\$ 85,161	\$ (237,603)

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2013

	NII Holdings, Inc. (Parent and Guarantor)	NII International Telecom (Issuer)	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)					
Cash flows from operating activities:					
Net loss	\$ (1,649,599)	\$ (1,270,280)	\$ (1,473,855)	\$ 2,744,135	\$ (1,649,599)
Adjustments to reconcile net loss to net cash (used in) provided by operating activities	1,477,932	1,173,231	1,607,384	(2,794,046)	1,464,501
Total operating cash (used in) provided by continuing operations	(171,667)	(97,049)	133,529	(49,911)	(185,098)
Total operating cash used in discontinued operations	—	—	(7,353)	—	(7,353)
Net cash (used in) provided by operating activities	(171,667)	(97,049)	126,176	(49,911)	(192,451)
Cash flows from investing activities:					
Capital expenditures	—	—	(664,877)	—	(664,877)
Purchases of licenses	—	—	(53,066)	—	(53,066)
Purchases of long-term and short-term investments	—	(581,407)	(1,779,122)	—	(2,360,529)
Proceeds from sales of long-term and short-term investments	—	382,602	1,560,284	—	1,942,886
Proceeds from 2013 sale of towers, net	—	—	374,187	347,217	721,404
Transfers to restricted cash	(15,050)	—	(26,659)	—	(41,709)
Transfers from restricted cash	—	—	2,273	—	2,273
Intercompany borrowings	—	(577,000)	—	577,000	—
Investment in subsidiaries	(191,526)	(601,218)	—	792,744	—
Return of investment	545	351,534	—	(352,079)	—
Proceeds from intercompany borrowings	—	8,838	—	(8,838)	—
Other, net	—	—	191	16	207
Total investing cash used in continuing operations	(206,031)	(1,016,651)	(586,789)	1,356,060	(453,411)
Total investing cash provided by discontinued operations	—	—	275,799	—	275,799
Net cash used in investing activities	(206,031)	(1,016,651)	(310,990)	1,356,060	(177,612)
Cash flows from financing activities:					
Gross proceeds from issuance of senior notes	—	1,600,000	—	—	1,600,000
Proceeds from 2013 sale of towers, net	—	—	347,217	(347,217)	—
Borrowings under line of credit	—	—	45	—	45
Borrowings under equipment financing	—	—	145,077	—	145,077
Repayments under syndicated loan facilities	—	—	(473,918)	—	(473,918)
Repayments of import financing	—	—	(37,422)	—	(37,422)
Repayments of equipment financing	—	—	(44,712)	—	(44,712)
Payment of line of credit	—	—	(362,736)	—	(362,736)
Principal repayment under intercompany borrowings	—	—	(8,838)	8,838	—
Proceeds from intercompany borrowings	—	—	577,000	(577,000)	—
Intercompany dividends	—	—	(49,911)	49,911	—
Capital contributions	—	—	792,744	(792,744)	—
Capital redemption	—	—	(352,079)	352,079	—
Other, net	(1,010)	(25,722)	(20,632)	(16)	(47,380)
Total financing cash (used in) provided by continuing operations	(1,010)	1,574,278	511,835	(1,306,149)	778,954
Total financing cash used in discontinued operations	—	—	(2,363)	—	(2,363)
Net cash (used in) provided by financing activities	(1,010)	1,574,278	509,472	(1,306,149)	776,591
Effect of exchange rate changes on cash and cash equivalents	—	—	(56,236)	—	(56,236)
Change in cash and cash equivalents held for sale	—	—	12,318	—	12,318
Net (decrease) increase in cash and cash equivalents	(378,708)	460,578	280,740	—	362,610
Cash and cash equivalents, beginning of year	735,022	310,769	325,382	—	1,371,173
Cash and cash equivalents, end of year	\$ 356,314	\$ 771,347	\$ 606,122	\$ —	\$ 1,733,783

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012

	NII Holdings, Inc. (Parent and Guarantor)	NII International Telecom (Issuer)	Non- Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
	(in thousands)				
Cash flows from operating activities:					
Net loss	\$ (765,249)	\$ (438,991)	\$ (639,901)	\$ 1,078,892	\$ (765,249)
Adjustments to reconcile net loss to net cash provided by operating activities	768,542	786,860	1,283,312	(1,727,379)	1,111,335
Total operating cash provided by continuing operations	3,293	347,869	643,411	(648,487)	346,086
Total operating cash provided by discontinued operations	—	—	7,097	—	7,097
Net cash provided by operating activities	3,293	347,869	650,508	(648,487)	353,183
Cash flows from investing activities:					
Capital expenditures	—	—	(1,042,479)	—	(1,042,479)
Purchases of licenses	—	—	(100,185)	—	(100,185)
Purchases of long-term and short-term investments	—	—	(1,678,918)	—	(1,678,918)
Proceeds from sales of long-term and short-term investments	224,330	—	1,589,453	—	1,813,783
Transfers to restricted cash	—	—	(11,969)	—	(11,969)
Transfers from restricted cash	—	—	7,882	—	7,882
Investment in subsidiaries	(318,949)	(288,066)	—	607,015	—
Return of investment	—	350,950	—	(350,950)	—
Other, net	—	—	1,218	(200)	1,018
Total investing cash (used in) provided by continuing operations	(94,619)	62,884	(1,234,998)	255,865	(1,010,868)
Total investing cash used in discontinued operations	—	—	(44,292)	—	(44,292)
Net cash (used in) provided by investing activities	(94,619)	62,884	(1,279,290)	255,865	(1,055,160)
Cash flows from financing activities:					
Borrowings under line of credit	—	—	212,770	—	212,770
Borrowings under equipment financing	—	—	269,546	—	269,546
Repayments under syndicated loan facilities	—	—	(97,403)	—	(97,403)
Repayments of import financing	—	—	(175,923)	—	(175,923)
Purchases of convertible notes	(212,782)	—	—	—	(212,782)
Intercompany dividends	—	(100,150)	(548,337)	648,487	—
Capital contributions	—	—	607,015	(607,015)	—
Capital redemption	—	—	(350,950)	350,950	—
Other, net	(3,228)	(297)	(130,571)	200	(133,896)
Total financing cash used in continuing operations	(216,010)	(100,447)	(213,853)	392,622	(137,688)
Total financing cash used in discontinued operations	—	—	(100,607)	—	(100,607)
Net cash used in financing activities	(216,010)	(100,447)	(314,460)	392,622	(238,295)
Effect of exchange rate changes on cash and cash equivalents	—	—	844	—	844
Change in cash and cash equivalents held for sale	—	—	(58)	—	(58)
Net (decrease) increase in cash and cash equivalents	(307,336)	310,306	(942,456)	—	(939,486)
Cash and cash equivalents, beginning of year	1,042,358	463	1,267,838	—	2,310,659
Cash and cash equivalents, end of year	\$ 735,022	\$ 310,769	\$ 325,382	\$ —	\$ 1,371,173

NII HOLDINGS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

CONDENSED CONSOLIDATING STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2011

	NII Holdings, Inc. (Parent and Guarantor)	NII International Telecom (Issuer)	Non-Guarantor Subsidiaries	Consolidating Adjustments	Consolidated
(in thousands)					
Cash flows from operating activities:					
Net income	\$ 225,196	\$ 516,002	\$ 324,435	\$ (840,437)	\$ 225,196
Adjustments to reconcile net income to net cash provided by operating activities	(117,264)	(255,706)	693,189	441,398	761,617
Total operating cash provided by continuing operations	107,932	260,296	1,017,624	(399,039)	986,813
Total operating cash used in discontinued operations	—	—	(4,422)	—	(4,422)
Net cash provided by operating activities	107,932	260,296	1,013,202	(399,039)	982,391
Cash flows from investing activities:					
Capital expenditures	—	—	(961,794)	—	(961,794)
Purchases of licenses	—	—	(138,678)	—	(138,678)
Purchases of long-term and short-term investments	(329,292)	—	(1,969,117)	—	(2,298,409)
Proceeds from sales of long-term and short-term investments	585,000	—	1,891,986	—	2,476,986
Transfers from restricted cash	—	—	136,467	—	136,467
Proceeds from intercompany borrowings	137,089	—	—	(137,089)	—
Intercompany borrowings	(76,141)	—	(1,424,860)	1,501,001	—
Investment in subsidiaries	(475,821)	(259,900)	—	735,721	—
Other, net	(276)	—	(494)	—	(770)
Total investing cash used in continuing operations	(159,441)	(259,900)	(2,466,490)	2,099,633	(786,198)
Total investing cash used in discontinued operations	—	—	(124,085)	—	(124,085)
Net cash used in investing activities	(159,441)	(259,900)	(2,590,575)	2,099,633	(910,283)
Cash flows from financing activities:					
Proceeds from issuance of senior notes	—	—	1,439,500	—	1,439,500
Borrowings under line of credit	—	—	745,150	—	745,150
Borrowings under long-term credit facility	—	—	365,386	—	365,386
Borrowings under equipment financing	—	—	42,675	—	42,675
Repayments under syndicated loan facilities	—	—	(237,771)	—	(237,771)
Repayments under spectrum license financing	—	—	(683,878)	—	(683,878)
Repayments under intercompany long-term loan	—	—	(137,089)	137,089	—
Repayments of import financing	—	—	(129,919)	—	(129,919)
Capital contributions	—	—	735,721	(735,721)	—
Proceeds from intercompany long-term loan	1,424,860	—	76,141	(1,501,001)	—
Purchases of convertible notes	(904,200)	—	—	—	(904,200)
Intercompany dividends	—	—	(399,039)	399,039	—
Other, net	25,010	—	(107,019)	—	(82,009)
Total financing cash provided by continuing operations	545,670	—	1,709,858	(1,700,594)	554,934
Total financing cash used in discontinued operations	—	—	(29,931)	—	(29,931)
Net cash provided by financing activities	545,670	—	1,679,927	(1,700,594)	525,003
Effect of exchange rate changes on cash and cash equivalents	—	—	(41,693)	—	(41,693)
Change in cash and cash equivalents held for sale	—	—	51,264	—	51,264
Net increase in cash and cash equivalents	494,161	396	112,125	—	606,682
Cash and cash equivalents, beginning of year	548,197	67	1,155,713	—	1,703,977
Cash and cash equivalents, end of year	\$ 1,042,358	\$ 463	\$ 1,267,838	\$ —	\$ 2,310,659

NII HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

NII HOLDINGS, INC.
CONDENSED BALANCE SHEETS (PARENT COMPANY ONLY)
(in thousands)

	December 31, 2013	December 31, 2012
ASSETS		
Current assets		
Cash and cash equivalents	\$ 356,314	\$ 735,022
Short-term intercompany receivables	31,803	19,716
Prepaid expenses and other	6,832	6,617
Total current assets	394,949	761,355
Investments in and advances to affiliates	1,867,753	2,717,391
Intangible assets, net	18,000	18,000
Deferred income taxes, net	16,025	13,683
Long-term intercompany receivables	1,474,658	2,377,065
Other assets	29,381	16,280
Total assets	\$ 3,800,766	\$ 5,903,774
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term intercompany payables	\$ 464,798	\$ 597,678
Accrued expenses and other	—	3,734
Total current liabilities	464,798	601,412
Long-term intercompany payables	2,950,226	2,953,495
Other long-term liabilities	30,355	32,418
Total liabilities	3,445,379	3,587,325
Total stockholders' equity	355,387	2,316,449
Total liabilities and stockholders' equity	\$ 3,800,766	\$ 5,903,774

NII HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

NII HOLDINGS, INC.
CONDENSED STATEMENTS OF COMPREHENSIVE LOSS (PARENT COMPANY ONLY)
(in thousands)

	Year Ended December 31,		
	2013	2012	2011
Operating revenues	\$ —	\$ —	\$ —
Operating expenses			
Selling, general and administrative	3,136	3,180	3,467
	3,136	3,180	3,467
Operating loss	(3,136)	(3,180)	(3,467)
Other income (expense)			
Interest expense, net	(562)	(23,646)	(59,137)
Intercompany interest expense	(234,799)	(215,501)	(172,465)
Interest income	913	15,292	2,792
Intercompany interest income	1,340	1	16,629
Equity in (loss) income of affiliates	(1,473,856)	(639,902)	324,435
Other income, net	36,017	86,324	67,036
	(1,670,947)	(777,432)	179,290
(Loss) income before income tax benefit	(1,674,083)	(780,612)	175,823
Income tax benefit	24,484	15,363	49,373
Net (loss) income	\$ (1,649,599)	\$ (765,249)	\$ 225,196
Comprehensive loss, net of income taxes			
Foreign currency translation adjustment	\$ (334,893)	\$ (97,589)	\$ (462,457)
Other	2,257	(1,802)	(342)
Other comprehensive loss	(332,636)	(99,391)	(462,799)
Net (loss) income	(1,649,599)	(765,249)	225,196
Total comprehensive loss	\$ (1,982,235)	\$ (864,640)	\$ (237,603)

NII HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

NII HOLDINGS, INC.

CONDENSED STATEMENTS OF CASH FLOWS (PARENT COMPANY ONLY)
(in thousands)

	Year Ended December 31,		
	2013	2012	2011
Cash flows from operating activities:			
Net (loss) income	\$ (1,649,599)	\$ (765,249)	\$ 225,196
Adjustments to reconcile net (loss) income to net cash (used in) provided by operating activities	1,477,932	768,542	(117,264)
Net cash (used in) provided by operating activities	(171,667)	3,293	107,932
Cash flows from investing activities:			
Purchases of long-term and short-term investments	—	—	(329,292)
Proceeds from sales of long-term and short-term investments	—	224,330	585,000
Transfers to restricted cash	(15,050)	—	(276)
Intercompany borrowings	—	—	(76,141)
Proceeds from intercompany borrowings	—	—	137,089
Investments in subsidiaries	(191,526)	(318,949)	(475,821)
Intercompany dividends	545	—	—
Net cash used in investing activities	(206,031)	(94,619)	(159,441)
Cash flows from financing activities:			
Purchases of convertible notes	—	(212,782)	(904,200)
Proceeds from intercompany long-term loan	—	—	1,424,860
Other, net	(1,010)	(3,228)	25,010
Net cash flows (used in) provided by financing activities	(1,010)	(216,010)	545,670
Net (decrease) increase in cash and cash equivalents	(378,708)	(307,336)	494,161
Cash and cash equivalents, beginning of year	735,022	1,042,358	548,197
Cash and cash equivalents, end of year	\$ 356,314	\$ 735,022	\$ 1,042,358

NII HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE I — NOTES TO CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

1. Basis of Presentation

NII Holdings, Inc., or NII Holdings, our parent company, is a holding company that conducts substantially all of its business operations through its operating subsidiaries. See Note 1 to our consolidated financial statements for more information. As specified in the indenture surrounding our NIIT senior notes and in certain of our operating companies' local financing agreements, there are restrictions on the parent company's ability to obtain funds from certain of its subsidiaries through dividends, loans or advances. Substantially all of the consolidated net assets of NII Holdings and its subsidiaries are restricted. See Note 8 to our consolidated financial statements for more information. These condensed financial statements have been presented on a "parent only" basis. In accordance with this parent only presentation, we have presented our parent company's investments in consolidated subsidiaries under the equity method. These condensed parent only financial statements should be read in conjunction with our consolidated financial statements included elsewhere herein.

2. Dividends From Subsidiaries

For the years ended December 31, 2013, 2012 and 2011, NII Holdings' consolidated subsidiaries declared and paid \$49.9 million, \$151.2 million and \$139.1 million, respectively, in cash dividends to the parent company.

NII HOLDINGS, INC. AND SUBSIDIARIES
SCHEDULE II — VALUATION AND QUALIFYING ACCOUNTS
(in thousands)

	Balance at Beginning of Period	Charged to Costs and Expenses	Deductions and Other Adjustments (1)	Balance at End of Period
Year Ended December 31, 2013				
Allowance for doubtful accounts	\$ 108,676	\$ 116,619	\$ (164,002)	\$ 61,293
Valuation allowance for deferred tax assets	\$ 508,101	\$ 4,090,410	\$ (64,601)	\$ 4,533,910
Year Ended December 31, 2012				
Allowance for doubtful accounts	\$ 63,241	\$ 217,315	\$ (171,880)	\$ 108,676
Valuation allowance for deferred tax assets	\$ 240,715	\$ 268,479	\$ (1,093)	\$ 508,101
Year Ended December 31, 2011				
Allowance for doubtful accounts	\$ 39,228	\$ 159,201	\$ (135,188)	\$ 63,241
Valuation allowance for deferred tax assets	\$ 106,811	\$ 34,490	\$ 99,414	\$ 240,715

(1) Includes the impact of foreign currency translation adjustments.

EXHIBIT INDEX

For periods before December 21, 2001, references to NII Holdings refer to Nextel International, Inc. the former name of NII Holdings. All documents referenced below were filed pursuant to the Securities Exchange Act of 1934 by NII Holdings, file number 0-32421, unless otherwise indicated.

Exhibit Number	Exhibit Description	Form	Exhibit	Incorporated by Reference Filing Date	Filed Herewith
3.1	Amended and Restated Certificate of Incorporation of NII Holdings	8-K	3.1	05/23/13	
3.2	Fourth Amended and Restated Bylaws of NII Holdings	8-K	3.2	05/23/13	
4.1	Indenture governing our 10% senior notes due 2016, dated as of August 18, 2009, by and between NII Holdings and Wilmington Trust Company, as Indenture Trustee	8-K	4.1	08/18/09	
4.2	Indenture governing our 8.875% senior notes due 2019, dated as of December 15, 2009, by and between NII Holdings and Wilmington Trust Company, as Indenture Trustee	8-K	4.1	12/15/09	
4.3	Indenture governing our 7.625% senior notes due 2021, dated as of March 29, 2011, by and between NII Holdings and Wilmington Trust Company, as Indenture Trustee	8-K	4.1	03/29/11	
4.4	First Supplemental Indenture to the Indenture governing our 7.625% senior notes due 2021, dated as of December 8, 2011, by and between NII Holdings and Wilmington Trust Company, as Indenture Trustee	8-K	4.2	12/08/11	
4.5	Indenture governing our 11.375% senior notes due 2019, dated as of February 19, 2013, by and between NII International Telecom S.C.A., NII Holdings, Inc. and Wilmington Trust National Association, as Indenture Trustee	8-K	4.1	02/19/13	
4.6	Registration Rights Agreement related to our 11.375% senior notes due 2019, dated as of February 19, 2013, among NII International Telecom S.C.A., NII Holdings, Inc. and the initial purchasers	8-K	4.2	02/19/13	
4.7	First Supplemental Indenture governing our 11.375% senior notes due 2019, dated April 15, 2013, among NII International Telecom, S.C.A., NII Holdings, Inc. and Wilmington Trust National Association, as Indenture Trustee	8-K	4.2	04/15/13	
4.8	Registration Rights Agreement related to our 11.375% senior notes due 2019, dated April 15, 2013, among NII International Telecom, S.C.A., NII Holdings, Inc. and J.P. Morgan Securities LLC	8-K	4.3	04/15/13	
4.9	Indenture governing our 7.875% senior notes due 2019, dated May 23, 2013, among NII International Telecom, S.C.A., NII Holdings, Inc. and Wilmington Trust National Association, as Indenture Trustee	8-K	4.1	05/23/13	
4.10	Registration Rights Agreement related to our 7.875% senior notes due 2019, dated May 23, 2013, among NII International Telecom S.C.A., NII Holdings, Inc. and the initial purchasers named therein	8-K	4.2	05/23/13	
10.1	Subscriber Unit Purchase Agreement, dated as of January 1, 2005, by and between NII Holdings and Motorola, Inc. (portions of this exhibit have been omitted pursuant to a request for confidential treatment)	10-K	10.1	03/22/06	
10.2	Amendment Number Three to the Subscriber Unit Purchase Agreement, dated September 28, 2006, by and between NII Holdings and Motorola, Inc. (portions of this exhibit have been omitted pursuant to a request for confidential treatment)	10-Q	10.1	11/06/06	
10.3	Form of iDEN Infrastructure Installation Services Agreement, effective June 30, 2000, by and between NII Holdings, Motorola, Inc. and each of Nextel, Telecomunicações Ltda., Nextel Argentina S.R.L., Nextel de Mexico, S.A. de C.V., Nextel del Peru, S.A. and Nextel Communications Philippines, Inc.	8-K	10.1	12/22/00	
10.4	Form of iDEN Infrastructure Equipment Supply Agreement, effective June 30, 2000, by and between NII Holdings, Motorola, Inc. and each of Nextel Telecomunicações Ltda., Nextel Argentina S.R.L., Nextel de Mexico, S.A. de C.V., Nextel del Peru, S.A. and Nextel Communications Philippines, Inc.	8-K	10.2	12/22/00	

10.5	Amendment 003 to iDEN Infrastructure Equipment Supply Agreement, dated December 7, 2001, between NII Holdings, Motorola, Inc., Nextel Communications Argentina, S.A., Nextel Telecomunicações Ltda., Comunicaciones Nextel de Mexico, S.A. de C.V., Nextel del Peru S.A. and Nextel Communications Philippines, Inc.	10-K	10.48	03/29/02	
10.6	Form of Amendment 007A to the iDEN Infrastructure Equipment Supply Agreement, dated September 28, 2006, between NII Holdings, Motorola, Inc. and each of Nextel Communications Argentina, S.A., Nextel Telecomunicações Ltda., Centennial Cayman Corp. Chile, S.A., Comunicaciones Nextel de Mexico, S.A. de C.V. and Nextel del Peru, S.A. (portions of this exhibit have been omitted pursuant to a request for confidential treatment)	10-Q	10.2	11/06/06	
10.7	Fourth Amended and Restated Trademark License Agreement, dated July 27, 2011, between Nextel Communications, Inc. and NII Holdings	10-Q	10.1	11/08/11	
10.8	Spectrum Use and Build Out Agreement, dated as of November 12, 2002	10-K	10.2	03/27/03	
10.9	Stock Purchase Agreement by and among Entel Inversiones, S.A., Empresa Nacional de Telecomunicaciones S.A., NII Mercosur Telecom, S.L., NII Mercosur Moviles, S.L. and NII Holdings, Inc., dated as of April 4, 2013	8-K	10.1	04/04/13	
10.10(+)	Form of NII Holdings Change of Control Severance Plan	10-K	10.9	02/28/13	
10.11(+)	2012 Incentive Compensation Plan	Def 14A	A	03/30/12	
10.12(+)	Form of Executive Officer Restricted Stock Award Agreement	10-K	10.11	02/28/13	
10.13(+)	Form of Executive Officer Nonqualified Stock Option Agreement	10-K	10.12	02/28/13	
10.14(+)	Form of Executive Officer Performance Share Unit Agreement	8-K	10.2	05/02/13	
10.15(+)	Form of Non-Employee Director Restricted Stock Award Agreement	10-K	10.13	02/28/13	
10.16(+)	Form of Non-Employee Director Nonqualified Stock Option Agreement	8-K	10.4	05/02/06	
10.17(+)	Outside Directors Deferral Plan	10-K	10.3	02/27/08	
10.18(+)	Severance Plan	10-K	10.16	02/28/13	
10.19(+)	Executive Voluntary Deferral Plan	8-K	10.3	12/16/08	
10.20(+)	Offer Letter for Steven M. Shindler, dated April 30, 2013	8-K	10.1	05/02/13	
10.21(+)	Offer Letter for Peter A. Foyo, dated December 16, 2013	8-K	10.1	12/19/13	
10.22(+)	International Assignment Agreement between NII Holdings, Inc. and Gokul Hemmady	8-K	10.1	07/12/13	
10.23	Form of Director and Executive Officer Indemnification Agreement				*
12.1	Computation of Ratio of Earnings (Loss) to Fixed Charges				*
21.1	Subsidiaries of NII Holdings				*
23.1	Consent of PricewaterhouseCoopers LLP				*
31.1	Statement of Chief Executive Officer Pursuant to Rule 13a-14(a)				*
31.2	Statement of Chief Financial Officer Pursuant to Rule 13a-14(a)				*
32.1	Statement of Chief Executive Officer Pursuant to 18 U.S.C. Section 1350				*
32.2	Statement of Chief Financial Officer Pursuant to 18 U.S.C. Section 1350				*
99.1	Credit Agreement, dated July 12, 2011, among Comunicaciones Nextel de Mexico, S.A. de C.V., the Guarantors and China Development Bank Corporation, as Lender, Administrative Agent and Arranger (Non-Sinosure)				*
99.2	Credit Agreement, dated July 12, 2011, among Comunicaciones Nextel de Mexico, S.A. de C.V., the Guarantors and China Development Bank Corporation, as Lender, Administrative Agent and Arranger (Sinosure)				*

99.3	Credit Agreement, dated April 20, 2012, among Nextel Telecomunicações Ltda., the Guarantors and China Development Bank Corporation, as Lender, Administrative Agent and Arranger (Non-Sinosure)	*
99.4	Credit Agreement, dated April 20, 2012, among Nextel Telecomunicações Ltda., the Guarantors and China Development Bank Corporation, as Lender, Administrative Agent and Arranger (Sinosure)	*
99.5	Bank Credit Certificate, dated November 8, 2011, between Nextel Telecomunicações Ltda., and Caixa Econômica Federal	*
99.6	Bank Credit Certificate, dated October 31, 2012, between Nextel Telecomunicações Ltda., and Banco do Brasil, S.A.	*
101	The following materials from the NII Holdings, Inc. Annual Report on Form 10-K for the year ended December 31, 2013 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Operations and Comprehensive Income, (iii) Consolidated Statements of Changes in Stockholders' Equity, (iv) Consolidated Statements of Cash Flows and (v) Notes to Consolidated Financial Statements	*

+ Indicates Management Compensatory Plan, Contract or Arrangement.

DIRECTOR AND OFFICER INDEMNIFICATION AGREEMENT

This Director and Officer Indemnification Agreement, dated as of _____, 2014 (this “Agreement”), is made by and between NII Holdings, Inc., a Delaware corporation (the “Company”), and _____ (“Indemnitee”).

RECITALS:

- A. Section 141 of the Delaware General Corporation Law provides that the business and affairs of a corporation shall be managed by or under the direction of its board of directors.
- B. Pursuant to Sections 141 and 142 of the Delaware General Corporation Law, significant authority with respect to the management of the Company has been delegated to the officers of the Company.
- C. By virtue of the managerial prerogatives vested in the directors and officers of a Delaware corporation, directors and officers act as fiduciaries of the corporation and its stockholders.
- D. Thus, it is critically important to the Company and its stockholders that the Company be able to attract and retain the most capable persons reasonably available to serve as directors and officers of the Company.
- E. In recognition of the need for corporations to be able to induce capable and responsible persons to accept positions in corporate management, Delaware law authorizes (and in some instances requires) corporations to indemnify their directors and officers, and further authorizes corporations to purchase and maintain insurance for the benefit of their directors and officers.
- F. The Delaware courts have recognized that indemnification by a corporation serves the dual policies of (1) allowing corporate officials to resist unjustified lawsuits, secure in the knowledge that, if vindicated, the corporation will bear the expense of litigation and (2) encouraging capable women and men to serve as corporate directors and officers, secure in the knowledge that the corporation will absorb the costs of defending their honesty and integrity.
- G. Delaware law also authorizes a corporation to pay in advance of the final disposition of an action, suit or proceeding the expenses incurred by a director or officer in the defense thereof, and any such right to the advancement of expenses may be made separate and distinct from any right to indemnification and need not be subject to the satisfaction of any standard of conduct or otherwise affected by the merits of any claims against the director or officer.
- H. The number of lawsuits challenging the judgment and actions of directors and officers of Delaware corporations, the costs of defending those lawsuits, and the threat to directors’ and officers’ personal assets have all materially increased over the past several years, chilling the willingness of capable women and men to undertake the responsibilities imposed on corporate directors and officers.
- I. Recent federal legislation and judicial decisions have imposed additional disclosure and corporate governance obligations on directors and officers of companies and have exposed such directors and officers to new and substantially broadened civil liabilities.
- J. These initiatives have also exposed directors and officers of companies to a significantly greater risk of criminal proceedings, with attendant defense costs and potential criminal fines and penalties.
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K. The authority of a corporation to indemnify and advance the costs of defense to its directors and officers applies to criminal proceedings as well as to civil, administrative and investigative proceedings.

L. Indemnitee is a director, board observer or officer of the Company and his or her willingness to serve in such capacity is predicated, in substantial part, upon the Company's willingness to indemnify him or her in accordance with the principles reflected above, to the fullest extent permitted by the laws of the State of Delaware, and upon the other undertakings set forth in this Agreement.

M. Therefore, in recognition of the need to provide Indemnitee with substantial protection against personal liability, in order to procure Indemnitee's continued service as a director, board observer or officer of the Company and to enhance Indemnitee's ability to serve the Company in an effective manner, and in order to provide such protection pursuant to express contract rights (intended to be enforceable irrespective of, among other things, any amendment to the Company's certificate of incorporation or bylaws (collectively, the "Constituent Documents"), any change in the composition of the Company's Board of Directors (the "Board") or any change-in-control or business combination transaction relating to the Company), the Company wishes to provide in this Agreement for the indemnification of and the advancement of Expenses (as defined in Section 1(e)) to Indemnitee as set forth in this Agreement and for the continued coverage of Indemnitee under the Company's directors' and officers' liability insurance policies.

N. In light of the considerations referred to in the preceding recitals, it is the Company's intention and desire that the provisions of this Agreement be construed liberally, subject to their express terms, to maximize the protections to be provided to Indemnitee hereunder.

AGREEMENT:

NOW, THEREFORE, the parties hereby agree as follows:

1. Certain Definitions. In addition to terms defined elsewhere herein, the following terms have the following meanings when used in this Agreement with initial capital letters:

(a) "Claim" means (i) any threatened, asserted, pending or completed claim, demand, action, suit or proceeding, whether civil, criminal, administrative, arbitrative, investigative or other, and whether made pursuant to federal, state or other law; and (ii) any threatened, pending or completed inquiry or investigation, whether made, instituted or conducted by or at the behest of the Company or any other person, including any federal, state or other court or governmental entity or agency and any committee or other representative of any corporate constituency, that Indemnitee determines might lead to the institution of any such claim, demand, action, suit or proceeding.

(b) "Controlled Affiliate" means any corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit, that is directly or indirectly controlled by the Company. For purposes of this definition, "control" means the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of an entity or enterprise, whether through the ownership of voting securities, through other voting rights, by contract or otherwise; *provided* that direct or indirect beneficial ownership of capital stock or other interests in an entity or enterprise entitling the holder to cast 20% or more of the total number of votes generally entitled to be cast in the election of directors (or persons performing comparable functions) of such entity or enterprise shall be deemed to constitute control for purposes of this definition.

(c) "Disinterested Director" means a director of the Company who is not and was not a party to the Claim in respect of which indemnification is sought by Indemnitee.

(d) "ERISA Losses" means any taxes, penalties or other liabilities under the Employee Retirement Income Security Act of 1974, as amended, or Section 4975 of the Internal Revenue Code of 1986, as amended.

(e) "Expenses" means attorneys' and experts' fees and expenses and all other costs and expenses paid or payable in connection with investigating, defending, being a witness in or participating in (including on appeal), or preparing to investigate, defend, be a witness in or participate in (including on appeal), any Claim. The parties agree, without stipulating that to be subject to advancement or reimbursement under this Agreement that Expenses need be reasonable, that for the purposes of any advancement of Expenses for which Indemnitee has made written demand to the Company in accordance with this Agreement, all Expenses included in such demand that then or thereafter are certified by affidavit of Indemnitee's counsel as being reasonable shall be presumed conclusively to be reasonable.

(f) "Incumbent Directors" means the individuals who, as of the date hereof, are members of the Board and any individual becoming a member of the Board subsequent to the date hereof whose election, nomination for election by the Company's stockholders, or appointment, was approved by a vote of at least two-thirds of the then Incumbent Directors (either by a specific vote or by approval of the proxy statement of the Company in which such person is named as a nominee for director, without objection to such nomination); *provided, however*, that an individual shall not be an Incumbent Director if such individual's election or appointment to the Board occurs as a result of an actual or threatened election contest (as described in Rule 14a-12(c) of the Securities Exchange Act of 1934, as amended) with respect to the election or removal of directors or other actual or threatened solicitation of proxies or consents by or on behalf of a Person other than the Board.

(g) "Indemnifiable Claim" means any Claim based upon, arising out of or resulting from (i) any actual, alleged or suspected act or failure to act, whether before, at or after the time of this Agreement, by Indemnitee in his or her capacity as a director, board observer, officer, employee or agent of the Company or as a director, board observer, officer, employee, member, manager, trustee or agent of any other corporation, limited liability company, partnership, joint venture, trust or other entity or enterprise, whether or not for profit (including any employee benefit plan or related trust) (collectively, together with the Company, the "Enterprise"), as to which Indemnitee is or was serving at the request of the Company as a director, officer, employee, member, manager, trustee or agent, (ii) any actual, alleged or suspected act or failure to act, whether before, at or after the time of this Agreement, by Indemnitee in respect of any business, transaction, communication, filing, disclosure or other activity of the Company or the Enterprise, or (iii) Indemnitee's status as a current or former director, board observer, officer, employee or agent of the Company or as a current or former director, officer, employee, member, manager, trustee or agent of the Company or the Enterprise or any actual, alleged or suspected act or failure to act by Indemnitee in connection with any obligation or restriction imposed upon Indemnitee by reason of such status. In addition to any service at the actual request of the Company, for purposes of this Agreement, Indemnitee shall be deemed to be serving or to have served at the request of the Company as a director, board observer, officer, employee, member, manager, trustee or agent of another entity or enterprise if Indemnitee is or was serving as a director, board observer, officer, employee, member, manager, trustee or agent of such entity or enterprise and (i) such entity or enterprise is or at the time of such service was a Controlled Affiliate, (ii) such entity or enterprise is or at the time of such service was an employee benefit plan (or related trust) sponsored or maintained by the Company or a Controlled Affiliate, or (iii) the Company or a Controlled Affiliate directly or indirectly caused or authorized Indemnitee to be nominated, elected, appointed, designated, employed, engaged or selected to serve in such capacity.

(h) "Indemnifiable Losses" means any and all Losses relating to, arising out of or resulting from any Indemnifiable Claim.

(i) “Independent Counsel” means a law firm, or a member of a law firm, that is experienced in matters of corporation law and neither presently is, nor in the past five years has been, retained to represent: (i) the Company (or any Subsidiary) or Indemnitee in any matter material to either such party (other than with respect to matters concerning Indemnitee under this Agreement, or of other indemnitees under similar indemnification agreements), or (ii) any other named (or, as to a threatened matter, reasonably likely to be named) party to the Indemnifiable Claim giving rise to a claim for indemnification hereunder. Notwithstanding the foregoing, the term “Independent Counsel” does not include any person who, under the applicable standards of professional conduct then prevailing, would have a conflict of interest in representing either the Company or Indemnitee in an action to determine Indemnitee’s rights under this Agreement.

(j) “Losses” means any and all Expenses, damages, losses, liabilities, judgments, fines, penalties (whether civil, criminal or other), ERISA Losses and amounts paid in settlement, including all interest, assessments and other charges paid or payable in connection with or in respect of any of the foregoing.

(k) “Subsidiary” means an entity in which the Company directly or indirectly beneficially owns 50% or more of the outstanding Voting Stock.

(l) “Voting Stock” means securities entitled to vote generally in the election of directors (or similar governing bodies).

2. Services to the Company. Indemnitee agrees to continue to serve as a director or officer of the Company for so long as Indemnitee is duly elected or appointed or until Indemnitee tenders his or her resignation or is no longer serving in such capacity. This Agreement shall not be deemed an employment agreement between the Company or the Enterprise, on the one hand, and Indemnitee, on the other hand. Indemnitee specifically acknowledges that his or her service to the Company and the Enterprise is at will and the Indemnitee may be discharged at any time for any reason, with or without cause, except as may be otherwise provided in any written employment agreement between Indemnitee and the Company (or any of its Subsidiaries or the Enterprise), other applicable formal severance policies duly adopted by the Board or, with respect to service as a director or officer of the Company, by the Company’s Constituent Documents, Corporate Governance Guidelines or Delaware law. This Agreement shall continue in force after Indemnitee has ceased to serve as a director or officer of the Company or, at the request of the Company, of any of its Subsidiaries or the Enterprise.

3. Indemnification Obligation. Subject to Section 9, the Company shall indemnify, defend and hold harmless Indemnitee, to the fullest extent permitted or required by the laws of the State of Delaware in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted or required indemnification, against any and all Indemnifiable Claims and Indemnifiable Losses; *provided, however*, that (a) except for compulsory counterclaims or as provided in Sections 5 and 22, Indemnitee shall not be entitled to indemnification pursuant to this Agreement in connection with any Claim initiated by Indemnitee against the Company or any director or officer of the Company unless the Company has joined in or consented to the initiation of such Claim and (b) no repeal or amendment of any law of the State of Delaware shall in any way diminish or adversely affect the rights of Indemnitee pursuant to this Agreement in respect of any occurrence or matter arising prior to any such repeal or amendment.

4. Advancement of Expenses. Indemnitee shall have the right to advancement by the Company prior to the final disposition of any Indemnifiable Claim of any and all Expenses relating to, arising out of or resulting from any Indemnifiable Claim paid or incurred by Indemnitee or which Indemnitee determines are reasonably likely to be paid or incurred by Indemnitee. Indemnitee’s right to such advancement is not subject to the satisfaction of any standard of conduct and is not conditioned upon any prior determination that Indemnitee is entitled to indemnification under this Agreement with respect to the Indemnifiable Claim or the absence of any prior determination to the contrary. Without

limiting the generality or effect of the foregoing, within five business days after any request by Indemnitee, the Company shall, in accordance with such request (but without duplication), (a) pay such Expenses on behalf of Indemnitee, (b) advance to Indemnitee funds in an amount sufficient to pay such Expenses, or (c) reimburse Indemnitee for such Expenses; *provided* that Indemnitee shall repay, without interest any amounts actually advanced to Indemnitee that, at the final disposition of the Indemnifiable Claim to which the advance related, were in excess of amounts paid or payable by Indemnitee in respect of Expenses relating to, arising out of or resulting from such Indemnifiable Claim. In connection with any request for advancement of Expenses, Indemnitee shall not be required to provide any documentation or information to the extent that the provision thereof would undermine or otherwise compromise attorney-client privilege. In connection with any such payment, advancement or reimbursement, if delivery of an undertaking is a legally required condition precedent to such payment, advance or reimbursement, Indemnitee shall execute and deliver to the Company an undertaking in the form attached hereto as Exhibit A (subject to Indemnitee filling in the blanks therein and selecting from among the bracketed alternatives therein), which need not be secured and shall be accepted by the Company without reference to Indemnitee's ability to repay the Expenses. In no event shall Indemnitee's right to the payment, advancement or reimbursement of Expenses pursuant to this Section 4 be conditioned upon any undertaking that is less favorable to Indemnitee than, or that is in addition to, the undertaking set forth in Exhibit A.

5. Indemnification for Additional Expenses. Without limiting the generality or effect of the foregoing, the Company shall indemnify and hold harmless Indemnitee against and, if requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within five business days of such request, any and all Expenses paid or incurred by Indemnitee or which Indemnitee determines are reasonably likely to be paid or incurred by Indemnitee in connection with any Claim made, instituted or conducted by Indemnitee, in each case to the fullest extent permitted or required by the laws of the State of Delaware in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted or required indemnification, reimbursement or advancement of such Expenses, for (a) indemnification or payment, advancement or reimbursement of Expenses by the Company under any provision of this Agreement, or under any other agreement or provision of the Constituent Documents now or hereafter in effect relating to Indemnifiable Claims, and/or (b) recovery under any directors' and officers' liability insurance policies maintained by the Company; *provided, however*, that Indemnitee shall return, without interest, any such advance of Expenses (or portion thereof) which remains unspent at the final disposition of the Claim to which the advance related.

6. Contribution. To the fullest extent permissible under applicable law in effect on the date hereof or as such law may from time to time hereafter be amended to increase the scope of permitted or required indemnification, if the indemnification provided for in this Agreement is unavailable to Indemnitee for any reason whatsoever, the Company, in lieu of indemnifying Indemnitee, shall contribute to the payment of any and all Indemnifiable Claims or Indemnifiable Losses, in such proportion as is fair and reasonable in light of all of the circumstances in order to reflect (i) the relative benefits received by the Company and Indemnitee as a result of the event(s) and/or transaction(s) giving cause to such Indemnifiable Claim or Indemnifiable Loss and/or (ii) the relative fault of the Company (and its other directors, officers, employees and agents) and Indemnitee in connection with such event(s) and/or transaction(s); *provided* that such contribution shall not be required where it is determined, pursuant to a final disposition of such Indemnifiable Claim or Indemnifiable Loss in accordance with Section 9, that Indemnitee is not entitled to indemnification by the Company with respect to such Indemnifiable Claim or Indemnifiable Loss.

7. Partial Indemnity. If Indemnitee is entitled under any provision of this Agreement to indemnification by the Company for some or a portion of any Indemnifiable Loss, but not for all of the total amount thereof, the Company shall nevertheless indemnify Indemnitee for the portion thereof to which Indemnitee is entitled.

8. Procedure for Notification. To obtain indemnification under this Agreement in respect of an Indemnifiable Claim or Indemnifiable Loss, Indemnitee shall submit to the Company a written request therefor, including a brief description (based upon information then available to Indemnitee) of such Indemnifiable Claim or Indemnifiable Loss. If, at the time of the receipt of such request, the Company has directors' and officers' liability insurance in effect under which coverage for such Indemnifiable Claim or Indemnifiable Loss is potentially available, the Company shall give prompt written notice of such Indemnifiable Claim or Indemnifiable Loss to the applicable insurers in accordance with the procedures set forth in the applicable policies. The Company shall provide to Indemnitee a copy of such notice delivered to the applicable insurers, and copies of all subsequent correspondence between the Company and such insurers regarding the Indemnifiable Claim or Indemnifiable Loss, in each case substantially concurrently with the delivery or receipt thereof by the Company. The failure by Indemnitee to timely notify the Company of any Indemnifiable Claim or Indemnifiable Loss shall not relieve the Company from any liability hereunder unless, and only to the extent that, the Company did not otherwise learn of such Indemnifiable Claim or Indemnifiable Loss and such failure results in forfeiture by the Company of substantial defenses, rights or insurance coverage.

9. Determination of Right to Indemnification.

(a) To the extent that Indemnitee shall have been successful on the merits or otherwise in defense of any Indemnifiable Claim or any portion thereof or in defense of any issue or matter therein, including dismissal without prejudice, Indemnitee shall be indemnified against Indemnifiable Losses relating to, arising out of or resulting from such Indemnifiable Claim in accordance with Section 3 and no Standard of Conduct Determination (as defined in Section 9(c)) shall be required with respect to such Indemnifiable Claim.

(b) To the extent that Indemnitee's involvement in a Claim relating to an Indemnifiable Event is to prepare to serve and serve as a witness, and not as a party, the Indemnitee shall be indemnified against Indemnifiable Losses relating to, arising out of or resulting from such Indemnifiable Claim in accordance with Section 3 and no Standard of Conduct Determination (as defined in Section 9(c)) shall be required with respect to such Indemnifiable Claim.

(c) To the extent that the provisions of Section 9(a) and 9(b) are inapplicable to an Indemnifiable Claim that shall have been finally disposed of, any determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law that is a legally required condition precedent to indemnification of Indemnitee hereunder against Indemnifiable Losses relating to, arising out of or resulting from such Indemnifiable Claim (a "Standard of Conduct Determination") shall be made as follows: (i) by a majority vote of the Disinterested Directors, even if less than a quorum of the Board, (ii) if such Disinterested Directors so direct, by a majority vote of a committee of Disinterested Directors designated by a majority vote of all Disinterested Directors, or (iii) if there are no such Disinterested Directors or if Indemnitee so requests, by Independent Counsel, selected by Indemnitee and approved by the Board (such approval not to be unreasonably withheld, delayed or conditioned), in a written opinion addressed to the Board, a copy of which shall be delivered to Indemnitee; *provided, however,* that if at the time of any Standard of Conduct Determination Indemnitee is neither a director nor an officer of the Company, such Standard of Conduct Determination may be made by or in the manner specified by the Board, any duly authorized committee of the Board or any duly authorized officer of the Company (unless Indemnitee requests that such Standard of Conduct Determination be made by Independent Counsel, in which case such Standard of Conduct Determination shall be made by Independent Counsel selected by Indemnitee and approved by the Board (such approval not to be unreasonably withheld, delayed or conditioned)). Indemnitee shall reasonably cooperate with the person or persons making such Standard of Conduct Determination, including providing to such person or persons, upon reasonable advance request, any documentation or information which is not privileged or otherwise protected from disclosure and which is reasonably available to Indemnitee and reasonably necessary to such determination. The Company shall indemnify and hold harmless Indemnitee against and, if

requested by Indemnitee, shall reimburse Indemnitee for, or advance to Indemnitee, within five business days of such request, any and all Expenses incurred by Indemnitee in so cooperating with the person or persons making such Standard of Conduct Determination.

(d) The Company shall use its reasonable best efforts to cause any Standard of Conduct Determination required under Section 9(c) to be made as promptly as practicable. If (i) the person or persons empowered or selected under Section 9(c) to make the Standard of Conduct Determination shall not have made a determination within 30 days after the later of (A) receipt by the Company of written notice from Indemnitee advising the Company of the final disposition of the applicable Indemnifiable Claim (the date of such receipt being the "Notification Date") and (B) the selection of an Independent Counsel, if such determination is to be made by Independent Counsel, and (ii) Indemnitee shall have fulfilled his or her obligations set forth in the second sentence of Section 9(c), then Indemnitee shall be deemed to have satisfied the applicable standard of conduct; *provided* that such 30-day period may be extended for a reasonable time, not to exceed an additional 30 days, if the person or persons making such determination in good faith requires such additional time for the obtaining or evaluation or documentation and/or information relating thereto. In all events, the Company shall pay all of the reasonable fees and expenses of the Independent Counsel incurred in connection with the Independent Counsel's determination pursuant to Section 9(c).

(e) If (i) Indemnitee shall be entitled to indemnification hereunder against any Indemnifiable Losses pursuant to Section 9(a) or 9(b), (ii) no determination of whether Indemnitee has satisfied any applicable standard of conduct under Delaware law is a legally required condition precedent to indemnification of Indemnitee hereunder against any Indemnifiable Losses, or (iii) Indemnitee has been determined or deemed pursuant to Section 9(c) or 9(d) to have satisfied any applicable standard of conduct under Delaware law which is a legally required condition precedent to indemnification of Indemnitee hereunder against any Indemnifiable Losses, then the Company shall pay to Indemnitee, within five business days after the later of (x) the Notification Date in respect of the Indemnifiable Claim or portion thereof to which such Indemnifiable Losses are related, out of which such Indemnifiable Losses arose or from which such Indemnifiable Losses resulted and (y) the earliest date on which the applicable criterion specified in clause (i), (ii) or (iii) above shall have been satisfied, an amount equal to the amount of such Indemnifiable Losses.

10. Presumption of Entitlement.

(a) In making a determination of whether Indemnitee has been successful on the merits or otherwise in defense of any Indemnifiable Claim or any portion thereof or in defense of any issue or matter therein, the Company acknowledges that a resolution, disposition or outcome short of dismissal or final judgment, including outcomes that permit Indemnitee to avoid expense, delay, embarrassment, injury to reputation, distraction, disruption or uncertainty, may constitute such success. In the event that any Indemnifiable Claim or any portion thereof or issue or matter therein is resolved or disposed of in any manner other than by adverse judgment against Indemnitee (including any resolution or disposition thereof by means of settlement with or without payment of money or other consideration), it shall be presumed that Indemnitee has been successful on the merits or otherwise in defense of such Indemnifiable Claim or portion thereof or issue or matter therein. The Company may overcome such presumption only by its adducing clear and convincing evidence to the contrary.

(b) In making any Standard of Conduct Determination, the person or persons making such determination shall presume that Indemnitee has satisfied the applicable standard of conduct, and the Company may overcome such presumption only by its adducing clear and convincing evidence to the contrary. Any Standard of Conduct Determination that is adverse to Indemnitee may be challenged by Indemnitee in the Court of Chancery of the State of Delaware. No determination by the Company (including by its directors or any Independent Counsel) that Indemnitee has not satisfied any applicable standard of conduct shall be a defense to any Claim by Indemnitee for indemnification or reimbursement

or advance payment of Expenses by the Company hereunder or create a presumption that Indemnitee has not met any applicable standard of conduct.

(c) Without limiting the generality or effect of Section 10(b), (i) to the extent that any Indemnifiable Claim relates to any entity or enterprise (other than the Company) referred to in clause (i) of the first sentence of the definition of "Indemnifiable Claim," Indemnitee shall be deemed to have satisfied the applicable standard of conduct if Indemnitee acted in good faith and in a manner Indemnitee reasonably believed to be in or not opposed to the interests of such entity or enterprise (or the owners or beneficiaries thereof, including in the case of any employee benefit plan the participants and beneficiaries thereof) and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his or her conduct was unlawful, and (ii) in all cases, any belief of Indemnitee that is based on the records or books of account of the Company, including financial statements, or on information supplied to Indemnitee by the directors or officers of the Company in the course of their duties, or on the advice of legal counsel for the Company, the Board, any committee of the Board or any director, or on information, opinions or records given, reports made or statements furnished to the Company, the Board, any committee of the Board or any director by an independent certified public accountant or by an appraiser or other expert selected by or on behalf of the Company, the Board, any committee of the Board or any director shall be deemed to be reasonable.

11. No Adverse Presumption. For purposes of this Agreement, the termination of any Claim by judgment, order, settlement (whether with or without court approval) or conviction, or upon a plea of *nolo contendere* or its equivalent, will not create a presumption that Indemnitee did not meet any applicable standard of conduct or that indemnification hereunder is otherwise not permitted.

12. Non-Exclusivity; Primacy of Company's Obligations.

(a) The rights of Indemnitee hereunder will be in addition to any other rights Indemnitee may have against the Company under the Constituent Documents, or the substantive laws of the Company's jurisdiction of incorporation, any other contract or otherwise (collectively, "Other Indemnity Provisions"); provided, however, that (i) to the extent that Indemnitee otherwise would have any greater right to indemnification under any Other Indemnity Provision, Indemnitee will be deemed to have such greater right hereunder and (ii) to the extent that any change is made to any Other Indemnity Provision which permits any greater right to indemnification than that provided under this Agreement as of the date hereof, Indemnitee will be deemed to have such greater right hereunder. The Company will not adopt any amendment to any of the Constituent Documents the effect of which would be to deny, diminish or encumber Indemnitee's right to indemnification under this Agreement or any Other Indemnity Provision.

(b) The Company hereby acknowledges that Indemnitee may have certain rights to indemnification, advancement of expenses and/or insurance provided by third parties and certain of its affiliates (collectively, the "Other Indemnitors"). The Company hereby agrees (i) that it is the indemnitor of first resort (*i.e.*, its obligations to Indemnitee are primary and any obligation of the Other Indemnitors to advance expenses or to provide indemnification to Indemnitee in respect of any Indemnifiable Claim or Indemnifiable Loss is secondary), (ii) that it shall be required to advance the full amount of Expenses incurred by Indemnitee and shall be liable for the full amount of all Expenses and Indemnifiable Losses to the extent legally permitted and as required by the terms of this Agreement or any Other Indemnity Provisions, without regard to any rights Indemnitee may have against the Other Indemnitors, and (iii) that it irrevocably waives, relinquishes and releases the Other Indemnitors from any and all claims against the Other Indemnitors for contribution, subrogation or any other recovery of any kind in respect thereof. The Company further agrees that no advancement or payment by the Other Indemnitors on behalf of Indemnitee with respect to any claim for which Indemnitee has sought indemnification from the Company shall affect the foregoing and the Other Indemnitors shall have a right of contribution and/or be subrogated to the extent of such advancement or payment to all of the rights of recovery of Indemnitee against the Company. The Company and Indemnitee agree that the Other Indemnitors are express third party beneficiaries of the provisions of this Section 12(b).

13. Liability Insurance and Funding. For the duration of Indemnitee's service as a director and/or officer of the Company, and thereafter for so long as Indemnitee shall be subject to any pending or possible Indemnifiable Claim, the Company shall use commercially reasonable efforts (taking into account the scope and amount of coverage available relative to the cost thereof) to cause to be maintained in effect policies of directors' and officers' liability insurance providing coverage for directors and/or officers of the Company that is at least substantially comparable in scope and amount to that provided by the Company's current policies of directors' and officers' liability insurance. The Company shall provide Indemnitee with a copy of all directors' and officers' liability insurance applications, binders, policies, declarations, endorsements and other related materials, and shall provide Indemnitee with a reasonable opportunity to review and comment on the same. Without limiting the generality or effect of the two immediately preceding sentences, the Company shall not discontinue or significantly reduce the scope or amount of coverage from one policy period to the next (i) without the prior approval thereof by a majority vote of the Incumbent Directors, even if less than a quorum, or (ii) if at the time that any such discontinuation or significant reduction in the scope or amount of coverage is proposed there are no Incumbent Directors, without the prior written consent of Indemnitee (which consent shall not be unreasonably withheld or delayed). In all policies of directors' and officers' liability insurance obtained by the Company, Indemnitee shall be named as an insured in such a manner as to provide Indemnitee the same rights and benefits, subject to the same limitations, as are accorded to the Company's directors and officers most favorably insured by such policy. The Company may, but shall not be required to, create a trust fund, grant a security interest or use other means, including a letter of credit, to ensure the payment of such amounts as may be necessary to satisfy its obligations to indemnify and advance expenses pursuant to this Agreement.

14. Subrogation. Except as provided in Section 12(b), In the event of payment under this Agreement, the Company shall be subrogated to the extent of such payment to all of the related rights of recovery of Indemnitee against other persons or entities (other than Indemnitee's successors), including the Enterprise. Indemnitee shall execute all papers reasonably required to evidence such rights (all of Indemnitee's reasonable Expenses, including attorneys' fees and charges, related thereto to be reimbursed by or, at the option of Indemnitee, advanced by the Company).

15. No Duplication of Payments. Except as provided in Section 12(b), The Company shall not be liable under this Agreement to make any payment to Indemnitee in respect of any Indemnifiable Losses to the extent Indemnitee has otherwise actually received payment (net of any Expenses incurred in connection therewith and any repayment by Indemnitee made with respect thereto) under any insurance policy, the Constituent Documents and Other Indemnity Provisions or otherwise (including from the Enterprise in respect of such Indemnifiable Losses otherwise indemnifiable hereunder).

16. Defense of Claims. The Company shall be entitled, at its own expense, to participate in the defense of any Indemnifiable Claim or to assume the defense thereof, with counsel reasonably satisfactory to Indemnitee; *provided* that if, at any time, Indemnitee believes, after consultation with counsel retained by Indemnitee at the Company's expense, that (a) the use of counsel chosen by the Company to represent Indemnitee would present such counsel chosen by the Company with an actual or potential conflict, (b) the named parties in any such Indemnifiable Claim (including any impleaded parties) include both the Company and Indemnitee and Indemnitee shall conclude that there may be one or more legal defenses or counterclaims available to him or her that are different from or in addition to those available to the Company, or (c) any such representation by such counsel would be precluded under the applicable standards of professional conduct then prevailing, then Indemnitee shall be entitled to retain separate counsel (but not more than one law firm plus, if applicable, local counsel in respect of any particular Indemnifiable Claim) at the Company's expense. The Company shall not be liable to Indemnitee under this Agreement for any amounts paid in settlement of any threatened or pending Indemnifiable Claim effected without the Company's prior written consent. The Company shall not, without the prior written consent of Indemnitee, effect any settlement of any threatened or pending Indemnifiable Claim to which Indemnitee is, or could have been, a party unless such settlement

solely involves the payment of money and includes a complete and unconditional release of Indemnitee from all liability on any claims that are the subject matter of such Indemnifiable Claim. Neither the Company nor Indemnitee shall unreasonably withhold its consent to any proposed settlement; *provided* that Indemnitee may withhold consent to any settlement that does not provide a complete and unconditional release of Indemnitee.

17. Successors and Binding Agreement.

(a) The Company shall require any successor (whether direct or indirect, by purchase, merger, consolidation, reorganization or otherwise) to all or substantially all of the business or assets of the Company expressly to assume and agree to perform this Agreement in the same manner and to the same extent the Company would be required to perform if no such succession had taken place. This Agreement shall be binding upon and inure to the benefit of the Company and any successor to the Company, including any person acquiring directly or indirectly all or substantially all of the business or assets of the Company whether by purchase, merger, consolidation, reorganization or otherwise (and such successor will thereafter be deemed the "Company" for purposes of this Agreement), but shall not otherwise be assignable or delegatable by the Company.

(b) This Agreement shall inure to the benefit of and be enforceable by Indemnitee's personal or legal representatives, executors, administrators, heirs, distributees, legatees and other successors.

(c) This Agreement is personal in nature and neither of the parties hereto shall, without the consent of the other, assign or delegate this Agreement or any rights or obligations hereunder except as expressly provided in Sections 17(a) and 17(b). Without limiting the generality or effect of the foregoing, Indemnitee's right to receive payments hereunder shall not be assignable, whether by pledge, creation of a security interest or otherwise, other than by a transfer by Indemnitee's will or by the laws of descent and distribution, and, in the event of any attempted assignment or transfer contrary to this Section 17(c), the Company shall have no liability to pay any amount so attempted to be assigned or transferred.

18. Notices. For all purposes of this Agreement, all communications, including notices, consents, requests or approvals, required or permitted to be given hereunder shall be in writing and shall be deemed to have been duly given when hand delivered or dispatched by electronic facsimile transmission (with receipt thereof orally confirmed), or one business day after having been sent for next-day delivery by a nationally recognized overnight courier service, addressed to the Company (to the attention of the Secretary of the Company) and to Indemnitee at the applicable address shown on the signature page hereto, or to such other address as any party may have furnished to the other in writing and in accordance herewith, except that notices of changes of address will be effective only upon receipt.

19. Governing Law. The validity, interpretation, construction and performance of this Agreement shall be governed by and construed in accordance with the substantive laws of the State of Delaware, without giving effect to the principles of conflict of laws of such State. The Company and Indemnitee each hereby irrevocably consent to the jurisdiction of the Chancery Court of the State of Delaware for all purposes in connection with any action or proceeding which arises out of or relates to this Agreement and agree that any action instituted under this Agreement shall be brought only in the Chancery Court of the State of Delaware.

20. Validity. If any provision of this Agreement or the application of any provision hereof to any person or circumstance is held invalid, unenforceable or otherwise illegal, the remainder of this Agreement and the application of such provision to any other person or circumstance shall not be affected, and the provision so held to be invalid, unenforceable or otherwise illegal shall be reformed to the extent, and only to the extent, necessary to make it enforceable, valid or legal. In the event that any court or other adjudicative body shall decline to reform any provision of this Agreement held to be invalid, unenforceable or otherwise illegal as contemplated by the immediately preceding sentence, the parties

thereto shall take all such action as may be necessary or appropriate to replace the provision so held to be invalid, unenforceable or otherwise illegal with one or more alternative provisions that effectuate the purpose and intent of the original provisions of this Agreement as fully as possible without being invalid, unenforceable or otherwise illegal.

21. Miscellaneous. No provision of this Agreement may be waived, modified or discharged unless such waiver, modification or discharge is agreed to in writing signed by Indemnitee and the Company. No waiver by either party hereto at any time of any breach by the other party hereto or compliance with any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, expressed or implied with respect to the subject matter hereof have been made by either party that are not set forth expressly in this Agreement.

22. Legal Fees and Expenses; Interest. (a) It is the intent of the Company that Indemnitee not be required to incur legal fees and or other Expenses associated with the interpretation, enforcement or defense of Indemnitee's rights under this Agreement by litigation or otherwise because the cost and expense thereof would substantially detract from the benefits intended to be extended to Indemnitee hereunder. Accordingly, without limiting the generality or effect of any other provision hereof, if it should appear to Indemnitee that the Company has failed to comply with any of its obligations under this Agreement (including its obligations under Section 4) or in the event that the Company or any other person takes or threatens to take any action to declare this Agreement void or unenforceable, or institutes any litigation or other action or proceeding designed to deny, or to recover from, Indemnitee the benefits provided or intended to be provided to Indemnitee hereunder, the Company irrevocably authorizes Indemnitee from time to time to retain counsel of Indemnitee's choice, at the expense of the Company as hereafter provided, to advise and represent Indemnitee in connection with any such interpretation, enforcement or defense, including the initiation or defense of any litigation or other legal action, whether by or against the Company or any director, officer, stockholder or other person affiliated with the Company, in any jurisdiction. Notwithstanding any existing or prior attorney-client relationship between the Company and such counsel, the Company irrevocably consents to Indemnitee's entering into an attorney-client relationship with such counsel, and in that connection the Company and Indemnitee agree that a confidential relationship shall exist between Indemnitee and such counsel. The Company will pay and be solely financially responsible for any and all attorneys' and related fees and expenses incurred by Indemnitee in connection with any of the foregoing to the fullest extent permitted or required by the laws of the State of Delaware in effect on the date hereof or as such laws may from time to time hereafter be amended to increase the scope of such permitted or required payment of such fees and expenses.

(b) Any amount due to Indemnitee under this Agreement that is not paid by the Company by the date on which it is due will accrue interest at the prime rate as announced by Citibank, N.A. plus 5% or if less, the maximum legal rate under Delaware law, from the date on which such amount is due to the date on which such amount is paid to Indemnitee.

23. Certain Interpretive Matters. Unless the context of this Agreement otherwise requires,

(a) "it" or "its" or words of any gender include each other gender, (b) words using the singular or plural number also include the plural or singular number, respectively, (c) the terms "hereof," "herein," "hereby" and derivative or similar words refer to this entire Agreement, (d) the terms "Section" or "Exhibit" refer to the specified Section or Exhibit of or to this Agreement, (e) the terms "include," "includes" and "including" will be deemed to be followed by the words "without limitation" (whether or not so expressed), and (f) the word "or" is disjunctive but not exclusive. Whenever this Agreement refers to a number of days, such number will refer to calendar days unless business days are specified and whenever action must be taken (including the giving of notice or the delivery of documents) under this

Agreement during a certain period of time or by a particular date that ends or occurs on a non-business day, then such period or date will be extended until the immediately following business day. As used herein, "business day" means any day other than Saturday, Sunday or a United States federal holiday.

24. Counterparts. This Agreement may be executed in one or more counterparts, each of which will be deemed to be an original but all of which together shall constitute one and the same agreement.

[Signatures Appear on Following Page]

IN WITNESS WHEREOF, Indemnitee has executed and the Company has caused its duly authorized representative to execute this Agreement as of the date first above written.

[_____]

By:

Name:

Title:

Notice Address:

Fax: _____

INDEMNITEE

Print Name: _____

Notice Address:

Fax: _____

EXHIBIT A
UNDERTAKING

This Undertaking is submitted pursuant to the Director and Officer Indemnification Agreement, dated as of _____, 2014 (the "Indemnification Agreement"), between _____, a Delaware corporation (the "Company"), and the undersigned. Capitalized terms used and not otherwise defined herein have the meanings ascribed to such terms in the Indemnification Agreement.

The undersigned hereby requests [payment], [advancement], [reimbursement] by the Company of Expenses which the undersigned [has incurred] [reasonably expects to incur] in connection with _____ (the "Indemnifiable Claim").

The undersigned hereby undertakes to repay the [payment], [advancement], [reimbursement] of Expenses made by the Company to or on behalf of the undersigned in response to the foregoing request if it is determined, following the final disposition of the Indemnifiable Claim and in accordance with Section 9 of the Indemnification Agreement, that the undersigned is not entitled to indemnification by the Company under the Indemnification Agreement with respect to the Indemnifiable Claim.

IN WITNESS WHEREOF, the undersigned has executed this Undertaking as of this _____ day of _____, _____.

Print Name: _____

NII HOLDINGS, INC. COMPUTATION OF RATIO OF EARNINGS (LOSS) TO FIXED CHARGES (dollars in thousands)

	Year Ended December 31,				
	2013	2012	2011	2010	2009
(Loss) earnings:					
(Loss) income from continuing operations before income tax provision	\$ (1,163,365)	\$ (439,335)	\$ 613,900	\$ 643,159	\$ 597,735
Add:					
Fixed charges	717,578	582,428	467,563	411,407	287,432
Amortization of capitalized interest	49,066	38,720	21,086	10,396	9,541
Less:					
Interest capitalized	78,254	127,189	76,204	10,819	12,490
(Loss) earnings, as adjusted	<u>\$ (474,975)</u>	<u>\$ 54,624</u>	<u>\$ 1,026,345</u>	<u>\$ 1,054,143</u>	<u>\$ 882,218</u>
Fixed charges:					
Interest expense on indebtedness (including amortization of debt expense and discount)	\$ 539,159	\$ 365,521	\$ 311,735	\$ 335,918	\$ 222,544
Interest capitalized	78,254	127,189	76,204	10,819	12,490
Portion of rent expense representative of interest (30%)	100,165	89,718	79,624	64,670	52,398
Fixed charges	<u>\$ 717,578</u>	<u>\$ 582,428</u>	<u>\$ 467,563</u>	<u>\$ 411,407</u>	<u>\$ 287,432</u>
Ratio of earnings to fixed charges	<u>— (1)</u>	<u>— (2)</u>	<u>2.20</u>	<u>2.56</u>	<u>3.07</u>

(1) Earnings were inadequate to cover fixed charges by \$1,192.6 million for the year ended December 31, 2013.

(2) Earnings were inadequate to cover fixed charges by \$527.8 million for the year ended December 31, 2012.

SUBSIDIARIES OF NII HOLDINGS, INC.
(as of February 21, 2014)

Corporation	Jurisdiction of Incorporation
Nextel International (Services) Ltd.	Delaware, USA
NII Funding Corp.	Delaware, USA
NII Aviation, Inc.	Delaware, USA
NII Capital Corp.	Delaware, USA
NII Global Holdings, Inc.	Delaware, USA
NII International Holdings S.à r.l.	Luxembourg
NII International Services S.à r.l.	Luxembourg
NII International Telecom S.C.A.	Luxembourg
NIHD Telecom Holdings B.V.	Netherlands
NII 4G, S. de R.L. de C.V.	Mexico
Nextel International (Uruguay), LLC	Delaware, USA
Comunicaciones Nextel de México, S.A. de C.V.	Mexico
Prestadora de Servicios de Radiocomunicación, S. de R.L. de C.V.	Mexico
Servicios NII, S. de R.L. de C.V.	Mexico
NII Telecom, S. de R.L. de C.V.	Mexico
Servicios de Radiocomunicación Móvil de México, S. de R.L. de C.V.	Mexico
Radiophone, S. de R.L. de C.V.	Mexico
Inversiones Nextel de México, S. de R.L. de C.V.	Mexico
Delta Comunicaciones Digitales, S. de R.L. de C.V.	Mexico
NII Digital, S. de R.L. de C.V.	Mexico
NII Mexico, LLC	Delaware
Fundación Nextel, A.C.	Mexico
Nextel Uruguay S.A.	Uruguay
NII International Mobile S.à r.l.	Luxembourg
McCaw International (Brazil), LLC	Virginia, USA
Airfone Holdings, LLC	Delaware, USA
Nextel Telecomunicações S.A.	Brazil
Nextel Telecomunicações Ltda.	Brazil
Nextel Telecomunicações de Longa Distancia Ltda.	Brazil
Nextel Telecomunicações SMP Ltda.	Brazil
Sunbird Participações Ltda.	Brazil
Sunbird Telecomunicações Ltda.	Brazil
NII Mercosur Móviles, S.L.	Spain
NII Mercosur Telecom, S.L.	Spain
Nextel Communications Argentina S.R.L.	Argentina
Nextel Chile S.A.	Chile
Nextel S.A.	Chile
Multikom S.A.	Chile
Conect S.A.	Chile
NII Mercosur, LLC	Delaware, USA
NII Holdings (Cayman), Ltd.	Cayman Islands

Nextel International (Argentina), Ltd.
Centennial Cayman Corp.
Nextel International (Peru) LLC
Nextel International (Indonesia) LLC

Cayman Is.
Cayman Is.
Cayman Is.
Cayman Is.

CONSENT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

We hereby consent to the incorporation by reference in the Registration Statements on Form S-3 (No. 333-173029-05 and No. 333-178312-05) and S-8 (No. 333-190473) of NII Holdings, Inc. of our report dated February 28, 2014 relating to the financial statements, financial statement schedules and the effectiveness of internal control over financial reporting, which appears in this Form 10-K.

PricewaterhouseCoopers LLP
McLean, Virginia
February 28, 2014

CERTIFICATION PURSUANT TO

RULE 13a-14(a)

I, Steven M. Shindler, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2013 of NII Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2014

/s/ STEVEN M. SHINDLER

Steven M. Shindler
Chief Executive Officer

CERTIFICATION PURSUANT TO

RULE 13a-14(a)

I, Juan R. Figuereo, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2013 of NII Holdings, Inc.;
2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;
3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the registrant and have:
 - (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;
 - (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;
 - (c) Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and
 - (d) Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):
 - (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and
 - (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: February 28, 2014

/s/ JUAN R. FIGUERO

Juan R. Figuereo
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,**

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the period ended December 31, 2013 (the "Report") of NII Holdings, Inc. and subsidiaries (the "Company"), I, Steven M. Shindler, Chief Executive Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge and belief:

1. The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 28, 2014

/s/ STEVEN M. SHINDLER

Steven M. Shindler
Chief Executive Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,**

AS ADOPTED PURSUANT TO

SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002

In connection with the Annual Report on Form 10-K for the period ended December 31, 2013 (the "Report") of NII Holdings, Inc. and subsidiaries (the "Company"), I, Juan R. Figuero, Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that to my knowledge and belief:

1. The Report fully complies with the requirements of section 13(a) of the Securities Exchange Act of 1934; and
2. The information contained in the Report fairly presents, in all material respects, the financial condition and results of operations of the Company.

February 28, 2014

/s/ JUAN R. FIGUERO

Juan R. Figuero

Chief Financial Officer

CREDIT AGREEMENT

among

COMUNICACIONES NEXTEL DE MEXICO, S.A. DE C.V. as Borrower

THE GUARANTORS SIGNATORIES HERETO
as Guarantors

CHINA DEVELOPMENT BANK CORPORATION
as Lender

CHINA DEVELOPMENT BANK CORPORATION
as Administrative Agent and
CHINA DEVELOPMENT BANK CORPORATION
as Arranger

Dated as of July 12, 2011

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APPENDICES:

Appendix A Defined Terms and Rules of Interpretation

EXHIBITS:

- Exhibit A Form of Notice of Borrowing
- Exhibit B Form of Process Agent Letter
- Exhibit C Form of Assignment and Acceptance
- Exhibit D Form of Supplier's Certificate
- Exhibit E Form of Compliance Certificate

ANNEXES:

Annex I Loan Commitments Annex II Applicable Lending Offices Annex III Guarantors Annex IV License Proceedings

CREDIT AGREEMENT (this "Agreement"), dated as of July 12, 2011 ("Signing Date"), among (i) COMUNICACIONES NEXTEL DE MEXICO, S.A. DE C.V., a *sociedad anónima de capital variable* organized and existing under the laws of Mexico (the "Borrower"), (ii) the persons listed in Annex III (the "Guarantors"), (iii) CHINA DEVELOPMENT BANK CORPORATION in its capacity as lender (the "Lender"), (iv) CHINA DEVELOPMENT BANK CORPORATION in its capacity as administrative agent (the "Administrative Agent") and (v) CHINA DEVELOPMENT BANK CORPORATION in its capacity as arranger (the "Arranger").

W I T N E S S E T H:

WHEREAS, certain Obligors intend to acquire infrastructure equipment and related services and to commission certain civil and construction works from the Supplier for the build-out and deployment of the Telecommunications Networks in Mexico, further details of which are more fully described in the Supply Agreements (the "Project");

WHEREAS, in order to finance the acquisition of such infrastructure equipment, related services and the commissioning of civil and construction works from the Supplier for the Project, the Borrower has requested the Lender to provide the credit facility described herein;

WHEREAS, the Lender is willing to provide the credit facility described herein upon the terms and conditions herein set forth;

WHEREAS, each Guarantor is an asset holding or revenue generating Subsidiary of the Borrower;

WHEREAS, each Guarantor acknowledges that it will, directly or indirectly, derive substantial benefit from the making of the Loans; and

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter contained, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND RULES OF INTERPRETATION.

1. Defined Terms

. Except as otherwise expressly provided herein, capitalized terms used in this Agreement and its Schedules and Exhibits shall have the respective meanings assigned to such terms in Appendix A hereto.

2. Rules of Interpretation

. Except as otherwise expressly provided herein, the rules of interpretation set forth in Appendix A hereto shall apply to this Agreement.

3. Accounting Principles

. Except as otherwise provided in this Agreement, all computations and determinations as to financial matters, and all financial statements to be delivered under this Agreement shall be made or prepared in accordance with Mexico GAAP (including principles of consolidation where appropriate) applied on a consistent basis (except to the extent approved or required by the independent public accountants certifying such statements and disclosed therein).

SECTION 2. AMOUNTS AND TERMS OF CREDIT FACILITY.

2.1. The Loans.

(a) Subject to and upon the terms and conditions set forth herein, each Lender severally agrees to make, during the Availability Period, loans (each a "Loan" and, collectively, the "Loans") to the Borrower, which Loans shall (i) be made and maintained in Dollars, (ii) not exceed for any Lender, in aggregate principal amount, that amount which equals the Loan Commitment of such Lender, (iii) mature on the Loan Maturity Date, and (iv) only be applied towards the payments of (A) up to 100% of the amounts due and payable by the Borrower under Purchase Orders placed pursuant to or under the Supply Agreements and (B) up to 15% of the amounts due and payable by the Borrower under the Sinosure Purchase Orders.

(b) The Loans are available only on the terms and conditions specified hereunder, and once repaid, in whole or in part, at maturity or by prepayment, may not be reborrowed in whole or in part.

2.2. Notice of Borrowing.

(a) Whenever the Borrower desires to make a Borrowing hereunder, it shall give the Administrative Agent at its Notice Office at least five (5) Business Days' prior written notice; provided, that any such notice shall be deemed to have been given on a certain day only if given before 11:00 a.m. (Beijing time) on such day, and if any such notice is received after 11:00 a.m. (Beijing time) on a certain day, such notice shall be deemed to have been given on the following day. Each such notice (a "Notice of Borrowing") shall be irrevocable and shall be given by the Borrower substantially in the form of Exhibit A hereto, appropriately completed to specify, *inter alia*: (i) the aggregate principal amount of the Loans to be made pursuant to such Borrowing; (ii) the proposed date of such Borrowing (which shall be a Business Day) and (iii) the account details of the Supplier or the Borrower, as applicable. The Administrative Agent shall promptly give each Lender at least one (1) Business Day's prior written notice of the proposed Borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

(b) The Borrower shall deliver no more than one (1) Notice of Borrowing in each calendar month and each Notice of Borrowing shall only request one (1) Loan.

2.3. Pro Rata Borrowings; Availability.

(a) Each Borrowing shall be incurred ratably among the Lenders based upon the amount of their respective Loan Commitments. It is agreed that no Lender shall be responsible for any default by any other Lender of its obligation to make a Loan hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder regardless of the failure of any other Lender to make a Loan hereunder.

(b) T h e L o a n C o m m i t m e n t s s h a l l b e m a d e a v a i l a
shall any Loans be available after the Final Availability Date.

2.4. Disbursement of Funds.

Subject to the terms and conditions hereof, no later than 11:00 a.m. (Beijing time) on the date specified in each Notice of Borrowing, each Lender will make available, through such Lender's Applicable Lending Office, its *pro rata* portion of the aggregate amount of the Loans requested to be made on such date, in Dollars and in immediately available funds at the Payment Office of the Administrative Agent, and the Administrative Agent will pay the aggregate of the amounts so made available by the Lenders directly to the bank account of the Supplier as specified by the Borrower in the Notice of Borrowing, except for amounts not exceeding in the aggregate US\$45,000,000, which shall be made available by the Lenders directly to an account of the Borrower as specified by

the Borrower in the Notice of Borrowing to reimburse the Borrower for amounts already paid by or on behalf of the Borrower to the Supplier prior to the Closing Date in respect of Purchase Orders and/or Sinosure Purchase Orders eligible for financing hereunder. Unless the Administrative Agent shall have been notified by any Lender prior to the applicable date of the Borrowing that such Lender does not intend to make available to the Administrative Agent such Lender's portion of the Borrowing on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent shall, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender on demand. The Administrative Agent shall also be entitled to recover on demand from such Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate *per annum* equal to the cost to the Administrative Agent of acquiring overnight federal funds at the then applicable rate. Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to make a Loan hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any failure by such Lender to make Loans hereunder.

2.5. Evidence of Obligations.

Each Lender will maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender as a result of the Loans of such Lender, including the amounts of principal, interest and other amounts payable and paid to such Lender from time to time under this Agreement. Absent manifest error, the entries made by each Lender pursuant to the foregoing sentence shall constitute prima facie evidence, of the existence and amounts of the Loans and other obligations therein recorded; provided, however, that the failure of any Lender to maintain such account or accounts shall not in any manner affect the obligations of the Borrower to repay or pay the Loan made by such Lender, accrued interest thereon and the other obligations of the Borrower to such Lender hereunder in accordance with the terms of this Agreement. Each Lender will advise the Borrower of the outstanding Indebtedness hereunder to such Lender upon written request therefor.

2.6. Interest.

(a) The Borrower agrees to pay interest in respect of the unpaid and outstanding principal amount of each Loan from its Disbursement Date until the maturity of such Loan (whether by acceleration or otherwise), at a rate *per annum* which shall, during each Interest Period applicable thereto, be equal to the sum of (i) LIBOR in effect for such Interest Period and (ii) the applicable Margin.

(b) Overdue principal, interest and any other amount under or in connection with this Agreement shall bear interest (by way of liquidated damages and not as penalty) at a rate which is equal to the sum of (i) LIBOR in effect from time to time, (ii) the applicable Margin, and (iii) two per cent (2%) *per annum*, with such default interest ("Default Interest") to be payable on demand.

(c) Accrued (and theretofore unpaid) interest shall be payable on each Interest Payment Date and, in respect of each Loan, on the date of any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) or, after such maturity, on demand. Notwithstanding the foregoing, Default Interest payable in accordance with Section 2.6(b) shall be payable as provided therein.

(d) On each Interest Determination Date, the Administrative Agent shall determine the LIBOR for the applicable Interest Period to be applicable to the Loans or to any portion thereof and shall promptly notify the Borrower and the Lenders thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

2.7. Interest Periods.

The interest period (an "Interest Period") applicable to all Loans shall be a six (6) month period;

provided, however, that:

- (a) all Loans comprising the same Borrowing shall have the same Interest Periods;
- (b) the initial Interest Period for any Loan shall commence on the Disbursement Date of such Loan and end on (but not include) the next succeeding Interest Payment Date, and each Interest Period occurring thereafter in respect of such Loan shall commence on (and include) an Interest Payment Date and end on (but not include) the next succeeding Interest Payment Date;
- (c) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;
- (d) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day; and
- (e) any Interest Period that would otherwise extend beyond the Loan Maturity Date shall instead end on the Loan Maturity Date.

2.8. Net Payments.

(a) All payments made by the Borrower hereunder or under any other Financing Document will be made without setoff, counterclaim or other similar defense. All such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, in the case of any Lender, any tax imposed on or measured by the net income, revenue, or gross receipts of such Lender pursuant to the laws of the jurisdiction in which it is organized or the jurisdiction in which the principal office or Applicable Lending Office of such Lender is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Taxes"). If any Taxes are so levied or imposed, the Borrower agrees to pay such additional amounts as may be necessary so that the net amount received by the relevant Financing Party hereunder or under any other Financing Document, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Financing Document as if the corresponding deduction or withholding had not been made. The Borrower will furnish to the Administrative Agent within thirty (30) days after the date of the payment of any Taxes due pursuant to applicable law evidence of such payment in form and substance reasonably satisfactory to the Administrative Agent. The Borrower agrees to indemnify and hold harmless each Lender, and reimburse such Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender.

(b) Each Lender and the Administrative Agent agree to complete in good faith and execute and deliver to the Borrower, in a timely manner, such form, certificates, information or documentation relating to such Lender or Administrative Agent to establish the extent to which any payments to such Lender or Administrative Agent are exempt from, or are entitled to a reduction of withholding or deduction of any Taxes (collectively, the "Forms"). Notwithstanding anything to the contrary herein, neither any Lender nor the Administrative Agent shall be required to provide any Forms pursuant to this Section 2.8(b) unless (i) such Forms are required by law as a condition to, or evidence of entitlement to, relief or exemption in whole or in part from any Taxes, (ii) such Lender or the Administrative Agent is legally entitled to complete, execute and deliver such Forms and (iii) the Borrower shall have timely provided to such Lender or the Administrative Agent a written notice requesting that such Lender or the Administrative Agent execute and deliver such Forms together with the Forms and the official instructions thereto, if any.

(c) If the Borrower pays any additional amount under this Section 2.8 to a Lender and such Lender determines in its sole discretion that it has actually received or realized in connection therewith any refund or any reduction of, or credit against, its Tax liabilities in or with respect to the taxable year in which the additional

amount is paid (a “Tax Benefit”), such Lender shall pay to the Borrower an amount that the Lender shall, in good faith, determine is equal to the net benefit, after tax, which was obtained by the Lender in such year as a consequence of such Tax Benefit; provided, however, that (i) any Lender may determine, in its sole discretion consistent with the policies of such Lender, whether to seek a Tax Benefit; (ii) nothing in this Section 2.8(c) shall require any Lender to disclose any confidential information to the Borrower (including, without limitation, its tax returns); and (iii) no Lender shall be required to pay any amounts pursuant to this Section 2.8(c) at any time when a Default or Event of Default exists.

2.9. Illegality.

(a) If, on or after the date hereof, the introduction of any Law, or any change in any Law, or in the official interpretation or administration of any Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Lender to make or to maintain its participation in a Loan, then:

(b) that Lender shall promptly provide written notice thereof to the Borrower through the Administrative Agent, setting out the relevant circumstances;

(c) on written notice thereof, any obligation of that Lender to make such Loan shall be suspended and the Loan Commitments of that Lender shall be immediately cancelled;

(d) the Borrower agrees to take all reasonable steps to obtain, as quickly as possible after receipt of such Lender’s request for prepayment pursuant to this Section 2.9, any Governmental Approvals then required in connection with such prepayment; and

(e) the Borrower shall repay that Lender’s participation in the Loans made to the Borrower on the Interest Payment Date immediately occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the written notice delivered to the Borrower through the Administrative Agent (being no earlier than (i) the last day of any applicable grace period permitted by law, or (ii) twenty (20) Business Days after the delivery date of the written notice from the Lender, whichever occurs later) without any Break Cost, premium, penalty or fee of any nature.

2.10. Increased Costs and Reduction of Return.

(a) If any Lender shall have determined, in good faith (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto), at any time that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Loan (other than any increased cost or reduction in the amount received or receivable resulting from the imposition of or a change in any tax imposed on or measured by the net income, revenue, or gross receipts or similar charges or otherwise compensated for Taxes under Section 2.8) because of any change in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the official interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, and including the introduction, after the Signing Date, of any new law or governmental rule, regulation, order, guideline or request then, and in any such event, the Borrower shall pay to such Lender, within thirty (30) days of written demand therefor, such additional reasonable and duly documented amounts as shall be required to compensate such Lender for such increased costs or reductions in amounts received or receivable hereunder; provided, however, that before making any such demand each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender (a written notice by such Lender as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Lender, shall, absent manifest error, be final and conclusive and binding on all parties hereto).

(b) If a Lender requests compensation under Section 2.10 or if the Borrower is required to pay additional amounts to any Lender under Section 2.8 as a result of any internal reorganization of such Lender, then such Lender shall, in good faith consultation with the Borrower, take commercially reasonable steps to mitigate any circumstances giving rise to the gross-up under Section 2.8 or the indemnification under this Section 2.10, failing which, the Borrower shall be entitled to designate a Replacement Lender under Section 2.13. A Lender need not take any such steps if such Lender determines, in its reasonable opinion, that to do so would be materially prejudicial to it (it being understood that it is not prejudicial to the Lender to bear costs that the Borrower is willing to reimburse).

2.11. Inability to Determine Rates

. If, on or prior to the first day of any Interest Period (an “Affected Interest Period”): (a) the Administrative Agent determines that, by reason of circumstances affecting the London interbank market, LIBOR cannot be determined pursuant to the definition thereof; or (b) the Required Lenders determine and notify the Administrative Agent that the relevant rate of interest referred to in the definition of “LIBOR” upon the basis of which the rate of interest for Loans for such Affected Interest Period is to be determined will not be adequate to cover the cost to such Lenders of making or maintaining its Disbursements for such Affected Interest Period; or (c) the Screen Rate is not available or the Screen Rate is zero or negative and none or only one of the Reference Banks supplies a rate to the Administrative Agent to determine LIBOR for the relevant Interest Period, the Administrative Agent shall give notice thereof (a “Rate Determination Notice”) to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given, during the thirty (30) day period following such Rate Determination Notice (the “Negotiation Period”) the Administrative Agent and the Borrower shall negotiate in good faith with a view to agreeing upon a substitute interest rate basis (having the written approval of all Lenders) for the Disbursements that shall reflect the cost to the Lenders of funding their Disbursements from alternative sources (a “Substitute Basis”), and if such Substitute Basis is so agreed upon during the Negotiation Period, such Substitute Basis shall apply in lieu of LIBOR to all Interest Periods commencing on or after the first day of the Affected Interest Period, until the circumstances giving rise to such notice have ceased to apply. During the Negotiation Period, the Lenders are not obliged to fund any Disbursement unless and until a Substitute Basis is agreed upon. If a Substitute Basis is not agreed upon during the Negotiation Period, each Lender shall, subject to compliance with applicable Mexican laws and regulations, determine (and shall certify from time to time in a certificate delivered by such Lender to the Administrative Agent setting forth in reasonable detail the basis of the computation of such amount) the rate basis reflecting the cost to such Lender of funding its Loans for the Interest Period commencing on or after the first day of the Affected Interest Period, until the circumstances giving rise to such notice have ceased to apply, and such rate basis shall be binding upon the Borrower and such Lender and shall apply in lieu of LIBOR, as applicable, for the relevant Interest Period.

2.12. Survival

. The agreements and obligations of the Borrower in Sections 2.8, 2.10 and 2.11 shall survive the payment of the Loans and all other obligations under the Financing Documents.

2.13. Replacement Lender.

(a) If at any time, the Borrower becomes obliged to prepay any amount in accordance with Section 2.9 or pay any compensation under Section 2.10 to any Lender, then the Borrower shall have the right, at its sole expense and effort and provided that no Default or Event of Default then exists or would exist after giving effect to such replacement, on twenty (20) Business Days prior written notice to the Administrative Agent and such Lender, to replace such Lender by requiring such Lender to (and such Lender shall) assign and delegate, without recourse, pursuant to Section 10.13 all (and not part only) of its rights and obligations under this Agreement to a Lender or another bank or financial institution (a “Replacement Lender”) selected by the Borrower for a purchase price in cash payable at the time of assignment equal to the outstanding principal amount of such Lender’s participation in the outstanding Loans and all accrued interest, fees, and other amounts payable in relation thereto under the Financing Documents. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result

of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

(b) The replacement of a Lender pursuant to this Section 2.13 shall be subject to the following conditions: (i) all obligations of the Borrower then owing to the replaced Lender (other than those specifically described in paragraph (a) above in respect of which the assignment purchase price has been paid but including all amounts, if any, owing under any Financing Document) which will be paid in full to such replaced Lender concurrently with such replacement, (ii) the Borrower shall have no right to replace the Administrative Agent or Security Agent; (iii) neither the Administrative Agent nor the Lender shall have any obligation to the Borrower to find a Replacement Lender, (iv) in no event shall the Lender replaced under this Section 2.13 be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Financing Documents.

(c) The Replacement Lender shall enter into the Assignment and Acceptance pursuant to Section 10.13 pursuant to which the Replacement Lender shall acquire all of the Available Loan Commitments and outstanding Loans of the replaced Lender. Upon receipt by the replaced Lender of all amounts required to be paid to it pursuant to this Section 2.13, the Administrative Agent shall be entitled (but not obligated) and is authorized (which authorization is coupled with an interest) to execute the Assignment and Acceptance on behalf of such replaced Lender and any such Assignment and Acceptance so executed by the Administrative Agent and the Replacement Lender shall be effective for purposes of this Section 2.13 and Section 10.13. Upon the execution of the Assignment and Acceptance, the payment of amounts referred to in paragraphs (a) and (b) above, recordation of the assignment on the Register by the Administrative Agent pursuant to Section 8.10, the Replacement Lender shall become a Lender hereunder and the replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 2.8, 2.9, 2.10, 2.11, 10.1, 10.2), which shall survive as to such replaced Lender.

SECTION 3. CONDITIONS PRECEDENT.

1. Conditions to Initial Disbursement of Loans.

The obligation of any Lender to make its initial Loan shall be subject to the conditions precedent that the Administrative Agent shall have received, or shall have waived receipt of, the following, each of which shall be in form and substance satisfactory to the Administrative Agent (acting on the instructions of all Lenders), and that the other conditions set forth below shall have been satisfied or waived by the Administrative Agent (acting on the instructions of all Lenders):

(a) Transaction Documents.

(i) Each of the Transaction Documents (other than the Asset Pledge and the DSRA Pledge) shall have been executed and delivered by each party thereto. Each Lender and the Administrative Agent shall have received an original of each Transaction Document to which it is a party duly executed by all parties thereto, a copy of each other Transaction Document.

(ii) The Asset Pledge shall have been (A) duly authorized and executed by each party thereto before a notary public or commercial notary public in Mexico and (B) registered and filed (including the filing of a duly notarized Asset Pledge before the Movable Property Registry (*Registro Único de Garantías Mobiliarias*) and the delivery to the Security Agent of evidence of such filing ((*boleta*)) and in all aspects perfected to provide the first ranking priority Lien intended to be provided therein and all fees and costs and expenses in relation thereto have been duly paid or discharged.

(iii) The DSRA Pledge shall have been (A) duly authorized and executed by each party thereto before a notary public in Mexico and (B) registered and filed (including the filing of a duly notarized DSRA Pledge before the Movable Property Registry (*Registro Único de Garantías Mobiliarias*) and the delivery to the Security Agent of evidence of such filing (*boleta*)) and in all aspects perfected to provide the first ranking priority Lien over the DSRA intended to be provided therein and all fees and costs and expenses in relation thereto have been duly paid or discharged.

(iv) The Administrative Agent shall have received a certified Spanish translation of each Financing Document other than the Asset Pledge and the DSRA Pledge.

(b) Charter Documents. The Administrative Agent shall have received the following documents, each certified as indicated below:

(i) a copy of each Charter Document (including the articles of incorporation and current by-laws of the (*escritura constitutiva*)) of each Obligor;

(ii) the No Liens' Certificates for each of the Obligors issued no earlier than thirty (30) days prior to the Closing Date;

(iii) an Officer's Certificate of the Borrower dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of the Charter Documents of the Borrower, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or other equivalent body) of the Borrower, (1) approving the transactions contemplated by the Financing Documents, (2) authorizing the execution, delivery and performance of the Financing Documents to which the Borrower is or is intended to be a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (3) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by the Borrower under such Financing Documents (including the Notice of Borrowing) and dispatch all documents and notices to be signed and/or dispatched by the Borrower under or in connection with the Financing Documents, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the execution, delivery and performance of the Master Services Agreement and the terms, conditions and transactions contemplated under such Master Services Agreement have been duly approved and authorized by the board of directors (or other equivalent body) as the case may be, of the Borrower, (D) as to the name, incumbency and specimen signature of each officer of the Borrower (identified as per B(3) above) executing the Financing Documents to which the Borrower is intended to be a party and each other document to be delivered by the Borrower from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from the Borrower) and (E) the good standing of the Borrower;

(iv) an Officer's Certificate of each Guarantor, dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of its Charter Documents, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by its board of directors (or a committee of the board of directors or other equivalent body), as the case may be, (1) approving the giving of the Guaranty, (2) authorizing the execution, delivery and performance of the Financing Documents to which it is a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (3) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by it under such Financing Documents and dispatch all documents and notices to be signed and/or dispatched by it under or in connection with the Financing Documents, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that, where applicable, the acquisition of goods, equipment and services from the Supplier under the Supply Agreements has been duly approved and authorized, (D) as to the name,

incumbency and specimen signature of each of its officer (identified as per (3) above) executing the Financing Documents to which it is a party and each other document to be delivered by it from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from it) and (E) the good standing of such Guarantor; and

(v) an Officer's Certificate of the Parent, dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of its Charter Documents, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by its board of directors (or a committee of the board of directors or other equivalent body), as the case may be, (1) authorizing the execution, delivery and performance of the Financing Documents to which it is a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (2) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by it under such Financing Documents and dispatch all documents and notices to be signed and/or dispatched by it under or in connection with the Financing Documents, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the execution, delivery and performance of the Master Supply Agreement by the Parent and the terms, conditions and transactions contemplated under the Master Supply Agreement have been duly approved and authorized, (D) as to the name, incumbency and specimen signature of each of its officer (identified as per (2) above) executing the Financing Documents to which it is a party and each other document to be delivered by it from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from it) and (E) the good standing of the Parent.

(c) Governmental Approvals.

(i) The Administrative Agent shall have received originals (or copies certified by an Authorized Officer of the Borrower to be true and complete copies) of all the Licenses.

(ii) There shall have been no change or proposed change in any applicable Law, and no issuance of any order, writ, injunction or decree of any Governmental Authority or arbitral tribunal, which, in either such case, could reasonably be expected to have a Material Adverse Effect.

(d) Borrower's Certificate. The Administrative Agent shall have received an Officer's Certificate of the Borrower, dated the Closing Date, to the effect that: (i) any borrowing or similar limit binding on the Borrower will not be breached as a result of the Borrower borrowing Loans up to the total Loan Commitments and (ii) the copy of each document delivered by or on behalf of it pursuant to this Section 3.1 is a true, correct and complete copy of its original and except as delivered pursuant to Section 3.1(a), there are no agreements, side letters or other documents to which the Borrower is a party which have the effect of modifying or supplementing in any respect any of the respective rights or obligations of the Borrower or the Supplier under any of the Transaction Documents to which the Borrower or the Supplier is a party.

(e) Guarantor's Certificate. The Administrative Agent shall have received an Officer's Certificate of each Guarantor, dated the Closing Date, to the effect that (i) any guaranteeing or similar limit binding on it will not be breached as a result of its guaranteeing Loans up to the total Loan Commitments and (ii) the copy of each document delivered by or on behalf of it pursuant to this Section 3.1 is a true, correct and complete copy of its original and except as delivered pursuant to Section 3.1(a), there are no agreements, side letters or other documents to which it is a party which have the effect of modifying or supplementing in any respect any of the respective rights or obligations of it under any of the Transaction Documents to which it is a party.

(f) Financial Information. The Administrative Agent shall have received copies of the Original Financial Statements together with a certificate from the chief financial officer, treasurer or financial controller of

the Borrower, dated the Closing Date, to the effect that, to the best of such officer's knowledge, no event or change has occurred since the date of such financial statements that could reasonably be expected to have a Material Adverse Effect.

(g) Process Agent. The Administrative Agent shall have received (i) a copy of a letter from CT Corporation accepting its appointment as process agent in New York for each Obligor, in substantially the form of Exhibit B hereto or in the form provided and customarily adopted by CT Corporation, (ii) a copy of the relevant public instrument formalizing the power of attorney duly granted by each Obligor in favor of CT Corporation, in terms satisfactory to the Administrative Agent and in accordance with applicable laws and (iii) evidence that all payment due and payable to CT Corporation by each Obligor have been duly paid or discharged.

(h) Legal Opinions. The Administrative Agent shall have received a copy of each of the following legal opinions, which legal opinions shall be dated the Closing Date and addressed to each Financing Party:

(i) a legal opinion of White & Case LLP, New York counsel to the Administrative Agent and the Lender, as to matters of enforceability of the Financing Documents under New York law, in form and substance satisfactory to each Financing Party;

(i) a legal opinion of White & Case LLP, Mexican counsel to the Administrative Agent and the Lender, as to matters of good standing, execution, delivery, and performance with respect to each Obligor in form and substance satisfactory to each Financing Party; and

(ii) a legal opinion of Morris James LLP, Delaware counsel to the Administrative Agent and the Lenders, as to matters of good standing, execution, delivery, and performance with respect to the Parent in form and substance satisfactory to each Financing Party.

(i) Fees. The Financing Parties shall have received all fees and expenses required to be paid or reimbursed under the Fee Letter and the Administrative Agent shall have received evidence that any stamp or similar taxes accrued or payable in connection with the transactions contemplated hereby, and that are payable by the Borrower in accordance with the Financing Documents, have been unconditionally and irrevocably paid in full.

(j) Supplier Documentation. The Administrative Agent shall have received each of the following:

(i) written confirmation from the Suppliers addressed to the Administrative Agent (for the benefit of all Financing Parties) certifying that (A) all Authorizations required or advisable in China and any other applicable jurisdiction in connection with the Supply Agreements have been obtained and are in full force and effect and (B) it shall provide the Administrative Agent with such additional information and documentation and certification as it may reasonably request from time to time in connection with the Transaction Documents;

(ii) written confirmation signed by the Suppliers and the Parent or by the Suppliers and the Borrower, as applicable, confirming that (A) the effective date of each Supply Agreement to which they are party has occurred, (B) each Supply Agreement is in full force and effect and constitutes the valid, legal and binding obligations of the parties thereto and there has been no material breach of any Supply Agreement;

(iii) a list, certified by an Authorized Officer of the Supplier, as to the name, incumbency and specimen signature of each person authorized to sign certificates, confirmations and undertakings required hereunder (including all Supplier Certificates) and any other document that the Supplier may present to the Administrative Agent or the Lenders from time to time (and for all purposes of this Agreement the Administrative Agent shall be entitled to rely on the information provided pursuant to the foregoing and on any further such letter notifying the Administrative Agent of the names and specimen signatures of persons so authorized) accompanied by the Supplier's undertaking to update information therein contained in the event of any changes; and

(k) Foreign Corrupt Practices Act. The Administrative Agent shall have received an Officer's

Certificate of the Borrower and an Officer's Certificate of each Guarantor, each dated the Closing Date, stating that, to the best of its knowledge, neither it nor any of its officers, directors, employees, agents or Affiliates, acting on its behalf, has taken any action in connection with the Project or the transactions contemplated herein that violates the Foreign Corrupt Practices Act of the United States, if applicable, or any similar Law in Mexico or any other jurisdiction, if applicable.

(l) Group Chart: Business Plan. The Administrative Agent shall have received a copy of the Group Chart and the Borrower's most updated Business Plan.

(m) Supply Agreements. The Administrative Agent shall have received a copy of each Supply Agreement certified by an Authorized Officer of the Supplier as a true, complete and accurate copy of its original.

(n) Existing Facility. The Administrative Agent shall have received a written confirmation from Citibank N.A. in its capacity as administrative agent under the Existing Facility that all amounts due and payable under the Existing Facility have been unconditionally and irrevocably discharged in full and no lender thereunder shall be obliged to make any further advances.

(o) Others. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Transaction Documents shall be reasonably satisfactory in form and substance to the Administrative Agent.

Initial and Subsequent Loans.

The obligation of any Lender to make its initial Loan or any subsequent Loan on any Disbursement Date shall be subject to the following conditions precedent unless such condition is waived by the Administrative Agent (acting on the instructions of all Lenders):

(a) Notice of Borrowing. The Administrative Agent shall have received the Notice of Borrowing pursuant to and in compliance with Section 2.2 in respect of the Borrowing.

(b) Supplier's Certificate. The Administrative Agent shall have received a Supplier's Certificate in respect of a Loan.

(c) Representations and Warranties. In relation to any Disbursement on the Closing Date, all the representations and warranties of the Obligors contained in Section 4 hereof shall be true and correct in all material respects, or, in relation to any Disbursement after the Closing Date, the Repeating Representations shall be true and correct in all material respects on and as of such Disbursement Date as if made on and as of such date and in each case, will remain true and correct in all material respects immediately after the Disbursement except for those representations and warranties that refer to a particular date or period.

(d) No Default. No Default or Event of Default shall have occurred and be continuing or would occur as a result of any Disbursement.

(e) Compliance Certificate. The Administrative Agent shall have received a certificate signed by an Authorized Officer of the Borrower in form and substance satisfactory to the Administrative Agent confirming compliance by the Borrower with the financial covenants set out in Section 5.22 on the basis of the Borrower's most recent consolidated financial statements delivered pursuant to Sections
a. and 5.1(b).

(e) Expenses. The Borrower shall have paid or arranged for the payment when due (including, to the extent permitted, arrangement for payment out of Disbursements) of all expenses and other charges payable by it on or prior to such Disbursement Date under this Agreement or under any other Financing Document.

(f) Purchase Orders and Sinosure Purchase Orders. The Administrative Agent shall have received each of the following:

relevant Loan;

(i) (ii) a copy of each Purchase Order or Sinosure Purchase Order to be financed by the relevant Loan;

(iii) (ii) a copy of each invoice issued in respect of the Purchase Order(s) or Sinosure Purchase Order being financed by the relevant Loan;

(iv) (iii) for deliveries of goods and materials (excluding software and licensing purchases), a copy of (A) the certificate of country of origin, (B) the insurance certificate, and (C) the transportation document (bill of lading or airway bill, as the case may be);

(v) (iv) for Loans intended to finance payment obligations in connection with provisional acceptance of a site, cluster or system, a copy of the signed provisional acceptance certificate or evidence of deemed acceptance (such evidence to be in the form specified in the applicable Supply Agreement), or a copy of the signed final acceptance certificate; and for each training module, a copy of a signed certificate of module completion.

(g) Material Adverse Effect. There has been no Material Adverse Effect or any disruption in the international or domestic markets which could be reasonably expected to have a Material Adverse Effect.

The acceptance of the proceeds of each Loan shall constitute a certification by the Borrower to the Lender confirming the satisfaction of the conditions set forth in clauses (a) through (h) of this Section 3.2 upon the making of such Loan.

SECTION 4. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Lenders to enter into this Agreement and to make the Loans, (a) the Borrower makes the following representations, warranties and agreements (only in respect of itself and its Subsidiaries that are not Guarantors, where applicable) as of the Signing Date and the Closing Date, and makes the Repeating Representations (only in respect of itself) as of the date of each Notice of Borrowing, each Disbursement Date and each Interest Payment Date, in each case by reference to the facts and circumstances then existing, except that the reference in Section 4.4 to Original Financial Statements shall, after the delivery of the Original Financial Statements, be deemed to be a reference to the most recent financial statements delivered pursuant to Section 5.1 and (b) each Guarantor makes the representations, warranties and agreements (only in respect of itself) contained in Sections 4.1, 4.2, 4.3, 4.5, 4.6(b), 4.7, 4.8(c), 4.9, 4.10, 4.11, 4.14, 4.15, 4.16, 4.19, 4.20, 4.21, 4.22, 4.23, 4.24, 4.25 and 4.26 as of the Signing Date and the Closing Date, and makes the Repeating Representations (only in respect of itself) as of the date of each Notice of Borrowing, each Disbursement Date and each Interest Payment Date, in each case by

reference to the facts and circumstances then existing:

1. Organization.

Each Obligor is (i) duly organized, validly existing and in good standing under the laws of Mexico (ii) duly authorized and qualified to do business and is in good standing in its jurisdiction of incorporation and in jurisdictions in which the conduct of its business requires it to so qualify. Each Obligor has the requisite corporate power and authority to own or lease and operate its Properties, to carry on its business, to borrow money and to execute, deliver and perform each Transaction Document to which it is or will be a party.

2. Authority and Consents.

(a) The execution, delivery and performance by each Obligor of each Transaction Document to which it is or will be a party, and the transactions contemplated by the Transaction Documents: (i) have been duly authorized by all necessary corporate action; (ii) will not breach, contravene, violate, conflict with or constitute a default under (A) any of its Charter Documents, (B) any applicable Law or (C) any contract, loan, agreement, indenture, mortgage, lease or other instrument to which it is a party or by which it or any of its Properties may be bound or affected, including all Governmental

Approvals (other than the Existing Facility); and (iii) will not result in or require the creation or imposition of any Lien upon or with respect to any of its Properties other than a Permitted Lien.

(b) Each Transaction Document to which an Obligor is a party (i) has been duly executed and delivered by such Obligor and (ii) when executed and delivered by each of the other parties thereto will be the legal, valid and binding obligation of such Obligor, as the case may be, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by insolvency, moratorium, *concurso mercantil*, bankruptcy or similar laws affecting the enforcement of creditors' rights generally.

(c) All authorizations required to make the Transaction Documents to which an Obligor is a party admissible in evidence in its jurisdiction of incorporation have been obtained or effected and are in full force and effect.

3. Governing Law and Enforcement.

(a) The choice of governing law of the Financing Documents will be recognized and enforced in the relevant jurisdictions.

(b) Any judgment obtained in relation to a Financing Document in the jurisdiction of the governing law of that Financing Document will be recognized and enforced in the relevant jurisdictions provided that (i) such judgment is obtained in compliance with the legal requirements of the jurisdiction of the court rendering such judgment; (ii) process in the action has been served personally to the defendant or a duly appointed agent; (iii) such judgment is rendered in an *in personam* action (as opposed to an *in rem* action); (iv) such judgment does not contravene the public policy of Mexico or any international treaty binding upon Mexico or generally accepted principles of international law; (v) the applicable procedure under the laws of Mexico with respect to the enforcement of foreign judgments (including the issuance of letters rogatory by the competent authority of such jurisdiction requesting enforcement of such judgment and the certification of such judgment as authentic by the corresponding

authorities of such jurisdiction in accordance with the laws thereof) is complied with; (vi) the action in respect of which such judgment is rendered is not the subject matter of a lawsuit among the same parties pending before a Mexican court; (viii) the courts of the jurisdiction which issued such judgment recognize the principles of reciprocity in connection with the enforcement of Mexican judgments in such jurisdiction; (ix) such judgment is final in the jurisdiction where obtained; and (x) the documents relating to the judgment rendered shall have been translated into Spanish by a translator approved by the Mexican courts before which enforcement is requested.

4. Financial Condition.

(a) The Original Financial Statements have been prepared in accordance with Mexico GAAP and fairly present the financial condition of the Borrower as at such dates and the results of its operations for the periods ended on such dates.

(b) None of the Obligors has any outstanding material obligations or liabilities, fixed or contingent, except as disclosed in the Original Financial Statements or otherwise disclosed to the Administrative Agent in writing prior to the Closing Date.

(c) Since the date of the most recent financial statements delivered pursuant to Section 5.1, there has been no event or condition which would have or could reasonably be expected to have a Material Adverse Effect.

5. No Misleading Information.

All documents, reports or other written information provided to a Financing Party by or on behalf of an Obligor under the Financing Documents and the transactions contemplated thereby is accurate and not misleading in any material respect and all projections provided to any Financing Party have been prepared in good faith on the basis of assumptions which were deemed reasonable at the time at which they were prepared and supplied; and all other written information provided by or on behalf of an Obligor under the Financing Documents was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect. No Obligor is aware of any circumstance that would render the information referred to above materially inaccurate or misleading.

6. Litigation; Labor Disputes.

(a) Other than the License Proceedings, (i) there is no action, suit, bankruptcy proceeding (*concurso mercantil*), other legal proceeding, arbitral proceeding, inquiry or investigation pending or, to the best of the Borrower's knowledge, threatened, against it by or before any Governmental Authority or in any arbitral or other forum, nor any order, decree or judgment in effect, pending, or, to the best of the Borrower's knowledge, threatened, that has a reasonable possibility of being adversely determined and if adversely determined, may have a Material Adverse Effect; and (ii) there are no ongoing, or, to the best knowledge of the Borrower, currently threatened, strikes, slowdowns or work stoppages by the employees of the Borrower that could reasonably be expected to have a Material Adverse Effect.

(b) Other than the License Proceedings, there is no action, suit, other legal proceeding, arbitral proceeding, inquiry or investigation pending or, to the best of each Guarantor's knowledge, threatened, against it by or before any Governmental Authority or in any arbitral or other forum, nor any order, decree or judgment in effect, pending, or, to the best of each Guarantor's knowledge, threatened, that has a reasonable possibility of being adversely determined and if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(c) The License Proceedings do not and could not reasonably be expected to have a Material Adverse Effect.

7. Governmental Approvals.

(a) All Governmental Approvals (including the Licenses) (i) necessary in connection with the legality, validity, binding effect, enforceability, due execution and delivery of the Transaction Documents and performance by each Obligor of its obligations and the exercise of its rights under the Financing Documents to which it is party or any transaction contemplated by the Financing Documents and (ii) materially necessary in connection with the performance by each Obligor of its obligations and the exercise of its rights under, the Supply Agreements to which it is party (collectively, the “Necessary Governmental Approvals”), have been duly obtained or made, were validly issued, are in full force and effect, are final, are held in the name of the relevant Obligor and are free from conditions or requirements the compliance with which could reasonably be expected to have a Material Adverse Effect or which the Obligors do not reasonably expect to be able to satisfy. To the best of each Obligor’s knowledge, no event has occurred that could reasonably be expected to (A) result in the revocation, termination or adverse modification of any such Necessary Governmental Approval or (B) adversely affect any rights of any Obligor under any such Necessary Governmental Approval.

The information set forth in each application submitted by or on behalf of an Obligor in connection with each Necessary Governmental Approval and in all correspondence sent by or on behalf of an Obligor in respect of each such application was accurate and complete in all material respects at the time of the corresponding filing.

8. Use of Proceeds.

(a) The proceeds of the Loans will be used solely towards the payment of (i) up to 100% of the amounts due and payable under Purchase Orders placed pursuant to or under the Supply Agreement (ii) up to 15% of the amounts due and payable by the Borrower under the Sinosure Purchase Orders; provided that the aggregate amount of Loans applied towards the reimbursement of payments already made to the Supplier by or on behalf of the Borrower prior to the Closing Date in respect of the Purchase Orders and/or Sinosure Purchase Orders eligible for financing hereunder shall not exceed US\$45,000,000.

(b) Neither the Borrower nor any of the Pledgors is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock and no part of the proceeds of any Loan will be used to purchase or carry any Margin Stock.

(c) The making or guaranteeing of any Loan and the use of the proceeds thereof will not violate or be inconsistent with the provisions of Regulation U or

Regulation X.

9. Employee Benefit Plans.

(a) None of the Obligors or any of their respective Subsidiaries has incurred any material obligations in connection with the termination, withdrawal from, or payment of benefits under any Foreign Pension Plan. All material contributions and/or withholdings required to be made by the Borrower and its Subsidiaries with respect to a Foreign Pension Plan, if applicable, have been made.

(b) None of the Obligors or any of their respective Subsidiaries has ever maintained or contributed to, or had any obligation to contribute to (or borne any liability with respect to) any “employee benefit plan,” within the meaning of Section 3(3) of ERISA and subject to ERISA.

10. Taxes.

(a) Each Obligor has filed or caused to be filed all Tax returns that are required to be filed by it and has paid or caused to be paid all Taxes shown to be due and payable by it on such returns or on any assessment received by it, except to the extent that any such Taxes are being diligently contested in good faith and by proper proceedings and as to which adequate accounting reserves have been provided. There is no action, suit, proceeding, investigation, audit, or claim now pending or, to the best knowledge of each Obligor that could reasonably be expected to have a Material Adverse Effect.

(b) No liability for any tax will be incurred by any Obligor as a result of the execution, delivery or performance of this Agreement or any other Financing Document or the consummation of the transactions contemplated hereby or thereby except for withholding tax as may be imposed on the remittance of payment of interest, fees, commissions and other expenses from Mexico under the Laws of Mexico.

11. No Filing or Stamp Taxes.

Under the Laws of Mexico, it is not necessary (i) that the Financing Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction except as otherwise expressly provided for in the Asset Pledge or the DSRA Pledge (ii) or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Financing Documents or the transactions contemplated by the Financing Documents other than such stamp, registration, notarial and other similar Taxes or fees which have already been paid or discharged or which will be paid or discharged as contemplated with the Financing Documents.

12. Investment Company Act.

The Borrower has not taken any action that could result in the Borrower falling within the definition of, and the Borrower is not, an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act.

13. Regulation.

The Borrower has made all declarations and filings with and possess all Governmental Approvals that are necessary (i) to give effect to the Financing Documents and (ii) for the Borrower to operate its business of offering telecommunications services in Mexico and engage in all activities as is currently engaged by the Borrower and other than the License Proceedings, the Borrower has not received notice or has knowledge of any limitation, restriction or revocation (actual, pending or, to the best knowledge of the Borrower, threatened) of any such Governmental Approval that could reasonably be expected to have a Material Adverse Effect.

14. Environmental Matters.

Each Obligor has complied and is now complying in all material respects with (i) all Environmental Laws applicable to the Project and (ii) the requirements of any Governmental Approvals issued under such Environmental Laws with respect to the Project.

(a) There are no facts, circumstances, conditions or occurrences regarding the Project that (i) to

the knowledge of the Borrower (after due inquiry), could reasonably be anticipated to form the basis of an Environmental Claim against the Project, the Borrower or any of its Subsidiaries which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(b) There are no past, pending, or, to the best knowledge of the Borrower, threatened, Environmental Claims against the Borrower or any of its Subsidiaries or the Project which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

15. No Default.

No Default has occurred and is continuing.

16. Compliance with Laws.

None of the Obligors is in violation of any Law, Necessary Governmental Approval or its Charter Documents which has or could reasonably be expected to have a Material Adverse Effect.

17. Liens.

(a) Except for the Permitted Liens, no Liens exist over all or any of the Properties of any Obligor.

(b) Except for Liens arising under items (a), (b), or (d) of the definition of "Permitted Liens", no Liens exist over all or any of the Pledged Assets or the DSRA.

(c) No Lien exists over any of the Licenses.

18. Intellectual Property.

The Borrower (i) is the sole legal and beneficial owner of or has licensed to it all the Intellectual Property which is material in the context of its business and which is required by it to carry on its business as it is being conducted, (ii) to its knowledge, does not, in carrying on its businesses, infringe any Intellectual Property of any third party which has or could reasonably be expected to have a Material Adverse Effect; and (iii) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it.

19. Good Title.

(a) Each Obligor has a good, valid and marketable title to, or valid leases or licenses of, and all appropriate authorizations to use, the Properties necessary in all material respects to carry on the business as presently conducted.

Pledgors.

(b) All Pledged Assets are legally and beneficially owned by the

(c) The DSRA is legally and beneficially owned by the Borrower.

20. Ranking.

(a) The rights and claims of the Financing Parties against any of the Obligors under the Financing Documents at all times rank at least *pari passu* with all present and future unsecured and unsubordinated Indebtedness of such Obligor except those creditors whose claims are mandatorily preferred by laws of general application to companies.

(b) The Transaction Lien has or will have first ranking priority and is not subject to any prior ranking or *pari passu* ranking Lien.

21. Group Chart.

The Group Chart delivered to the Administrative Agent hereunder is true, complete and accurate in all material respects.

22. Solvency.

(a) No corporate action, legal proceeding or other procedure or step described in Sections 7.1(e), 7.1(g), 7.1(h) or creditors' process described in Section 7.1(kl) has been taken or, to the knowledge of the Borrower, threatened in relation to it.

(b) Except as otherwise disclosed in Annex IV, no corporate action, legal proceeding or other procedure or step described in Sections 7.1(e), 7.1(g), 7.1(h) or creditors' process described in Section 7.1(k) has been taken or, to the knowledge of any Guarantor, threatened in relation to such Guarantor.

23. No Adverse Consequences.

It is not necessary under the laws of its relevant jurisdictions, (i) in order to enable any Financing Party to enforce its rights under any Financing Document, or (ii) by reason of the execution of any Financing Document or the performance by it of any of its obligations under any Financing Document, that any Financing Party should be licensed, qualified or otherwise entitled to carry on business in any of its relevant jurisdictions.

(a) No Financing Party is or will be deemed to be resident, domiciled or carrying on business in its relevant jurisdictions by reason only of the execution, performance and/or enforcement of any Financing Document.

24. Immunity.

Each Obligor is subject to civil and commercial law with respect to its obligations under the Financing Documents to which it is party, and the execution, delivery and performance of the Financing Documents by it constitute private and commercial acts rather than public or governmental acts. None of the Obligors or any of their

respective Properties has any immunity from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment, set-off, execution of a judgment or from any other legal process with respect to the obligations of such Obligor under the Financing Documents.

25. Availability and Transfer of Foreign Currency.

(a) There are no registrations or requirements that limit the availability or transfer of foreign exchange for the purpose of the performance by an Obligor of its obligations under this Agreement or any other Transaction Document to which it is a party, including without limitation the payment in Dollars of all sums due thereunder.

(b) No change in Law, nor any change in the official interpretation or administration of any Law, has occurred that could adversely impact (a) the ability of the Borrower to maintain Dollar accounts outside of Mexico and to transfer amounts from and outside of Mexico as necessary to meet its obligations under the Transaction Documents; and (b) the ability of an Obligor to use Dollars as necessary to perform all of its obligations under the Transaction Documents, including the making of payments in Dollars to the Financing Parties contemplated in the Financing Documents, unless such impact could not reasonably be expected to have a Material Adverse Effect.

26. Trading with the Enemy Act.

Each Obligor represents and warrants to the Financing Parties that none of the execution, delivery and performance of this Agreement nor any of the other Financing Documents, nor, to the best of their knowledge (after due inquiry), the use of the proceeds of the Loans made hereunder, will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

SECTION 5. COVENANTS.

Each of the Obligors, as applicable, covenants and agrees with each of the Lenders that, so long as any Loan Commitment or any Loan or any other obligation is outstanding and until payment in full of all amounts payable by the Borrower under the Financing Documents:

1. Financial Statements and Other Information

. The Borrower shall deliver or cause to be delivered to the Administrative Agent:

(a) Annual Financial Statements. As soon as available and in any event within 120 days after the end of each fiscal year of the Borrower a copy of the audited consolidated annual financial statements (including statements of income, retained earnings and cash flow) of the Borrower, audited by an independent and reputable certified public Mexican accountant of recognized international standing to ensure compliance with Mexico GAAP;

(b) Semi-annual Financial Statements. As soon as available and in any event within sixty (60) days after the end of each fiscal half-year of the Borrower, a copy of its unaudited consolidated semi-annual financial statements (including statements of income, retained earnings and cash flow);

(c) Certificate. Together with each set of financial statements delivered pursuant to Section 5.1(a) or 5.1(b) above, a certificate of the chief financial officer, treasurer or financial controller of the Borrower certifying

that (i) the financial statements are true and complete and fairly represents the consolidated financial conditions of the Borrower at the date such financial statements were drawn up and are prepared in accordance with Mexico GAAP and (ii) no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing what action has been taken and is proposed to be taken with respect thereto);

(d) Financial Ratio. Together with each set of financial statements delivered pursuant to Section 5.1(a) or 5.1(b) above, (i) a detailed calculation of the financial ratios set forth in Section 5.22 (*Financial Ratios*) as tested as of the Calculation Date immediately falling prior to the delivery of such financial statements for the period of twelve (12) months ending on such Calculation Date, certified by the chief financial officer, treasurer or financial controller of the Borrower, and (ii) a Compliance Certificate;

(e) Defaults.

(i) Promptly after any officer or director of an Obligor knows

(h) Promptly after any officer or director of an Obligor knows or has a reasonable basis to believe that any Default or Event of Default has occurred, a written notice of such event describing the same in reasonable detail satisfactory to the Administrative Agent and, together with such notice, a description of what action has been taken and is proposed to be taken with respect thereto;

(i) Promptly after any officer or director of an Obligor becomes aware that an event of default (howsoever described) has occurred under any Material Indebtedness and/or that any of its Indebtedness has been accelerated by holder(s) of such Indebtedness as a result of an event of default (howsoever described) under such Indebtedness, a written notice describing the same in detail;

(f) Documents to Shareholders. Promptly after dispatch to the shareholders or creditors of the Borrower, all material documents dispatched by the Borrower to its shareholders generally (or any class of them) or to its creditors generally (or any class of them), to the extent such disclosure would not cause a breach of any confidentiality undertaking binding on the Borrower or non-compliance of any applicable Laws;

(g) “Know Your Client”. Promptly upon the request of the Administrative Agent supply, or procure the supply of, such documentation and otherevidence as is reasonably requested by the Administrative Agent in order for the Financing Parties to carry out and be satisfied they have complied with all necessary “know your client” or other similar checks under all applicable Laws pursuant to the transactions contemplated in the Financing Documents;

(h) Capital and Organizational Structure. As soon as available, upon any change in the Borrower’s share capital and any material change to the Group Chart involving the Borrower or any Guarantor, details of such change;

(i) Notices. Promptly after delivery or receipt thereof, a copy of each material notice, demand or other communication given or received by the Borrower pursuant to or relating to any of the Transaction Documents (including all requests for amendments or waivers) or pursuant to or relating to any Necessary Governmental Approval;

(j) Authorized Signatory. Promptly after any change to any person specified as an authorized signatory of the Borrower or a Guarantor in the resolutions delivered pursuant to Section 3.1(b), details of such change and the specimen signatures of any new authorized signatory;

(k) Business Plan. Promptly after a new or materially updated Business Plan becomes available, such new or updated Business Plan;

(l) Mergers and Disposals. Details of any proposed mergers by an Obligor or a disposal

of an Obligor, in each case, as permitted under Section 5.13, at least thirty (30) days prior to the proposed completion date of such merger or such disposal; and

(m) Other Information. From time to time such other information regarding the financial condition, operations, business or prospects of the Obligors as may be reasonably requested by the Administrative Agent or the Security Agent.

2. Other Notices

. Each Obligor shall promptly, but in any event no later than fifteen (15) Business Days, after any officer or director obtains actual knowledge thereof, give to the Administrative Agent notice of:

(a) any pending or threatened application or proceeding by or before any Governmental Authority for the purpose of revoking, terminating, withdrawing, suspending, modifying in an adverse manner or withholding any Necessary Governmental Approval held by or issued to it;

(b) any litigation, investigation or proceeding (including any request by any Person for arbitration proceeding) affecting it, a Consolidated Subsidiary or the Project or in which injunctive, declaratory or similar relief is requested which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(c) any (i) Taking, or (ii) other casualty, damage or loss to any Property of the Borrower, whether or not insured, through fire, theft, other hazard or casualty, in excess of US\$20,000,000 (or its equivalent in other currencies) (either in a single event or a series of events in any twelve (12) month period); and

(d) any other event, circumstance, development or condition which could reasonably be expected to have a Material Adverse Effect.

3. Maintenance of Existence; Conduct of Business

. Each Obligor shall (i) take all actions to maintain all material rights, privileges, titles to property, franchises and the like necessary in the normal conduct of its business, activities or operations and (ii) comply with all of its contractual obligations if failure to so comply could reasonably be expected to have a Material Adverse Effect.

4. Compliance with Laws

. Each Obligor shall conduct its business in compliance with all applicable requirements of Law, including all relevant Governmental Approvals and Environmental Laws, except where any failure to comply would not individually or in the aggregate have a Material Adverse Effect, and except that it may contest by appropriate proceedings conducted in good faith the validity or application of any such requirement of Law, so long as (a) none of the Financing Parties would be subject to any criminal liability for failure to comply therewith, and (b) all proceedings to enforce such requirement of Law against the Financing Parties shall have been duly stayed.

5. Payment of Taxes.

Each Obligor shall duly pay and discharge before they become overdue (a) all taxes, assessments and other governmental charges or levies imposed upon it or its Property, income or profits, (b) all utility and other governmental charges incurred in the ownership, operation, maintenance, use, occupancy and upkeep of its business, (c) all fees, duties and charges payable in connection with the stamp taxes as set forth in Section 4.11 and (d) all lawful claims and obligations that, if unpaid, might result in the imposition of a Lien upon its Property (except for any Liens arising under item (b) of the definition of "Permitted Liens"); provided, however, that an Obligor may contest in good faith any such tax, assessment, charge, levy, claim or obligation and, in such event, may permit the

tax, assessment, charge, levy, claim or obligation to remain unpaid during any period, including appeals, when it is in good faith contesting the same by proper proceedings, so long as (i) adequate reserves as required under Mexico GAAP shall have been established with respect to any such tax, assessment, charge, levy, claim or obligation, accrued interest thereon and potential penalties or other costs relating thereto,

or other adequate provisions shall have been made and (ii) enforcement of the contested item shall be effectively stayed within the applicable statutory terms.

6. Accounting and Financial Management.

Each of the Borrower and the Pledgors shall (a) maintain reasonably adequate management information and cost control systems, and (b) maintain a system of accounting in which full and correct entries shall be made of all of its financial transactions and assets and business in accordance with Mexico GAAP. In the event that the Borrower or a Pledgor replaces its existing auditors for any reason, the Borrower or such Pledgor shall appoint and maintain as auditors another firm of independent public accountants, which firm shall be internationally recognized.

7. Governmental Approvals.

Each Obligor shall: (i) from time to time obtain and maintain, and comply with, all Necessary Governmental Approvals as shall now or hereafter be required under applicable Laws and (ii) intervene in and contest any proceeding which seeks or may reasonably be expected, to rescind, terminate, modify in an adverse manner or suspend any Necessary Governmental Approval and, if reasonably requested by the Required Lenders, appeal any such rescission, termination, adverse modification or suspension in the manner and to the full extent permitted by applicable Law (provided that the obligations of each Obligor under this Section 5.7 shall not in any way limit or impair the rights or remedies of the Financing Parties under any Financing Document directly or indirectly arising as a result of any such rescission, termination, modification or suspension).

8. Maintenance of Properties, Books and Intellectual Property.

Each of the Borrower and the Pledgors shall (i) maintain in good working order and condition (ordinary wear and tear excepted) all of its Properties necessary in the conduct of its business, (ii) maintain updated books and records in accordance with good business practice of companies carrying on the same or substantially similar business and applicable Laws and (iii) shall preserve and maintain ownership of or the right to use all Intellectual Property and other rights with respect thereto which are necessary for the operation of its business unless the absence of which could reasonably be expected to have a Material Adverse Effect.

9. Insurances.

The Borrower shall maintain or cause to be maintained in full force and effect at all times on and after the Signing Date and continuing throughout the term of this Agreement, at its own costs insurance coverage on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business with reputable insurance companies or underwriters.

10. Pension Plans.

Each of the Borrower, its Subsidiaries and the Guarantors, as applicable, shall maintain each pension or retirement plan or scheme or any similar plans in substantial compliance with the terms and the requirements thereof and in compliance with all applicable Laws.

11. Access.

No more than two (2) times during each fiscal year of the Borrower or at any time and from time to time after the occurrence of a Default or an Event of Default, upon at least ten (10) Business Days prior written notice, the Borrower shall permit the Administrative Agent, Security Agent and/or accountants or other professional advisers and delegates of the Administrative Agent, free access at all reasonable times and on reasonable notice to the premises and Properties of the Borrower or any of the Guarantors to (a) inspect and take copies and extracts from the books, accounts and records of the Borrower and its Subsidiaries; (b) view the premises of the Borrower and its Subsidiaries and (c) meet and discuss with senior management employees of the Borrower, provided, however, that all costs and expenses associated with such visits and inspections upon the occurrence and continuation of a Default or an Event of Default shall be for the account of the Borrower.

12. Limitation on Liens.

(a) Subject to paragraph (b) of this Section 5.12, except for the Permitted Liens, none of the Obligors shall create, incur, assume or suffer to exist any Lien upon any of its Property, whether now owned or hereafter acquired.

(b) None of the Obligors shall create, incur, assume or suffer to exist any Lien upon (i) any of the Pledged Assets, whether now owned or hereafter acquired under the Supply Agreements, except for any Lien arising under items (a), (b), or (d) of the definition of "Permitted Liens", (ii) the DSRA, except for any Lien arising under items (a), (b) or (d) of the definition of "Permitted Liens" or (iii) any of the Licenses.

(c) In the event an Obligor creates a Lien over any of its Property as permitted under item (j) of the definition of "Permitted Lien", such Obligor shall, take all actions and execute all documents necessary to ensure that such Lien is also created in favor of the Security Agent (on the account and for the benefit of the Financing Parties) on a *pari passu* basis.

13. Merger; Disposal.

(a) No Obligor shall consent to, enter into or become a party to any merger, consolidation or amalgamation with any other Person without the prior written

consent of the Administrative Agent unless such merger, consolidation or amalgamation is between or among (i) the Borrower and any Subsidiary of the Borrower and the Borrower is the surviving entity; (ii) the Guarantors and the assets of any merged or consolidated Guarantor shall remain with the surviving Guarantor, (iii) the Subsidiaries of the Borrower that are not Guarantors, or (iv) the Borrower and any Person (other than a Guarantor or a Subsidiary) and the Borrower is the surviving entity, (v) a Guarantor and any Person (other than the Borrower or another Guarantor) and such Guarantor is the surviving entity, and in each case, (A) when no Default or Event of Default is continuing or would occur as a result of such merger, consolidation or amalgamation, (B) such merger, consolidation or amalgamation would not result in a Change of Control and (C) the Borrower has complied and will continue to comply with the financial ratios under Section 5.22.

(b) Subject to paragraph (c) below, none of the Obligors shall, either in a single transaction or a series of transactions, and whether voluntarily or involuntarily, sell, transfer, grant, lease or otherwise dispose of all or substantially all of its Properties except for the Permitted Disposals.

Notwithstanding anything to the contrary herein or in any other Financing Document, no Obligor shall, in a single transaction or a series of transactions, and whether voluntarily or involuntarily, sell, transfer, grant, lease or otherwise dispose of (i) any of the Pledged Assets except as otherwise expressly permitted under, and in accordance with the terms of, the Asset Pledge, (ii) the DSRA except as otherwise expressly permitted under, and in accordance with the terms of the DSRA Pledge, or (iii) any of the Licenses.

14. Change of Business.

The Borrower shall (a) maintain its chief place of business in Mexico City, Mexico and maintain the office where it keeps its records concerning the Financing Documents at such location and (b) not engage in any business other than the Permitted Business.

15. Amendment of Charter Documents.

None of the Obligors shall amend, vary, novate, supplement, supersede, waive, exercise any discretion under, or terminate any term of (or agree to any of the foregoing) its Charter Documents, except where any of such actions could not reasonably be expected to have a Material Adverse Effect.

16. Master Services Agreement.

The Borrower shall not, without the prior written consent of the Administrative Agent, (i) amend, vary, novate, supplement, supersede, waive or terminate any term of the Master Services Agreement or any other document delivered to the Administrative Agent pursuant to Section 3.1 except to the extent that such amendment, variation, novation,

supplement, superseding, waiver or termination would not have or would not be reasonably expected to have a Material Adverse Effect and the Administrative Agent has been promptly notified, (ii) agree to or permit the cancellation, suspension or termination of the Master Services Agreement (other than termination in accordance with its terms) or (iii) sell, assign or otherwise dispose of any part of its interest in the Master Services Agreement.

17. Transactions with Affiliates.

(a) Except for the Permitted Related Party Transactions, the Borrower shall not directly or indirectly (a) make any Investment in or payment to an Affiliate of the Borrower (other than to a Subsidiary of the Borrower); (b) transfer, sell, lease, assign or otherwise dispose of any Property to an Affiliate of the Borrower (except pursuant to a Permitted Disposal); (c) purchase or acquire Property from an Affiliate of the Borrower (except as permitted under Section 5.13); or (d) enter into any other transaction or arrangement directly or indirectly with or for the benefit of an Affiliate of the Borrower, unless any such transaction is (i) in the ordinary course of the Borrower's (and such Affiliate's) business, and (ii) upon fair and reasonable terms no less favorable to the Borrower than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

18. Fiscal Year.

The Borrower's fiscal year shall end on December 31 of each calendar year.

Environmental Compliance.

Each Obligor shall:

(a) comply in all material respects with all Environmental Laws applicable to the Project, obtain and maintain any Governmental Approvals required pursuant to such applicable Environmental Laws, and take all reasonable steps in anticipation of known or expected future changes to or obligations under applicable Environmental Laws or any related Governmental Approvals;

(b) inform the Administrative Agent in writing as soon as reasonably practicable upon becoming aware of:

(i) any Environmental Claim which has been commenced or (to the best of the Borrower's knowledge and belief) is threatened against it, or

(ii) any facts or circumstances which will or might reasonably be expected to result in any Environmental Claim being commenced or threatened against the Borrower,

in each case where such Environmental Claim has or could reasonably be expected to have a Material Adverse Effect.

19. Certain Agreements.

No Obligor shall enter into any agreement or undertaking (except for the Financing Documents and as contemplated therein and except pursuant to any agreement approved by the Required Lender for the refinancing of any of the Loans) restricting, or purporting to restrict, the ability of such Obligor to amend this Agreement or any other Financing Document.

20. Pari Passu Ranking.

Each of the Obligors shall ensure that all of its obligations under the Financing Documents at all times rank at least *pari passu* with all present and future unsecured and unsubordinated Indebtedness of such Obligor except Indebtedness to those creditors whose claims are mandatorily preferred by laws of general application to companies.

21. Financial Ratio.

(a) The Borrower shall maintain (i) a Net Debt to Consolidated EBITDA ratio of no greater than 2.0 to 1.0, (ii) a Net Debt to Total Net Worth ratio of no greater than 2.0 to 1.0, and (iii) a Consolidated EBITDA to Consolidated Interest Expense ratio of no less than 3.0 to 1.0, in any case, as tested as of the Calculation Date immediately falling prior to the delivery of each set of financial statements under Sections 5.1(a) and 5.1(b) for the period of twelve (12) months ending on such Calculation Date.

22. Registration.

Each of the Borrower and the Pledgors shall take or cause to be taken all actions required to maintain, preserve and protect the Transaction Liens including causing the Security Documents and all amendments or supplements thereto, to be promptly recorded, registered and filed and at all times to be kept recorded, registered and filed in Mexico, and will execute and file statements and cause to be executed and filed statements, all in manner

and in places and at times as are prescribed in this Agreement or in the relevant Security Documents and as may be required by the laws of Mexico, fully to preserve and protect the rights of the Financing Parties under this Agreement and the Security Documents.

23. Dividends and Share Redemption.

The Borrower shall not,

(a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its Equity Interest (or any class of its Equity Interest);

(b) repay or distribute any dividend or share premium reserve; or

(c) redeem, repurchase, defease, retire or repay any of its Equity Interest or resolve to do so;

unless:

(i) no Default is continuing or would occur immediately after the making of any such payment;

(ii) the Borrower has complied and will continue to comply, on a pro forma basis, with the financial ratios under Section 5.22 (*Financial Ratio*); and

(iii) in any given fiscal year, all payments payable under this Agreement to the Financing Parties for such fiscal year have been irrevocably and unconditionally paid.

24. Loans or Credit.

The Borrower shall not be a creditor in respect of any Indebtedness unless, both before and immediately after incurrence of such Indebtedness:

(a) no Default or Event of Default is continuing or would occur immediately after the making of any such payment; and

(b) the Borrower has complied and will continue to comply, on a pro forma basis, with the financial ratios under Section 5.22.

25. Guarantees or Indemnities.

The Borrower shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person other than its Subsidiaries.

26. 5.27 DSRA.

The Borrower shall ensure that, at all times, the amount standing to the credit of the DSRA shall be no less than five percent (5%) of the Loans outstanding under this Agreement.

27. 5.28 Further Assurances.

(a) Each of the Obligors shall promptly and duly execute and deliver to the Administrative Agent or Security Agent such documents and assurances to take such further action as the Administrative Agent may from time to time reasonably request in order (i) to carry out more effectively the intent and purpose of the Financing Documents, (ii) to perfect the Lien created or intended to be created under or evidenced by the Security Documents, and (iii) to establish, protect and perfect the rights and remedies created or intended to be created in favor of the Financing Parties pursuant to the Financing Documents.

(b) The Borrower shall, at the request of the Security Agent, take all such action as may be necessary (including making all filings and registration) for the purpose of the creation, perfection, protection or maintenance of any Lien conferred or intended to be conferred on the Security Agent or the Financing Parties by or pursuant to the Financing Documents.

SECTION 6. PAYMENT PROVISIONS; FEES.

1. Repayment of Principal.

The Borrower shall repay the aggregate principal amount of the Loans outstanding on each Principal Payment Date in fifteen (15) equal semi-annual installments commencing on the first Interest Payment Date following the expiry of the

Availability Period.

2. Voluntary Prepayments.

The Borrower may prepay the Loans, in whole or in part, subject to Break Costs if such prepayment is not made on an Interest Payment Date but otherwise without prepayment fees or other penalties, at any time, on the following terms and conditions: (i) the Borrower shall give the Administrative Agent at the Notice Office at least twenty (20) Business Days' prior written irrevocable notice (which notice the Administrative Agent shall promptly transmit to each of the Lenders) of its intent to prepay the Loans, the aggregate principal amount of the proposed prepayment and the specific Borrowing or Borrowings pursuant to which such prepayment is to be made; (ii) such prepayment shall be in an aggregate principal amount of at least \$5,000,000 (or a higher integral multiple of \$1,000,000 or the remaining principal outstanding); (iii) each prepayment of Loans pursuant to this Section 6.2 shall be applied to reduce the Scheduled Principal Payments in inverse chronological order of their due dates; (iv) each prepayment of Loans shall be made with accrued interest on the amount prepaid, (v) the Borrower shall have also prepaid an amount under the Sinure Credit Agreement *pro rata* to the amount prepaid hereunder and (vi) the Borrower shall have provided reasonable assurances to the Administrative Agent that the prepayment does not violate any applicable Law of Mexico or any interpretation thereof by any Governmental Authority.

3. Mandatory Prepayments.

Upon the occurrence of any of the following events, the Borrower shall make mandatory prepayments of the Loans as follows:

(a) Change of Control. If a Change of Control occurs;

(b) Unlawfulness. If (i) it is or becomes unlawful for the Borrower or any of the Guarantors to

perform any of its obligations under any Financing Document to which it is a party, (ii) any Financing Document, or any provision of any Financing Document, shall at any time for any reason cease to be valid and binding or in full force and effect or any party thereto (other than a Financing Party) shall so assert in writing, unless, in relation to a provision of a Financing Document only, such cessation could not reasonably be expected to have a Material Adverse Effect, (iii) the choice of governing law of the Financing Documents ceases to be recognized and enforced in the relevant jurisdictions or any judgment obtained in relation to a Financing Document in the jurisdiction of the governing law of that Financing Document will not be recognized or enforced in the relevant jurisdiction, (iv) any Financing Document, or any provision of any Financing Document, shall be declared to be null and void, unless, in relation to a provision of a Financing Document only, such declaration could not reasonably be expected to have a Material Adverse Effect, (v) any of the Security Documents or Transaction Lien ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Financing Party) to be ineffective or ceases to confer upon the Financing Parties the priority ranking intended to be conferred, or (vi) the Borrower or any of the Guarantors shall deny that it has any further liability or obligation under any Financing Document;

(c) Cessation of Business. If the Borrower or a Pledgor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business as is currently conducted or ceases to exist as an operating company whose primary business is the Permitted Business;

(d) Necessary Governmental Approvals. If a License or any other Necessary Governmental Approval is terminated, suspended, revoked, withdrawn, modified, withheld or becomes invalid or shall cease to be in full force and effect and such termination, suspension, revocation, withdrawal, modification, withholding, invalidation or cessation could reasonably be expected to have a Material Adverse Effect or if any proceeding is commenced to revoke, terminate, withdraw, suspend, modify in an adverse manner or withhold such Necessary Governmental Approval and such proceeding could reasonably be expected to have a Material Adverse Effect and is not terminated or discharged within 120 days of its commencement;

(e) Project. If there is an abandonment, loss or destruction of the Project or any of the Telecommunication Networks which could reasonably be expected to have a Material Adverse Effect;

(f) Nationalization. If the authority of any Obligor to conduct its business is cancelled or wholly or substantially curtailed by any seizure, nationalization, expropriation, intervention, restriction, compulsory acquisition or other action by or on behalf of any Governmental Authority and which cancellation, seizure, nationalization, expropriation, intervention, restriction, compulsory acquisition or other action has or could reasonably be expected to have a Material Adverse Effect;

(g) Moratorium. If any Governmental Authority or central bank of Mexico declares a moratorium on external indebtedness and such moratorium has or could reasonably be expected to have a Material Adverse Effect;

(h) Material Adverse Effect. If any event, condition or circumstance shall exist or shall have occurred which has or could reasonably be expected to have a Material Adverse Effect;

(i) DSRA. If at any time, an involuntary Lien arising under items (a), (b) or (d) of the definition of "Permitted Lien" is imposed or incurred on the DSRA and such involuntary Lien is not discharged or a separate debt service reserve account similar to the DSRA is not established and pledged to the reasonable satisfaction of the Administrative Agent, in each case, within forty-five (45) days of the imposition or incurrence of such involuntary Lien;

(j) Change in Law. If any change in or the withdrawal or modification of any Law shall occur, including the imposition of applicable foreign exchange control regulations, that could reasonably be expected to have a Material Adverse Effect;

the Administrative Agent may, at the instructions of the Required Lenders, immediately cancel each Lender's Loan Commitment and declare each Lender's participation in all outstanding Loans due and payable and the Borrower shall immediately, without any Break Cost, premium, fee or penalty of any nature, prepay all outstanding Loans together with accrued interest and all other amounts accrued under the Financing Documents. Each prepayment of Loans made pursuant to this Section 6.3 shall be applied to reduce the remaining Scheduled Principal Payments in inverse chronological order of their due dates.

4. Loan Maturity Date

. Notwithstanding anything to the contrary which may be contained in this Agreement, the outstanding principal amount of any Loans shall be repaid in full on the Loan Maturity Date.

5. Voluntary cancellation.

The Borrower may cancel the Available Loan Commitments, provided that (i) the Borrower shall give the Administrative Agent not less than fifteen (15) Business Days' prior notice, (ii) any cancellation shall be in a minimum amount of US\$5,000,000 or, if less, the aggregate Available Loan Commitments of the Lenders, (iii) any cancellation shall reduce the Available Loan Commitments of the Lenders ratably and (iv) the Borrower shall have also cancelled an amount under the Sinosure Credit Agreement *pro rata* to the amount cancelled hereunder.

6. Method and Place of Payment.

Except as specifically provided in this Section 6.6, all payments under this Agreement shall be made to the Administrative Agent for the account of the Lender or Lender entitled thereto not later than 11:00 a.m. (Beijing time) on the date when due and shall be made in Dollars in immediately available funds to such account(s) as the Administrative Agent shall designate to the Borrower in writing no later than five (5) Business Days prior to the due date for payment. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension. For the avoidance of doubt, all payments under this Agreement are considered made to the Administrative Agent for the account of the Lender or Lender entitled thereto if, and only if, such payments are credited into the account(s) stated in the first sentence of this Section 6.6 in the manner set out therein.

7. Computations

. All computations of interest and other amounts payable hereunder shall be made on the basis of a 360-day year and the actual number of days elapsed.

8. Fees

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(a) The Borrower agrees to pay to the Arranger, for its account, fees and expenses in the amounts and manner set out in the Fee Letter.

(b) The Borrower agrees to pay to the Administrative Agent, for its account, fees and expenses in the amounts and manner set out in the Fee Letter.

(c) The Borrower agrees to pay to the Security Agent, for its account, fees and expenses in the amounts and manner agreed between it and the Security Agent.

(d) The Borrower agrees to pay to the Administrative Agent, in Dollars, for the account of each Lender (in each case *pro rata* according to the respective Loan Commitments of all such Lender), a commitment fee (“Commitment Fee”) in respect of the Loan Commitments at the rate of 0.10% per annum and calculated on the daily balance of the amount of the Available Loan Commitments from time to time during the Availability Period, such fee to be payable in arrears with the first payment being made on the Signing Date and subsequently semi-annually on each Interest Payment Date during the Availability Period and on the last day of the Availability Period, or if earlier, on the day on which Available Loan Commitments are reduced to zero (through cancellation, utilization or otherwise).

9. Application of Payments: Sharing.

(a) Subject to the provisions of this Section 6.9, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any obligations of the Borrower hereunder, it shall distribute such payment to the Lender *pro rata* based upon their respective shares, if any, of the obligations with respect to which such payment was received.

(b) The Lender agrees that, if it should receive any amount hereunder (whether by voluntary payment, by the exercise of the right of setoff or banker’s lien, by counterclaim or cross action, by the enforcement of any right under the Financing Documents, or otherwise), which, in any such case, is in excess of its ratable share of payments on account of the obligations obtained by all Lender, then such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lender an interest in the obligations of the Borrower to such Lender in such amount as shall result in a proportional participation by all the Lender in such amount; provided, however, that if all or any portion of such excess amount is thereafter recovered from such Lender, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

SECTION 7. EVENTS OF DEFAULT AND REMEDIES.

1. Events of Default

The occurrence of any of the following events or circumstances shall constitute an “Event of Default” hereunder:

(a) Non-Payment. An Obligor shall fail to pay within three (3) Business Days of when due any principal or interest payable or any other amount payable pursuant to this Agreement or any other Financing Document, in each case when the same becomes or shall be declared to be due and payable (whether prior to its stated maturity or otherwise); or

(b) Cross-Default. (i) An Obligor shall default in the payment when due of any principal of or interest on the loans borrowed under the SinSURE Credit Agreement or any of its other Material Indebtedness beyond any originally applicable period of grace specified therein; (ii) any Material Indebtedness becomes due and payable or repayable prior to the stated maturity thereof by reason of an event of default (howsoever described) and otherwise than at the option of such Obligor; (iii) any guarantee, indemnity or other contingent liability given or owing by an Obligor in respect of any Material Indebtedness is not honored when due or called and any originally applicable grace period in respect thereof has expired; or (iv) a breach or default (howsoever described) occurs under any other Material Indebtedness of an Obligor, and, as a result of such breach or default such Material Indebtedness becomes accelerated or repayable prior to its scheduled maturity date; or

(c) Misrepresentation. Any representation, warranty or certification made or deemed to be repeated by an Obligor in respect of itself in this Agreement, any other Financing Document, or in any notice or other

certificate, agreement, document, financial statement or other statement delivered pursuant hereto or thereto, shall prove to have been false or misleading in any material respect when made; or

(d) Breach of Other Obligations. (i) The Borrower shall fail to comply with any term, covenant or provision set forth in the Financing Documents (other than those referred to in Sections 7.1(a) to (c) above) or (ii) any of the Guarantors shall fail to comply with any term, covenant or provision set forth in the Financing Documents (other than those referred to in Sections 7.1(a) and 7.1(c) above), and in any such event described under clauses (i) and (ii) above, such failure to comply shall remain uncured for a period of more than thirty (30) days after the relevant Guarantor or the Borrower, as the case may be, has knowledge thereof or notice thereof is given to such Guarantor or the Borrower, as applicable; or

(e) Insolvency. An Obligor (i) shall admit its inability to, or be unable to, pay its debts as such debts become due, (ii) is, or is deemed for the purposes of any Law to be, unable to pay its debts as such debts become due, (iii) suspends making payments on its debts or announces an intention to do so, (iv) by reason of actual or anticipated insolvency, begins negotiations with creditors generally for the rescheduling of any of its Indebtedness; or

(f) Moratorium. A moratorium is declared with respect to any Material Indebtedness of an Obligor and the moratorium remains undismissed for a period of more than thirty (30) days (for the avoidance of doubt, the ending of such moratorium will not remedy any Event of Default caused by such moratorium); or

(g) Voluntary Insolvency Proceedings. An Obligor shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under or file a petition to take advantage of any Bankruptcy Law (as now or hereafter in effect), (iv) take any corporate action for the purpose of effecting any of the foregoing or (v) take any action under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iv) hereof; or

(h) Involuntary Insolvency Proceedings (Borrower). A proceeding or case shall be commenced against the Borrower, without its application or consent, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or a substantial part of its Property or (iii) similar relief in respect of it under any Bankruptcy Law, and such proceeding or case is undismissed or unstayed within 120 days of its commencement; or an order, judgment or decree approving or ordering any of the foregoing shall be entered and is unstayed and in effect within 120 days of such order, judgment or decree; or an order for relief against the Borrower shall be entered in an involuntary case under any Bankruptcy Law; or any proceeding or action shall be commenced under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iii) hereof and such order for relief, proceeding or action is undismissed or unstayed within 120 days of its commencement;

(i) Involuntary Insolvency Proceedings (Guarantors). A proceeding or case shall be commenced against a Guarantor, without its application or consent, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or a substantial part of its Property or (iii) similar relief in respect of it under any Bankruptcy Law, and such proceeding or case has or could reasonably be expected to have a Material Adverse Effect; or an order, judgment or decree approving or ordering any of the foregoing shall be entered; or an order for relief against a Guarantor shall be entered in an involuntary case under any Bankruptcy Law; or any proceeding or action shall be commenced under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iii) hereof and in each case, such order, judgment, decree, proceeding or action has or could reasonably be expected to have a Material Adverse Effect;

(j) Final Judgment. Any amount in excess of US\$50,000,000 (or its equivalent in other currencies) (individually or in the aggregate) under any final, non-appealable judgment or judgments rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against an Obligor is unpaid, not vacated, bonded off or discharged within sixty (60) days of the rendering of such judgment or judgments;

(k) Termination, Dissolution or Liquidation. The Borrower or the any of the Guarantors shall be dissolved or liquidated (as a matter of law or otherwise) unless such dissolution or liquidation resulted from a transaction permitted under Section 5.13; or

(l) Creditors' Process. An attachment, sequestration, distress, execution or analogous event affects all or part of the Properties of an Obligor and such process has or could reasonably be expected to have a Material Adverse Effect; or

(m) Repudiation. The Borrower or any of the Guarantors (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Financing Document; or

(n) Supply Agreements. The Borrower is in breach under or default of any Supply Agreement which breach or default has or could reasonably be expected to have a Material Adverse Effect; or

(o) Shareholder Undertaking. There has been a breach under or default of the Shareholder Undertaking which breach or default has or could reasonably be expected to have a Material Adverse Effect or a Lien has been created or suffered to exist on more than forty-nine percent (49%) of the Equity Interests at any time without the prior written consent of the Administrative Agent or a Lien has been created or suffered to exist on more than forty-nine percent (49%) of the Equity Interests at any time and such Lien is not also created in favor of the Security Agent (for the benefit of the Financing Parties) on a *pari passu* basis; or

(p) Money Laundering. The Borrower or any of the Guarantors is convicted under any applicable law in relation to its participation in (i) corrupt practices, fraudulent practices, collusive practices or coercive practices, including without limitation in connection with the procurement or execution of any contract for goods or services, and any such practices violate any applicable Laws, (ii) Money Laundering or acts in breach of any applicable Law relating to Money Laundering; or (iii) the financing of terrorism in violation of the U.S. foreign asset control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended).

Treasury Department (31 CFR, Subtitle B, Chapter V, as amended).

2. Acceleration.

(a) If any Event of Default shall occur, then the Administrative Agent (acting at the direction of the Required Lenders) may by notice to the Borrower (A) declare the Loan Commitments to be terminated, whereupon all Loan Commitments shall immediately terminate and/or (B) declare the Loans, all accrued and unpaid interest thereon and all other amounts owing to the Lenders under the Financing Documents to be due and payable, whereupon the same shall become immediately due and payable and/or (C) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Financing Documents.

(b) Except as expressly provided above in this Section 7.2, presentment, demand, protest and all other notices and other formalities of any kind are hereby expressly waived by the Borrower.

SECTION 8. THE ADMINISTRATIVE AGENT.

8.1. Appointment and Authorization.

(a) Each Lender providing a Loan hereby irrevocably (subject to Section 8.9) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Financing Document to which it is a party and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any such other Financing Document, together with such powers as are reasonably incidental thereto.

(b) Each of the Lenders authorizes the Administrative Agent to execute, deliver and perform each of the Financing Documents to which the Administrative Agent is or is intended to be a party and each Lender agrees to be bound by all of the agreements of the Administrative Agent contained in the Financing Documents.

(c) Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Financing Document, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein and in the other Financing Documents, and the Administrative Agent shall not have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Financing Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the terms "Administrative Agent" in this Agreement with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such terms are used merely as a matter of market custom, and are intended to create or reflect only a relationship between independent contracting parties.

8.2. Delegation of Duties

. The Administrative Agent may execute any of its duties under this Agreement or any other Financing Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties.

8.3. Liability of the Administrative Agent

. The Administrative Agent or any of its Agent-Related Persons shall not (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Financing Parties or any other Person for any recital, statement, representation or warranty made by the Borrower or any officer thereof, contained in this Agreement or in any other Transaction Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent or any of its Agent-Related Persons under or in connection with, this Agreement or any other Transaction Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement or any other Transaction Document, or for any failure of the Borrower or any other party to any Transaction Document to perform its obligations hereunder or thereunder. The Administrative Agent or any of its Agent-Related Person shall not be under any obligation to any Financing Party to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the Properties, books or records of the Borrower.

8.4. Reliance by the Administrative Agent

. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative

Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Financing Document (a)

if such action would, in the opinion of the Administrative Agent (upon consultation with counsel), be contrary to applicable Law or the terms of any Financing Document, (b) if such action is not specifically provided for in the Financing Documents to which the Administrative Agent is a party, and it shall not have received such advice or concurrence of the Required Lenders as it deems appropriate, (c) if in connection with the taking of any such action that would constitute the making of a payment due under any Financing Document, it shall not first have received from any or all of the other Financing Parties funds equal to the amount of such payment, or (d) unless, if it so requests, the Administrative Agent shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Financing Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Financing Parties.

8.5. Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "Notice of Default." If the Administrative Agent receives any such notice of the occurrence of a Default or an Event of Default, it shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with this Section 8; provided, however, that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lenders.

8.6. Credit Decision

. Each Lender acknowledges that the Administrative Agent or any of its Agent-Related Persons has not made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent or any of its Agent-Related Persons to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any of its Agent-Related Persons and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, Property, financial and other

condition and creditworthiness of the Borrower, the Project, and all applicable bank regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any of its Agent-Related Persons and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Financing Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, Property, financial and other condition and creditworthiness of the Borrower and the Project. Except for notices, reports and other documents expressly required pursuant to any

Financing Document to be furnished to the Lenders by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, Property, financial and other condition or creditworthiness of the Project or of the Borrower which may come into the possession of the Administrative Agent or any of its Agent-Related Persons.

8.7. Indemnification of Administrative Agent.

(a) Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Administrative Agent and any of its Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), *pro rata* in accordance with the aggregate principal amount of the Loans held by such Lender, from and against any and all Indemnified Liabilities; provided, however, that no Lender shall be liable for the payment to the Administrative Agent or any of its Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct.

(b) Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share as provided above of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Financing Document or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower.

(c) The undertakings of the Lenders in this Section shall survive the payment of all obligations hereunder and the resignation or replacement of the Administrative Agent.

8.8. Administrative Agent in Individual Capacity

. The Administrative Agent and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower or its Affiliates as though the Administrative Agent were not an Administrative Agent hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, the Administrative Agent or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Affiliates) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. Any Administrative Agent which is also a Lender hereunder shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not an Administrative Agent, and the terms "Lender" and "Lenders" shall include such Administrative Agent in its individual capacity.

8.9. Successor Administrative Agent.

(a) Subject to the appointment and acceptance of a successor as provided below, the Administrative Agent may resign at any time by giving notice thereof to the Lenders, the Borrower and the Guarantors, and the Administrative Agent may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right (subject to prior consultation with the Borrower and the Guarantors) to appoint a successor to the Administrative Agent. If no successor Administrative Agent shall have been appointed by the Required Lenders, and shall have accepted such appointment within thirty (30) days after the resigning Administrative Agent's giving of notice of resignation or the giving of any notice of removal of the Administrative Agent, then the resigning Administrative Agent or Administrative Agent being removed, as the case

may be, may appoint its successor. Upon the acceptance of its appointment as a successor Administrative Agent hereunder, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of such resigning or removed Administrative Agent, and such resigning Administrative Agent or removed Administrative Agent shall be discharged from its duties and obligations hereunder. The resignation or removal of the Administrative Agent and the appointment of a successor Administrative Agent shall in no way affect any rights and obligations of the Borrower and the Guarantors under the Financing Documents (including without limitation any increased costs, fees or taxes).

(b) After any Administrative Agent's resignation or removal, the provisions of this Section 8 and of Sections 10.1 and 10.2 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Administrative Agent.

(c) The Administrative Agent may, at the instructions of the Required Lenders, (i) remove the Security Agent at any time with or without cause and (ii) subject to prior consultation with the Borrower and the Guarantors, appoint a successor to the Security Agent in accordance with the Security Sharing Agreement.

Registry.

The Borrower hereby designates the Administrative Agent, and the Administrative Agent agrees, to serve as the Borrower's agent, solely for purposes of this Section 8.10, to maintain a register at one of its offices in China (the "Register") on which it will record the Loan Commitment from time to time of each of the Lenders, the Loans made by each of the Lenders and each repayment in respect of the principal amount of the Loans of each Lender. Failure to make any such recordation or any error in such recordation shall not affect the Borrower's obligations in respect of such Loans. With respect to any Lender, the transfer of the Loan Commitments of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Loan Commitments shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Loan Commitments and Loans, and prior to such recordation all amounts owing to the transferor with respect to such Loan Commitments and Loans shall remain owing to the transferor. The registration of an assignment or transfer of all or part of any Loan Commitments and Loans shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Acceptance pursuant to Section 10.13.]

SECTION 9. GUARANTY.

9.1. Guaranty.

In order to induce the Administrative Agent, the Arrangers and the Lenders to enter into this Agreement and to extend credit hereunder, and in recognition of the direct and indirect benefits to be received by the Guarantors from the proceeds of the Loans, each of the Guarantors hereby agrees with the Financing Parties as follows: each Guarantor hereby unconditionally, absolutely and irrevocably, jointly and severally, guarantees as primary obligors and not merely as surety the full and prompt payment when due, whether upon maturity, acceleration or otherwise, of any and all of the Guaranteed Obligations. If any or all of the Guaranteed Obligations becomes due and payable hereunder, each Guarantor, unconditionally, absolutely and irrevocably, jointly and severally, promises to pay such Guaranteed Obligations to the Administrative Agent and/or the other Financing Parties, on demand, together with any and all expenses which may be incurred by the Administrative Agent and the other Financing Parties in collecting any of the Guaranteed Obligations. If claim is ever made upon any Financing Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its Property, then and in such event each Guarantor agrees that any such judgment, decree or order shall be binding upon the Guarantors, notwithstanding any revocation of this Guaranty or other instrument evidencing any liability of the Borrower, and the Guarantors shall be and remain jointly and

severally liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee. For purposes of this Guaranty, each Guarantor expressly and irrevocably waives any order, *excursion* and division benefits they may have under any applicable jurisdiction.

9.2. Bankruptcy.

Additionally, the Guarantors unconditionally and irrevocably, jointly and severally, guarantee the payment of any and all of the Guaranteed Obligations to the Financing Parties whether or not due or payable by the Borrower upon the occurrence of any of the events specified in Sections 7.1(e), 7.1(g) and 7.1(h), and irrevocably and unconditionally promise to pay such Guaranteed Obligations to the Financing Parties, on demand.

9.3. Nature of Liability.

The liability of each Guarantor hereunder is primary, absolute and unconditional, joint and several, exclusive and independent of any security for or other guaranty of the Guaranteed Obligations, whether executed by such Guarantor, any other Guarantor or guarantor or by any other party, and the liability of each Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a Guarantor, guarantor or of any other party as to the Guaranteed Obligations, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, (e) the failure of the Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty or (f) any payment made to any Financing Party on the Guaranteed Obligations which any such Financing Party repays to the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, or (g) any action or inaction by the Financing Parties as contemplated in Section 9.5, or (h) any invalidity, irregularity or enforceability of all or any part of the Guaranteed Obligations or of any security therefor.

9.4. Independent Obligation.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other guarantor, the Borrower or any other party or the Borrower, and a separate action or actions may be brought and prosecuted against any of the Guarantors whether or not action is brought against any other Guarantor, any other guarantor or any other party or the Borrower and whether or not any other Guarantor, guarantor, any other party or the Borrower be joined in any such action or actions. Each Guarantor waives (to the fullest extent permitted by applicable Law) the benefits of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or any Guarantor or other circumstance which operates to toll any statute of limitations as to the Borrower or such other Guarantor shall operate to toll the statute of limitations as to each Guarantor.

9.5. Authorization.

Each of the Guarantors authorizes the Financing Parties without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, but in any event subject to the terms under this Agreement and the Financing Documents, from time to time to:

(a) upon the occurrence of an Event of Default, sell, exchange, release, impair, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;

(b) exercise or refrain from exercising any rights against the Borrower, itself or others or otherwise

act or refrain from acting;

- (c) release or substitute any one or more endorsers, guarantors, the Borrower, itself or other obligors;
- (d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof;
- (e) apply any sums by whomsoever paid or howsoever realized under or in connection with any Financing Document to the Guaranteed Obligations regardless of what liability or liabilities of the Borrower remain unpaid;
- (f) consent to or waive any breach of, or any act, omission or default under, this Agreement, any other Financing Document or any of the instruments or agreements referred to herein or therein, or otherwise amend, modify or supplement this Agreement, any other Financing Document or any of such other instruments or agreements; and/or
- (g) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of such Guarantor from its liabilities under this Guaranty.

9.6. Reliance.

It is not necessary for any Financing Party to inquire into the capacity or powers of any of the Guarantors or any of its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on their behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9.7. Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require any Financing Party to (i) proceed against the Borrower, any other Guarantor, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other Guarantor, guarantor or any other party or (iii) pursue any other remedy in any Financing Party's power whatsoever. The Financing Parties may, at their election, foreclose on any security held by the Administrative Agent or any other Financing Party by one or more judicial or nonjudicial sales (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Financing Parties may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of the Guarantors hereunder except to the extent the Guaranteed Obligations have been paid. Each of the Guarantors waives any defense arising out of any such election by the Financing Parties, even though such election operates to impair or extinguish any of its right of reimbursement or subrogation or other right or remedy against the Borrower or any other party or any security.

(b) Except as otherwise expressly stated under this Agreement or the Financing Documents, each of the Guarantors waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Each of the Guarantors assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which it assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any of the other Financing Parties shall have any duty to advise it of information known to them regarding such circumstances or risks.

(c) Until such time as the Guaranteed Obligations have been paid in full in cash, the Guarantors

hereby waives all rights of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under any Bankruptcy Law, or otherwise) to the claims of the Financing Parties against the Borrower or any other Guarantors of the Guaranteed Obligations and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from the Borrower or any other Guarantors which it may at any time otherwise have as a result of this Guaranty.

(d) Each Guarantor waives any defense based on or arising out of any defense of the Borrower, any other Guarantor, any other guarantor or any other party other than payment in full in cash of the Guaranteed Obligations, including without limitation any defense based on or arising out of the disability of the Borrower, any Guarantor, any other guarantor of the Guaranteed Obligations or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower, any other Guarantor other than payment in full in cash of the Guaranteed Obligations.

9.8. Acknowledgement.

Each Guarantor hereby acknowledges and agrees that no Financing Party nor any other Person shall be under any obligation (i) to marshal any assets in favor of such Guarantor or in payment of any or all of the liabilities of the Borrower or any other Guarantor under the Financing Documents or the obligation of such Guarantor hereunder or (ii) to pursue any other remedy that such Guarantor may or may not be able to pursue itself, any right to which such Guarantor hereby waives.

9.9. Payments.

All payments made by each Guarantor pursuant to this Section 9 shall be made in Dollars and will be made without setoff, counterclaim or other defense (other than that the Guaranteed Obligations have been paid in full) that may at any time be available to or be asserted by the Borrower, such Guarantor or any Person against any Financing Party whether in connection with the Financing Documents or any unrelated transaction, and shall be subject to the provisions of Sections 2.8 and 6.4.

9.10. Continuing Guaranty.

This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of any Financing Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which any Financing Party would otherwise have. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Financing Party to any other or further action in any circumstances without notice or demand. It is not necessary for any Financing Party to inquire into the capacity or powers of the Borrower or any Guarantor or the officers, directors, partners or agents acting or purporting to act on its or their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9.11. Limitation on Guaranteed Obligations.

Each Guarantor and each Financing Party (by its acceptance of the benefits of this Guaranty) hereby confirms that it is its intention that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of the Bankruptcy Code, the Uniform Fraudulent Conveyance Act of any similar Federal or state law. To effectuate the foregoing intention, each Guarantor and each Financing Party (by its acceptance of the benefits of this Guaranty) hereby irrevocably agrees that the Guaranteed Obligations guaranteed by such Guarantor shall be limited to such amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Guarantor that are relevant under such laws and after giving effect to any rights to contribution pursuant to any agreement

providing for an equitable contribution among such Guarantor and the other Guarantors, result in the Guaranteed Obligations of such Guarantor in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

9.12. Maximum Liability.

It is the desire and intent of the Guarantors and the Financing Parties that this Guaranty shall be enforced against the Guarantors to the fullest extent permissible under the applicable Laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of any of the Guarantors under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of such Guarantor's obligations under this Guaranty shall be deemed to be reduced and such Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable Law.

SECTION 10. MISCELLANEOUS.

10.1. Costs and Expenses

. The Borrower shall, whether or not the transactions contemplated hereby are consummated and whether or not any of the following are incurred before or after the Closing Date, pay, within five (5) Business Days after demand, (i) all reasonable and documented costs and expenses incurred by any Financing Party (including Attorney Costs, which Attorney Costs shall not exceed in the aggregate \$130,000) in connection with the preparation, issuance, delivery, filing, recording and administration of the Financing Documents and any other documents which may be delivered in connection herewith or therewith, (ii) any and all amounts which any Financing Party has paid relative to curing any Event of Default resulting from the acts or omissions of the Borrower under this Agreement or any other Financing Document, (iii) the enforcement or preservation of any rights or remedies under this Agreement or any other Financing Document, and (iv) any reasonable and documented costs and expenses related to any amendment, waiver or consent with respect to any provision contained in this Agreement or any other Financing Document. In addition, the Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in Mexico, the United States or China in connection with the execution, delivery, filing and recording of this Agreement or any other Financing Document, or any other document which may be delivered in connection with this Agreement, and agrees to save the Financing Parties harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

10.2. Indemnity.

(a) The Borrower shall pay, indemnify, and hold each Financing Party, and each of their respective officers, directors, employees, agents, attorneys-in-fact and Affiliates (each, an "Indemnified Person") harmless from and against any and all liabilities, losses, damages, penalties, claims, actions, judgments, suits, costs, charges and expenses (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnified Person in any way (i) relating to or arising out of this Agreement or any other Financing Document or any investigation, litigation or proceeding (including any bankruptcy, insolvency, reorganization or other similar proceeding or appellate proceeding) brought relating to or arising out of this Agreement or any other Financing Document, or the use of the proceeds thereof, (ii) resulting from the failure of the Borrower to make on a timely basis any payment when due or to borrow a Loan after a Notice of Borrowing has been delivered, or (iii) resulting from any actual presence or Release of any Hazardous Material or any Environmental Claim relating to the Land or the Project (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Borrower shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of such Indemnified Person.

(b) Survival; Defense. The obligations in this Section 10.2 shall survive payment of the Loans

and all other obligations. All amounts owing under this Section 10.2 shall be paid within thirty (30) days after demand.

(c) Contribution. To the extent that any undertaking in the preceding paragraphs of this Section 10.2 may be unenforceable because it is violative of any contribute the maximum portion that it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of such undertaking.

(d) Settlement. So long as the Borrower is in compliance with its obligations under this Section 10.2, the Borrower shall not be liable to any Indemnified Person under this Section 10.2 for any settlement made by such Indemnified Person without the Borrower's consent.

10.3. Notices.

(a) All notices, requests and other communications provided for hereunder shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission or electronic mail) and faxed or delivered, to the address or facsimile number specified for notices on the applicable signature page hereof or to such other address as shall be designated by such party in a written notice to the other parties hereto.

(b) All such notices, requests and communications (i) sent by express courier will be effective upon delivery, and (ii) transmitted by facsimile will be effective when sent and facsimile confirmation received.

(c) Each of the Borrower and the Guarantors acknowledges and agrees that any agreement of the Financing Parties to receive certain notices by telephone and facsimile is solely for the convenience and at the request of the Borrower or the Guarantors, as the case may be. The Financing Parties shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower or the relevant Guarantor to give such notice and the Financing Parties shall not have any liability to the Borrower, any Guarantor or other Person on account of any action taken or not taken by any of the Financing Parties in reliance upon such telephonic or facsimile notice.

(d) All notices, requests and other communications hereunder and under the other Financing Documents shall be in the English language.

10.4. Benefit of Agreement

. This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto. The Borrower may not assign or otherwise transfer any of its rights under this Agreement or any of the other Financing Documents.

10.5. No Waiver; Remedies Cumulative

. No failure or delay on the part of any of the Financing Parties in exercising any right, power or privilege hereunder or under any other Financing Document and no course of dealing between the Borrower or the Guarantors and any Financing Party shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Financing Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. No notice to or demand on an Obligor in any case shall entitle such Obligor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Financing Party to take any other or further action in any circumstances without notice or demand. All remedies, either under this Agreement or any other Financing Document or pursuant to any applicable Law or otherwise afforded to any Financing Party shall be cumulative and not alternative.

10.6. No Third Party Beneficiaries

. The agreement of each Lender to make extensions of credit to the Borrower on the terms and

conditions set forth in this Agreement and the other Financing Documents is solely for the benefit of the Borrower and the Guarantors, and no other Person (including any contractor, sub-contractor, supplier, worker, carrier, warehouseman, materialman or vendor furnishing supplies, goods or services to or for the benefit of the Borrower or the Project or receiving services from the Project) shall have any rights hereunder against any Financing Party with respect to the Loans, the proceeds thereof or otherwise.

10.7. Reinstatement

. To the extent that any Financing Party receives any payment by or on behalf of the Borrower or a Guarantor, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to the Borrower or such Guarantor or to their respective estate, trustee, receiver, custodian or any other party under any Bankruptcy Law or otherwise, then to the extent of the amount so required to be repaid, the obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included within the obligations as of the date such initial payment, reduction or satisfaction occurred.

10.8. No Immunity

. To the extent that the Borrower or a Guarantor may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to this Agreement or any other Financing Document, to claim for itself or its revenues, assets or Properties any immunity from suit, the jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of judgment, set-off, execution of a judgment or any other legal process, and to the extent that in any such jurisdiction there may be attributed to such Person such an immunity (whether or not claimed), the Borrower and such Guarantor hereby irrevocably agree not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the Law of the applicable jurisdiction.

10.9. Judgment Currency

. This is an international transaction in which the specification of Dollars and payment in China is of the essence, and the obligations of the Borrower or the Guarantors under this Agreement and under the other Financing Documents to make payment to (or for the account of) each Financing Party in Dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency or in another place except to the extent that such tender or recovery results in the effective receipt by such Financing Party in China of the full amount of Dollars payable to such Financing Party under the Financing Documents to which such Financing Party is party. If for the purpose of obtaining or enforcing judgment in any court it is necessary to convert a sum due hereunder in Dollars into another currency (for the purposes of this Section 10.9, hereinafter the “judgment currency”), the rate of exchange which shall be applied shall be that at which in accordance with normal banking procedures such Financing Party could purchase such Dollars from the London interbank market with the judgment currency on the Business Day next preceding the day on which such judgment is rendered. The obligation of the Borrower or the Guarantors in respect of any such sum due from it to such Financing Party hereunder (in this Section 10.9 called an “Entitled Person”) shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following the receipt by such Entitled Person of any sum adjudged to be due hereunder in the judgment currency such Entitled Person may in accordance with normal banking procedures purchase and transfer Dollars to Shenzhen, China with the amount of the judgment currency so adjudged to be due; and each of the Borrower and the Guarantors hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify such Entitled Person on demand, in Dollars, for the amount (if any) by which the sum originally due to such Entitled Person in Dollars hereunder exceeds the amount of the Dollars so purchased and transferred.

10.10. The Arranger

. The Arranger shall not have any right, power, obligation, liability, responsibility or duty under this

Agreement other than the rights to receive reimbursement or payment of costs or expenses incurred by them as provided in Section 10.1, the right to indemnity under Section 10.2 and the right under the Guaranty.

10.11. Counterparts

. This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

10.12. Amendment or Waiver.

(a) No provision of this Agreement or any other Financing Document may be amended, supplemented, modified or waived, except by a written instrument signed by the Required Lenders, the Borrower and the Guarantors (but only if the Borrower and the Guarantors are parties thereto), and, to the extent that its rights or obligations may be affected thereby, the Administrative Agent or the Security Agent. Notwithstanding the foregoing provisions, no such waiver and no such amendment, supplement or modification shall (i) increase the Loan Commitment of any Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Loan Commitment, shall not constitute an increase of the Loan Commitment of any Lender), without the prior written consent of such Lender, (ii) postpone or delay the scheduled final maturity date of any Loan, without the prior written consent of each affected Lender, or postpone or delay any date fixed by this Agreement or any other Financing Document for any payment of principal, interest or fees due to any Lender hereunder or under any other Financing Document, without the prior written consent of such Lender, (iii) reduce the principal of, or the rate of interest specified in any Financing Document on, any Loan of any Lender, without the prior written consent of such Lender, (iv) consent to the assignment or transfer by the Borrower of any of its respective obligations under this Agreement or any other Financing Document, without the prior written consent of each Lender, (v) amend, modify or waive any provision of this Section 10.12 or Section 6.8, 10.1 or 10.2, without the prior written consent of each Lender, or (v) reduce the percentage specified in or otherwise amend the definition of Required Lenders, without the prior written consent of each Lender (it being understood that, with the consent of the Required Lenders, extensions of credit pursuant to this Agreement in addition to those set forth in or contemplated by this Agreement on the Closing Date may be included in the determination of the Required Lenders on substantially the same basis as the extensions of Loans and Loan Commitments are included on the Closing Date).

(b) Any waiver and any amendment, supplement or modification made or entered into in accordance with Section 10.12(a) shall be binding upon the Borrower, the Guarantors, the Administrative Agent, the Lenders, the Arranger and the Security Agent.

10.13. Assignments, Participations, etc.

(a) Subject to Section 10.13(b) below, any Lender may, with the prior consent of the Borrower (which consent shall not be unreasonably withheld or delayed or conditioned, however, it will not be considered unreasonable for the Borrower to withhold consent if any such assignment could have the effect of increasing the Borrower's or any Guarantor's costs under the Financing Documents, due to new or increased Taxes, or otherwise), at any time assign all or any part of its Loan Commitments or Loans and the other rights and obligations of such Lender hereunder and under the other Financing Documents, to another bank or financial institution. Any partial assignment of Loan Commitments or Loans under this Section 10.13(a) shall not be less than \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof.

(b) Notwithstanding Section 10.13(a) above, any Lender may, without the prior written consent of the Borrower, assign all or any part of its Loan Commitments or Loans and the other rights and obligations of

such Lender hereunder and under the other Financing Documents (i) to an Affiliate, (ii) to another Lender, (iii) to any Person if such proposed assignment follows the occurrence of an Event of Default, or (iv) if requested to do so by the Borrower under Section 2.13, provided that only with respect to assignments to an Affiliate of a Lender or another Lender (A) the assigning Lender shall have given at least ten (10) Business Days' prior written notice to the Borrower, the Administrative Agent and the Security Agent of such proposed assignment, together with payment instructions, addresses and related information with respect to the assignee, (B) such proposed assignment would not result in any increase in Taxes or increased cost to the Borrower, (C) any partial assignment of Loan Commitments or Loans under this Section 10.13(b) shall not be less than \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof, and (D) each such assignment by a Lender of its Loans or its Loan Commitment shall be made in such a manner so that the same portion of its Loans and Loan Commitment is assigned to the assignee. With respect to any assignment under this Section 10.13, the Borrower, the Administrative Agent and the Security Agent may continue to deal solely and directly with the assigning Lender in connection with the interest so assigned until the assigning Lender shall have delivered to the Borrower, the Administrative Agent and the Security Agent an Assignment and Acceptance substantially in the form of Exhibit C hereto (an "Assignment and Acceptance") with respect to such assignment from the assigning Lender.

(c) Subject to Section 8.10, from and after the date that the Administrative Agent notifies the assigning Lender and the Borrower that it has received an executed Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender hereunder and under the other Financing Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the assignee, and any reference to the assigning Lender hereunder or under the other Financing Documents shall thereafter refer to such Lender and to the assignee to the extent of their respective interests, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Financing Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Financing Documents; provided that any Lender that assigns all of its Loan Commitment and Loans hereunder in accordance with Section 10.13 shall continue to have the benefit of indemnification provisions under this Agreement to the extent any indemnification relates to facts which occurred while it was a Lender (including Sections 2.8, 2.10, 2.11, 10.1 and 10.2), which shall survive as to such assigning Lender.

(d) Any Lender (the "Originating Lender") may, at its own cost, at any time after the initial Borrowing has occurred, sell to one or more commercial bank, financial institution, trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets which is not an Affiliate of the Borrower, a Competitor or an Affiliate of a Competitor (a "Participant") participating interests in its Loan; provided, however, that (i) the Originating Lender's obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) the Borrower and the Administrative Agent shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender's rights and obligations under this Agreement and the other Financing Documents, (iv) any such sale of participating interest shall not result in any increase in Taxes or increased cost to the Borrower or Guarantors, and (v) no Lender shall transfer or grant any participating interest under which the Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Financing Document. In the case of any such participation, the Participant shall not have any rights or claims under this Agreement or any of the other Financing Documents (the Participant's rights against the Originating Lender in respect of such participation to be those set forth in the agreement executed by the Originating Lender in favor of the Participant relating thereto) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation.

(e) Notwithstanding any other provision contained in this Agreement or any other Financing Document to the contrary, any Lender may pledge or assign as collateral security all or any portion of the Loans held by it, provided that (i) the pledge or assignment as collateral security, its enforcement and payment thereunder would not result in any increased costs or Taxes on the Borrower or the Guarantors, and (ii) any payment in respect of such assigned Loans made by the Borrower to or for the account of the assigning or pledging Lender in accordance with

the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect to such assigned Loan to the extent of such payment. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Financing Documents or changes its Applicable Lending Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to a permitted assignee or Lender acting through its new Applicable Lending Office under Section 2.8 or Section 2.10, then the permitted assignee or Lender acting through its new Applicable Lending Office is only entitled to receive payment under those Sections to the same extent as the assigning Lender or Lender acting through its previous Applicable Lending Office would have been if the assignment, transfer or change had not occurred.

(g) The Borrower shall not assign or otherwise transfer any of its rights and obligations under this Agreement or any other Financing Document without the prior written consent of the Administrative Agent (acting on the instructions of all Lenders).

10.14. Survival

. All indemnities set forth herein, including, without limitation, Section 10.2, shall survive the execution and delivery of this Agreement and the making and repayment of the Loans. In addition, each representation and warranty made or deemed to be made pursuant hereto shall survive the making of such representation and warranty (except for those representations or warranties that are made as of a specific date or that refer to a specific date or period of time), and no Lender shall be deemed to have waived, by reason of making any extension of credit, any Default or Event of Default which may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that such Lender may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such extension of credit was made.

10.15. WAIVER OF JURY TRIAL

. EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY RELATING HERETO OR THERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE FINANCING PARTIES TO ENTER INTO THIS AGREEMENT.

10.16. Right of Set-off

. In addition to any rights now or hereafter granted under applicable Law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default, each Lender is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person (except for the notice referred to in the last sentence of this Section 10.16, any such notice being hereby expressly waived by the Borrower), to set off and to appropriate and apply any and all deposits (general or special,

time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender (including without limitation by branches and agencies wherever located), to or for the account of the Borrower against any obligations of the Borrower to such Lender now or hereafter existing under this Agreement or any of the other Financing Documents, regardless of whether any such deposit or other obligation is then due and payable or is in the same currency or is booked or otherwise payable at the same office as the obligation against which it is set off and regardless of whether such Lender shall have made any demand for payment under this Agreement or any of the other Financing Documents. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender; provided that any failure to give such notice shall invalidate such set-off and application.

10.17. Severability

. Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and without affecting the validity or enforceability of any provision in any other jurisdiction.

10.18. Domicile of Loans

. Subject to Section 10.13, each Lender may transfer and carry its Loan at, to or for the account of any office, Subsidiary or Affiliate of such Lender.

10.19. Limitation of Recourse

. There shall be full recourse to the Borrower and to all of its assets for the liabilities of the Borrower under this Agreement and the other Financing Documents, and in no event shall any employee, officer, director, advisor, consultant, agent or representative of the Borrower or the Guarantors, be personally liable or obligated for such liabilities and obligations of the Borrower or the Guarantors, as the case may be. Nothing contained herein shall affect or diminish any rights of any Person against any other Person for such other Person's fraud, willful misrepresentation, gross negligence or willful misconduct.

10.20. Governing Law; Submission to Jurisdiction.

(a) THIS AGREEMENT AND EACH OF THE OTHER FINANCING DOCUMENTS (UNLESS SUCH DOCUMENT EXPRESSLY STATES OTHERWISE THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT (EXCEPT, AS TO ANY OTHER FINANCING DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

(b) Each party hereto hereby submits to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Obligor hereby irrevocably waives, to the fullest extent permitted by applicable Law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each Obligor hereby irrevocably appoints CT Corporation (the "Process Agent"), with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent to receive on its behalf and on behalf of its Property, service of copies of the summons and complaint and any other process that may be served in any such action or proceeding. Service upon the Process Agent shall be deemed to be personal service on the Borrower or the relevant Guarantor, as the case may

be, and shall be legal and binding upon the Borrower or such Guarantor, as the case may be, for all purposes notwithstanding any failure to mail copies of such legal process to the Borrower or the relevant Guarantor, as the case may be, or any failure on the part of the Borrower or the relevant Guarantor, as the case may be, to receive the same. Nothing herein shall affect the right to serve process in any other manner permitted by applicable Law or any right to bring legal action or proceedings in any other competent jurisdiction. Each Obligor further agrees that the aforesaid courts of the State of New York and of the United States of America for the Southern District of New York shall have exclusive jurisdiction with respect to any claim or counterclaim of the Borrower or the Guarantors based upon the assertion that the rate of interest charged by or under this Agreement or under the other Financing Documents is usurious. To the extent permitted by applicable Law, each Obligor further irrevocably agrees to the service of process of any of the aforementioned courts in any suit, action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, return receipt requested, to the Borrower or the Guarantors, as the case may be, at the address referenced in Section 10.3, such service to be effective upon the date indicated on the postal receipt returned from the Borrower or the Guarantors, as the case may be. Nothing in this Agreement or in any other Financing Document shall affect any right that a Financing Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Financing Document against the Borrower or any other Obligor or its Properties in the courts of any jurisdiction.

(c) Each Obligor agrees that it will at all times continuously maintain an agent to receive service of process in the State of New York on behalf of itself and its Properties, and, in the event that for any reason the agent mentioned above shall not serve as agent for an Obligor to receive service of process in the State of New York on its behalf, the relevant Obligor shall promptly appoint a successor reasonably satisfactory to the Administrative Agent so to serve, advise the Administrative Agent thereof, and deliver to the Administrative Agent evidence in writing of the successor agent's acceptance of such appointment. The foregoing provisions constitute, among other things, a special arrangement for service among the parties to this Agreement for the purposes of 28 U.S.C. § 1608.

(d) To the extent any Obligor may, in any action or proceeding arising out of or relating to any of the Financing Documents brought in Mexico or elsewhere, be entitled under any applicable Law to require or claim that any Financing Party post security for costs or take similar action, each Obligor hereby irrevocably waives and agrees, to the extent permitted by law, not to claim the benefit of such entitlement.

10.21. Complete Agreement

. THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS REPRESENT THE FINAL AND COMPLETE AGREEMENT OF THE PARTIES HERETO, AND ALL PRIOR NEGOTIATIONS, REPRESENTATIONS, UNDERSTANDINGS, WRITINGS AND STATEMENTS OF ANY NATURE ARE HEREBY SUPERSEDED IN THEIR ENTIRETY BY THE TERMS OF THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS.

10.22. English Language.

This Agreement and all other Financing Documents shall be in the English language except for any Security Documents required by the laws of Mexico to be in the Spanish language. In the event of any discrepancy between the English version and the Spanish version of the Asset Pledge or the DSRA Pledge, the Spanish version shall prevail. All documents, certificates, reports or notices (including without limitation the Original Financial Statements and any other financial statements required hereunder) to be delivered or communications to be given or made by any party hereto pursuant to the terms of this Agreement or any other Financing Document shall be in the English language or, if originally written in another language, shall be accompanied by an accurate English translation upon which the parties hereto shall have the right to rely for all purposes of this Agreement and the other Financing Documents.

10.23. Confidentiality.

(a) Subject to the provisions of clause (b) of this Section 10.23, each Financing Party agrees that it will maintain confidentiality and will not disclose without the prior consent of the Borrower (other than, on a need-to-know basis only, to its employees, auditors, advisors or counsel or to another Financing Party if such Financing Party or such Financing Party's holding or parent company in its sole discretion determines that any such party should have access to such information, provided such Persons shall be subject to the provisions of this Section 10.23 to the same extent as such Financing Party) any information with respect to Borrower or any of its Subsidiaries or businesses which is now or in the future furnished pursuant to this Agreement or any other Financing Document, provided that any Financing Party may disclose any such information (i) as has become generally available to the public other than by virtue of a breach of this Section 10.23 by the respective Financing Party, (ii) as may be strictly required or appropriate in any report, statement or testimony submitted to any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Financing Party or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (iii) as may be strictly required or appropriate in respect to any summons or subpoena in connection with any litigation, (iv) in order to comply with any law, order, regulation or ruling applicable to such Financing Party, (v) to the Administrative Agent, (vi) to any direct or indirect contractual counterparty in any swap, hedge or similar agreement (or to any such contractual counterparty's professional advisor), so long as such contractual counterparty (or such professional advisor) agrees to be bound by the provisions of this Section 10.23 and (vii) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any Loan Commitment or any interest therein by such Financing Party, provided that such prospective transferee agrees to be bound by the confidentiality provisions contained in this Section 10.23.

(b) Each Obligor hereby acknowledges and agrees that each Financing Party may, on a need-to-know basis only, share with any of its Affiliates, and such Affiliates may share with such Financing Party, any information related to the Borrower, the Guarantors or any of their respective Subsidiaries (including, without limitation, any non-public customer information regarding the creditworthiness of the Borrower, the Guarantors and their respective Subsidiaries), provided that such Persons shall be subject to the provisions of this Section 10.23 to the same extent as such Financing Party.

10.24. Independence of this Agreement from Supply Agreements.

The liability of the Borrower or the Guarantors to make payments to any Lender under this Agreement shall be in no way conditional upon the due performance by the Supplier of the terms of the Supply Agreements or any related contract nor affected by any dispute under or enforceability of the Supply Agreements or any related contract or any claim which the Borrower or the Guarantors may have or consider that it has against the Supplier as aforesaid for any reason whatsoever. A Lender shall not be under any obligation to enquire into the adequacy or enforceability of the Supply Agreements or any related contract or as to whether any default, dispute or non-performance has arisen thereunder. Each Obligor further acknowledges that the Lenders have made no representation or warranty whatsoever with respect to the Supply Agreements or the performance by the Supplier of its obligations thereunder.

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

Comunicaciones Nextel de México, S.A. de C.V., as Borrower

Notice Address:

Paseo de los Tamarindos No. 90, piso 29 Col. Bosques de las Lomas 05120 Mexico, D.F. Mexico Attention: General Counsel Telephone No.: (011 52 55) 4115-3651 Facsimile No.: (011 52 55) 1018-4010 (Ext. 3651)

with a copy to:

NII Holdings, Inc.

1875 Explorer Street, suite 1000 Reston, VA 20190 Attention: Chief Commercial Counsel Facsimile No: +703 390 7170

By: /s/ Juan Enrich Urrea

Chief Financial Officer

By: /s/ Antonio Graza

VP and General Counsel

The Guarantors:

TELETRANSPORTES INTEGRALES S. DE R.L. DE C.V. INVERSIONES NEXTEL DE MEXICO S.A. DE C.V.

NII TELECOM S. DE R.L. DE C.V.

SERVICIOS DE RADIOCOMUNICACION MOVIL DE MEXICO S.A. DE C.V. OPERADORA DE COMUNICACIONES S.A. DE C.V.

NII DIGITAL S. DE R.L. DE C.V.

DELTA COMUNICACIONES DIGITALES S.A. DE C.V. Notice Address for all Guarantors:

Paseo de los Tamarindos No. 90, piso 29 Col. Bosques de las Lomas 05120 Mexico, D.F. Mexico Attention: General Counsel Telephone No.: (011 52 55) 4115-3651 Facsimile No.: (011 52 55) 1018-4010 (Ext. 3651)

with a copy to:

NII Holdings, Inc.

1875 Explorer Street, suite 1000 Reston, VA 20190 Attention: Chief Commercial Counsel Facsimile No: +703 390 7170

On behalf of the Guarantors

By: /s/ Juan Enrich Urrea
Chief Financial Officer

By: /s/ Antonio Graza
VP and General Counsel

CHINA DEVELOPMENT BANK CORPORATION, as Lender

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road Shenzhen 518031, China Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725

By: /s/ Wang Weideng
General Manager

CHINA DEVELOPMENT BANK CORPORATION, as Administrative Agent

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road, Shenzhen 518031, P.R. China.
Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725

By: /s/ Wang Weideng

General Manager

CHINA DEVELOPMENT BANK CORPORATION, as Arranger

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road, Shenzhen 518031, P.R. China.
Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725

By: s/ Wang Weideng
General Manager

DEFINED TERMS AND RULES OF INTERPRETATION

1. Defined Terms.

“Administrative Agent” shall mean China Development Bank Corporation, acting in its capacity as agent for the Lenders pursuant to this Agreement.

“Agent” shall mean the Administrative Agent or the Security Agent.

“Affected Interest Period” shall have the meaning provided in Section 2.11 of this Agreement.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person.

“Agent-Related Persons” shall mean each Administrative Agent and any successor Administrative Agent appointed pursuant to Section 8.9 of this Agreement, together with their respective officers, directors, employees, representatives, attorneys, agents and Affiliates.

“Agreement” shall have the meaning provided in the preamble of this Agreement.

“Applicable Lending Office” shall mean, for each Lender, the “Lending Office” of such Lender (or of an Affiliate thereof) designated in Annex II to this Agreement or such other office of such Lender (or an Affiliate thereof) as such Lender may from time to time specify to the Administrative Agent and the Borrower by written notice in accordance with the terms hereof as the office by which its Loans are to be made and maintained.

“Arranger” shall mean China Development Bank Corporation.

“Asset Pledge” shall mean the first ranking non-possessory pledge over assets agreement entered into on or about the Signing Date between the Pledgors and the Security Agent, in its capacity as *Acreeedor Prendario* thereunder in relation to the pledge of all of the Pledged Assets.

“Assignment and Acceptance” shall have the meaning provided in Section 10.13(b) of this Agreement.

“Attorney Costs” shall mean all reasonable and duly documented fees and disbursements of any law firm or other external counsel of the Lenders.

“Authorized Officer” shall mean, with respect to any Person, any Person who is duly authorized to represent and to obligate that Person in accordance with the Charter Documents of that Person.

“Availability Period” shall mean the period from and including the Signing Date to and including the Final Availability Date.

“Available Loan Commitments” shall mean, at any time and in respect of any Lender, such Lender’s Loan Commitment minus:

- (a) the amount of its participation in any Loans outstanding under this Agreement; and
 - (b) in relation to any proposed Loan under this Agreement, the amount of its participation in any
-

Loans that are due to be made under this Agreement on or before the proposed Disbursement Date.

“Bankruptcy Law” shall mean the laws, regulations, decrees and rules related to bankruptcy in Mexico and any other Law of any jurisdiction relating to bankruptcy, insolvency, liquidation, reorganization, moratorium, winding-up or composition or readjustment of debts or any similar Law.

“Borrower” shall have the meaning provided in the first paragraph of this Agreement.

“Borrowing” shall mean the borrowing of Loans from the Lenders on a given date having the same Interest Period.

“Break Costs” shall mean the amount (if any) by which (a) the interest (excluding the applicable Margin) that a Lender should have received for the period from the date of receipt of all or any part of its Loan or any sum due and payable by the Borrower under any Financing Document but unpaid to the last day of the current Interest Period in respect of such Loan or sum, had the principal amount of such Loan or sum received been paid on the last day of that Interest Period exceeds (b) the amount which such Lender would be able to obtain by placing an amount equal to the principal amount of such Loan or sum received or recovered by it on deposit with a leading bank in the London interbank market for a period starting on the London Banking Day following such receipt of recovery and ending on the last day of the current Interest Period.

“Business Day” shall mean any day except Saturday, Sunday and any day which shall be in New York City, Beijing or Mexico City, a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in any such city.

“Business Plan” shall mean the Borrower’s business plan provided pursuant to Section 3.1(l) and as updated from time to time pursuant to Section 5.1(l).

“Calculation Date” shall mean June 30 and December 31 of each calendar year.

“Change of Control” shall mean (i) when the Borrower ceases, directly or indirectly, to control any of the Guarantors or (ii) when the Parent ceases, directly or indirectly, to control the Borrower. For purposes of this definition, “control” shall mean, with respect to a Person, (i) the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise, and (ii) the ownership (directly or indirectly) of 51% of the entire issued and outstanding share capital of such Person.

“Charter Documents” shall mean, with respect to any Person, the by-laws, or articles of incorporation or association, or incorporation deed, or other similar document of such Person.

“China” shall mean the People’s Republic of China (for purposes of this Agreement, not including Taiwan and the Special Administrative Regions of Hong Kong and Macau).

“Closing Date” shall mean the date upon which the conditions precedent set forth in Section 3.1 of this Agreement have been satisfied (or waived by the Administrative Agent).

“Code” shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

“Commitment Fee” shall have the meaning provided in Section 6.8(c) of this Agreement.

“Competitor” shall mean a Person other than the Borrower and its Affiliates who is engaged in the telecommunications business (including without limitation the delivery or distribution of wireless

telecommunications services (including voice, data or video services) and the acquisition, holding or exploitation of any license relating to the delivery of such wireless telecommunications services) and related activities and services.

“Compliance Certificate” shall mean the certificate of the Borrower substantially in the form attached hereto as Exhibit E.

“Consolidated Cash Balance” shall mean, with respect to the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Mexico GAAP), (i) cash, including Pesos or Dollars, (ii) investment in short term deposits in banks, other similar financial institutions or corporate entities, each of which is investment grade, or subsidiaries or affiliates of such banks or financial institutions (“**Acceptable Entities**”) (being investments maturing in one year or less than one year from the date of deposit including, but not limited to, investments in bank fixed deposits and other bank instruments), (iii) deposits in Acceptable Entities and investments in treasury bills and securities issued by a governmental authority including the Government of Mexico; (iv) any readily marketable debt or equity security that is customarily traded on electronic trading systems or any national or international securities exchange, valued at the most recently available trading price for such security, and for any such security denominated in a currency other than Dollars or Pesos, converted into Dollars or Pesos at the exchange rate noted by a national or international financial institution; (v) repurchase obligations with Acceptable Entities or other creditworthy financial institutions, in each case with a term of not more than seven days for underlying securities of the types described in clauses (ii) and (iv) above and (vi) investment grade commercial paper maturing within one year after the date of acquisition.

“Consolidated EBITDA” shall mean, for any period, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Mexico GAAP), the sum of the following: (a) Consolidated Operating Income plus (b) to the extent deducted in determining Consolidated Operating Income, the sum of (i) all amounts properly charged for depreciation of Fixed Property and amortization of Intangible Property for such period on the consolidated books of the Borrower and its Consolidated Subsidiaries, plus (ii) Consolidated Interest Expense for such period, plus (iii) income tax expense, plus (iv) all other non-cash expenses, minus (c) non-cash gains, to the extent included in determining Consolidated Operating Income.

“Consolidated Indebtedness” shall mean, as at any date, the sum of the aggregate outstanding principal amount of all Indebtedness of the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Mexico GAAP).

“Consolidated Interest Expense” shall mean, for any period, the sum, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Mexico GAAP), of all interest in respect of Indebtedness accrued or capitalized during such period (whether or not actually paid during such period).

“Consolidated Leverage Ratio” shall mean, with respect to the Borrower, the ratio of its Net Debt to its Consolidated EBITDA.

“Consolidated Operating Income” shall mean, for any period, the net income (or net loss) of the Borrower and its Consolidated Subsidiaries for such period (determined on a consolidated basis without duplication in accordance with Mexico GAAP).

“Consolidated Subsidiary” shall mean, with respect to the Borrower or a Guarantor, each Subsidiary of the Borrower or such Guarantor, as the case may be, (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of the Borrower or such Guarantor, as the case may be, in accordance with Mexico GAAP.

“Control” the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting or management power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Credit Agreement” shall mean the US\$187,500,000 term loan credit agreement entered into on or about the Signing Date between the Borrower and China Development Bank Corporation as lender in respect of the Project.

“Default” shall mean any event or circumstance which with notice under the Financing Documents or lapse of time or both would become an Event of Default.

“Default Interest” shall have the meaning provided in Section 2.6(b) of this Agreement.

“Delaware” shall mean the State of Delaware of the United States.

Agreement.

“Disbursement” shall mean disbursement of the Loans pursuant to this

made.

“Disbursement Date” shall mean any date on which a Disbursement is

“Dollars” or “US\$” and the sign “\$” shall each mean freely transferable, lawful money of the United States.

“DSRA” shall mean the debt service reserve account established and maintained by the Borrower with the Security Agent with the account number 7003628575 and all monies standing to the credit of such account together with all rights and interests in relation thereto.

“DSRA Pledge” shall mean the first ranking non-possessory pledge agreement entered into on or about the Signing Date between the Borrower and the Security Agent in respect of the pledge over the DSRA.

“Environmental Claim” shall mean, with respect to any Person, (i) any notice, claim, administrative, regulatory or judicial or equitable action, suit, Lien, judgment or demand by any other Person or (ii) any other written communication by any Governmental Authority, in either case alleging or asserting such Person's liability for investigatory costs, cleanup costs, consultants' fees, governmental response costs, damages to natural resources (including, without limitation, wetlands, wildlife, aquatic and terrestrial species and vegetation) or other Property, property damages, personal injuries, fines or penalties arising out of, based on or resulting from (x) the presence, or Release into the environment, of any Hazardous Material at any location, whether or not owned by such Person or (y) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law or Governmental Approval issued under any Environmental Law.

“Environmental Laws” shall mean any and all Laws, now or hereafter in effect, and any judicial or

administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, human health or safety, or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, groundwater, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or toxic or hazardous substances or wastes.

“ERISA” shall mean the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the Signing Date and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

“Equity Interest” shall mean, at any time, any right or interest in the capital of the Borrower, whether owned directly or indirectly.

“Event of Default” shall have the meaning provided in Section 7.1 of this Agreement.

“Existing Facility” shall mean the US\$296,900,000 facility granted to the Borrower pursuant to that certain amended and restated credit agreement dated June 27, 2006, by and among the Borrower as borrower, the financial institutions parties thereto as lenders, Citibank N.A., as administrative agent, Citigroup Global Markets Inc., as bookrunner and lead arranger, Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero, as bookrunner and syndication agent and ABN Amro Bank N.V., as bookrunner and documentation agent.

“Expropriation Event” shall mean (i) any condemnation, nationalization, seizure or expropriation by a Governmental Authority of all or a substantial portion of the Property of the Borrower or of its share capital, (ii) any assumption by a Governmental Authority of control of all or a substantial portion of the Property or business operations of the Borrower or of its share capital, or (iii) any taking of any action by a Governmental Authority for the dissolution or disestablishment of the Borrower.

“Fee Letter” shall mean any letter or letters between the Borrower and the Arrangers and the Administrative Agent dated of even date hereof, setting out certain reasonable and duly documented fees and expenses payable by the Borrower in connection with the Financing Documents and the consummation of the transactions contemplated therein.

“Final Availability Date” shall mean the date falling thirty six (36) months from the Signing Date.

“Financing Documents” shall mean, collectively, this Agreement, the Guaranty, the Shareholder Undertaking, the Security Documents, the Fee Letter and, each Notice of Borrowing..

“Financing Parties” shall mean, collectively, the Administrative Agent, the Security Agent, the Arranger and the Lenders.

“Fixed Property” shall mean the fixed assets as reflected in its consolidated financial statements.

“Foreign Pension Plan” shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States primarily for the benefit of employees residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA, or to the extent applicable, subject to Subchapter D of the Code.

“Forms” shall have the meaning provided in Section 2.8(b) of this Agreement.

“Governmental Approval” shall mean any authorization, consent, approval, license, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, publication, notice to, declaration of or with, or registration by or with, any Governmental Authority, including the Licenses.

“Governmental Authority” shall mean any government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial or administrative body, domestic or foreign, federal, state or local having jurisdiction over the matter or matters in question, including, without limitation, those in Mexico and the United States.

“Group Chart” shall mean the organization chart of the Guarantors and the Borrower and their respective Subsidiaries (including the Consolidated Subsidiaries) that shows the direct and indirect relationship among the Guarantors, the Consolidated Subsidiaries and the Borrower (including current name, jurisdiction of incorporation and/or establishment and a list of shareholders).

“Guarantors” shall mean those entities listed in Annex III, as updated from time to time to reflect any transaction permitted pursuant to Section 5.13, and a “Guarantor” shall mean any of them.

“Guaranty” shall mean the guaranty of the Guarantors pursuant to Section 9.

“Guaranteed Obligations” shall mean the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal and interest on all Loans made to the Borrower under this Agreement, together with all the other obligations, indebtedness and liabilities (including, without limitation, indemnities, fees and interest (including any interest accruing after the commencement of any bankruptcy, insolvency, receivership or similar proceeding at the rate provided for herein, whether or not such interest is an allowed claim in any such proceeding) thereon) of the Borrower to the Financing Parties now existing or hereafter incurred under, arising out of or in connection with this Agreement and each other Financing Document to which the Borrower is a party and the due performance and compliance by the Borrower with all the terms, conditions and agreements contained in this Agreement and in each such other Financing Document.

“Hazardous Material” shall mean any substance that is regulated or could lead to liability under any Environmental Law, including, but not limited to, any petroleum or petroleum product, asbestos in any form that is or could become friable, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls (PCB’s), hazardous waste, hazardous material, hazardous substance, toxic substance, contaminant or pollutant, as defined or regulated as such under, any applicable Environmental Law.

“Indebtedness” shall mean, with respect to a Person, any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent of such Person for or in respect of (i) amounts borrowed or raised under any loan or credit facility; (ii) the amount of any deferred purchase price of property or services (other than trade payables not overdue by more than ninety (90) days incurred in the ordinary course of business); (iii) all obligations under or in respect of letters of credit or bankers’ acceptances if issued in connection with a transaction in the nature of a borrowing or raising of finance; (iv) all obligations under or evidenced by bonds, debentures, notes or other similar instruments; (v) leases or hire purchase contracts, which would in accordance with Mexico GAAP be treated as finance or capital leases; (vi) any other financial transaction having the effect of a borrowing or giving rise to an obligation on the part of such Person to purchase Indebtedness of another Person or provide collateral in respect thereof; or (vii) the net exposure under any hedging agreements.

“Indemnified Liabilities” shall have the meaning provided in Section of this Agreement.

“Indemnified Person” shall have the meaning provided in Section 10.2(a) of this Agreement.

“Intangible Property” shall mean the intangible assets as reflected in its consolidated financial statements.

“Intellectual Property” shall mean any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, inventions, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered and the benefit of all applications and rights to use such assets.

“Interest Determination Date” shall mean, for the purposes of calculating LIBOR, the second London Banking Day prior to the commencement of any Interest Period relating to such Loan unless market practice differs in the London interbank market in which case the Interest Determination Date will be determined by the Administrative Agent in accordance with market practice in the London interbank market (and if quotations would normally be given by leading banks in the London interbank market on more than one day, the Interest Determination Date will be the last of those days).

“Interest Payment Date” shall mean each April 10 and October 10 before the Loan Maturity Date, except that if any such date is not a Business Day, such Interest Payment Date shall fall on the immediately succeeding Business Day.

“Interest Period” shall have the meaning provided in Section 2.7 of this Agreement

“Investment” in any Person shall mean, without duplication: (a) the acquisition (whether for cash, securities, other Property, services or otherwise) or holding of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of such Person, or any agreement to make any such acquisition or to make any capital contribution to such Person; or (b) the making of any deposit with, or advance, loan or other extension of credit to, such Person.

“Land” shall mean any site upon which the Telecommunications Networks have been or will be installed (including in connection with the Project), together with any fixtures and civil works constructed thereon and any other easements, licenses and other real property rights and interests required in respect thereof.

“Law” shall mean, with respect to any Person (i) any statute, law, regulation, ordinance, rule, judgment, order, decree, permit, concession, grant, franchise, license or other governmental restriction or any official interpretation or administration of any of the foregoing by any Governmental Authority (including, without limitation, Governmental Approvals) and (ii) any directive, guideline, policy, requirement or any similar form of decision of or determination by any Governmental Authority which is binding on such Person, in each case, whether now or hereafter in effect (including, without limitation, in each case, any Environmental Law).

“Lender” shall mean each Lender named on Annex I to this Agreement and any assignee thereof pursuant to Section 10.13 of this Agreement.

“LIBOR” shall mean, with respect to each Interest Period in respect of a Loan, the Screen Rate. If for any reason such rate is not available, the term “LIBOR” shall mean, for any Loan for any Interest Period therefor, the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%) as supplied to the Administrative Agent at its request quoted by the Reference Banks to leading banks in the London interbank market at approximately 11:00 a.m. (London time) on the Interest Determination Date for deposits in Dollars and for a term comparable to such Interest Period.

“Licenses” shall mean, the licenses to install, operate and exploit a public telecommunications network and to use the following frequency bands: 1740 - 1755 MHz for the inferior segment and 2140-2155 MHz for the superior segment within the Mexican territory granted by the Federal Government of Mexico through the Ministry of Communications and Transports to NII Digital S. de R.L. de C.V. on October 1, 2010.

“License Proceedings” shall mean the administrative and/or judicial proceedings described in Annex IV and any other proceeding by or before any Governmental Authority in order to challenge in any matter the granting

of the Licenses notified to the Administrative Agent pursuant to Section 5.2 (a).

“Lien” shall mean, with respect to any Property of any Person, any mortgage, pledge, lien, security interest, charge, or other encumbrance of any kind, or any other type of preferential arrangement (including title transfer and retention arrangements) that has substantially the same practical effect as a security interest.

“Loan” or “Loans” shall have the meaning provided in Section 2.1(a) of this Agreement.

“Loan Commitments” shall mean, with respect of each Lender named on Annex I to this Agreement, the amount set opposite its name in Annex I and, with respect to any other Lender, the amount of any Loan Commitment it acquires, to the extent not cancelled, transferred or reduced under this Agreement.

“Loan Maturity Date” shall mean the date falling ten (10) years from the Signing Date except that if such date is not a Business Day, then the Loan Maturity Date shall be the Business Day immediately preceding the date falling ten (10) years from the Signing Date.

“London Banking Day” shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in London, England.

“Margin” shall mean two point eight percent (2.8%) per annum,

provided that, if, at any time prior to the Final Availability Date, any of the Equity Interests becomes subject to a Lien (other than in favor of the Financing Parties in respect of the Loans), the foregoing rate, as applicable, shall be increased from the date of creation of such Lien until the earlier to occur of the Final Availability Date and the date of unconditional and irrevocable discharge or release of such Lien as follows: (x) by zero point one percent (0.1%) if the Equity Interests subject to such Lien are less than ten percent (10%) of the aggregate Equity Interests, (y) by zero point two percent (0.2%) if the Equity Interests subject to such Lien are ten percent (10%) or more but less than twenty five percent (25%) of the aggregate Equity Interests and (z) by zero point three percent (0.3%) if the Equity Interests subject to such Lien are twenty five percent (25%) or more but less than or equal to forty nine percent (49%) of the aggregate Equity Interests.

“Margin Stock” shall mean margin stock within the meaning of Regulation U and Regulation X.

“Master Services Agreement” shall mean the Master Services Agreement effective as of November 12, 2010 between the Borrower and Huawei Technologies de Mexico, S.A. de C.V. in respect of the provision of certain civil and construction works and services and goods for the implementation of the Project.

“Master Supply Agreement” shall mean the Master Supply Agreement effective as of December 20, 2010 between the Parent and Huawei Technologies de Mexico, S.A. de C.V. in respect of the delivery of telecommunications infrastructure equipment and goods for the implementation of the Project.

“Material Adverse Effect” shall mean a material adverse effect on (i) the business, operations, condition (financial or otherwise) or Property of the Borrower or the Property of the Obligors taken as a whole, (ii) the ability of the Borrower, or the Guarantors taken as a whole, to timely perform any of its obligations under any of the Transaction Documents to which it is a party, (iii) the legality, validity or enforceability of any material provision of any Transaction Document, or (iv) any material rights and remedies of the Financing Parties under any of the Financing Documents.

“Material Indebtedness” shall mean, with respect to any Obligor, any of its Indebtedness that individually (or in the aggregate if it arises out of a series of related transactions or obligations) exceeds US\$50,000,000 (or its equivalent in other currencies) at any time.

“Mexico” shall mean the United Mexican States.

“Mexico GAAP” shall mean the generally accepted accounting principle in Mexico.

“Money Laundering” shall mean, (i) the conversion or transfer of property, knowing it is derived from a criminal offense, for the purpose of concealing or disguising its illegal origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of its actions, (ii) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property knowing that it is derived from a criminal offense, or (iii) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offense.

“Necessary Governmental Approval” shall have the meaning provided in Section 4.7(a) of this Agreement.

“Negotiation Period” shall have the meaning provided in Section 2.11 of this Agreement.

“Net Debt” shall mean, with respect to the Borrower, its Consolidated Indebtedness minus its Consolidated Cash Balance.

“No Liens’ Certificates” means (i) a no lien certificate (*certificado de libertad de gravámenes*) regarding the commercial folio (*folio mercantile*) or equivalent of the Borrower and the Guarantors, issued by the Public Registry of the Property and Commerce (*Registro Público de la Propiedad y del Comercio*) of the social domicile of the Borrower and the Guarantor; and (ii) a no lien certificate or equivalent of the Borrower and the Guarantors, issued by the Movable Property Registry (*Registro Único de Garantías Mobiliarias*).

“Notice of Borrowing” shall have the meaning provided in Section 2.2 of this Agreement.

“Notice Office” shall mean the office of the Administrative Agent located at the address indicated below its signature or such other office, telephone or facsimile number as the Administrative Agent may hereafter designate in writing as such to each of the other parties to this Agreement.

“Officer’s Certificate” shall mean, (i) with respect to the Borrower, an officer’s certificate signed by an Authorized Officer of the Borrower and (ii) with respect to each Guarantor, an officer’s certificate signed by an Authorized Officer of such Guarantor.

“Obligors” shall mean the Borrower and each of the Guarantors.

“Original Financial Statements” shall mean the audited consolidated financial statements of the Borrower, as audited by a reputable Mexican accounting firm to ensure compliance with Mexico GAAP, in each case, as at and for the fiscal year ended on December 31, 2010.

“Parent” shall mean NII HOLDINGS INC., a holding company organized and existing under the laws of Delaware.

“Payment Office” shall mean the office of the Administrative Agent located at the address below its signature or such other office as each such Administrative Agent may hereafter designate in writing as such to each of the other parties to this Agreement.

“Permitted Business” shall mean the telecommunications business including any business conducted or proposed to be conducted (as described in the Parent’s filings with the U.S. Securities and Exchange Commission) by the Borrower and its Subsidiaries on the Signing Date (which include, without limitation, the delivery or distribution of wireless telecommunications services (including voice, data or video services) and the acquisition, holding or exploitation of any license relating to the delivery of such wireless telecommunications services) and related, ancillary or complimentary businesses, activities and services.

“Permitted Disposals” shall mean, with respect to any Obligor’s assets (excluding the Licenses):

- (a) disposals on arm’s length terms in the ordinary course of trading of the disposing entity;
- (b) disposals of assets in exchange for other assets comparable or superior in type, value and quality;
- (c) disposals of assets which are worn out, obsolete or have been replaced;
- (d) disposals arising under Section 5.13(a);

disposals with the consent of the Administrative Agent;

Transaction;

- (e) disposals arising pursuant to a Permitted Sale Leaseback ;
- (f) disposals among the Obligors on arm’s length terms;
- (g) disposals (on arm’s length terms) of the licenses to install, operate and exploit a public telecommunications network and to use the following frequency bands: 1900-1905 MHz for the inferior segment and 1980-1985 for the superior segment within the States of Nuevo León, Tamaulipas and Coahuila, excluding the municipalities of Torreon, Francisco I. Madero, Matamoros, San Pedro and Viesca located in the State of Coahuila, Mexico, granted by the Federal Government of Mexico through the Ministry of Communications and Transports to NII Digital S. de R.L. de C.V. on October 1, 2010.; and
- (h) any other disposals of assets transacted on arm’s length terms provided that the aggregate amount received by the Borrower in respect of such disposals does not exceed US\$20,000,000 (or its equivalent in other currencies) in any twelve (12) month period;.

“Permitted Liens” shall mean, with respect to any of the Obligors,

- (a) the Transaction Lien;
 - (b) Liens for taxes, assessments and governmental charges or levies on such Obligor that are not yet delinquent or due or which are being contested in good faith by appropriate actions or proceedings, provided that adequate reserves with respect thereto are maintained in accordance with Mexico GAAP on the books of such Obligor;
 - (c) Liens arising by operation of law in the ordinary course of business and not for borrowed money securing obligations that are not overdue for a period of more than thirty (30) days;
 - (d) Liens incurred in connection with workers’ compensation claims, unemployment insurance, social security benefits and similar legislation or to secure public or statutory obligations;
 - (e) Liens in favor of any Governmental Authority of Mexico arising from the bidding or acquisition of radio spectrum licenses that are necessary, complementary or ancillary for the Borrower’s telecommunication business to the extent required by applicable laws or applicable auction rules and regulations;
 - (f) Liens on any Fixed Property or Intangible Property (excluding the Licenses, the Pledged Assets except as otherwise expressly permitted under the Asset Pledge and the DSRA except as otherwise expressly
-

permitted under the DSRA Pledge) acquired after the Signing Date; (g) easements, rights-of-way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its intended purposes;

(h) Liens in favor of any other Obligor;

(i) Liens to secure the performance of bids, tenders or other contracts (other than contracts for any Indebtedness) to the extent required in the ordinary course of business;

(j) Liens on any other Property of the Obligor provided that such Liens are also created in favor of the Security Agent (for the benefit of the Financing Parties) on a *pari passu* basis; and

(k) Liens on Property existing as of the Signing Date (excluding the Licenses) other than the Properties subject to Liens pursuant to items (a) to (j) above the aggregate book value of which (determined as of such determination date) is, at any time, no more than the greater of (i) US\$300,000,000 less the book value of such Properties (existing as of the Signing Date) subject to Permitted Sale Leaseback Transactions and (ii) (A) 10% of the difference between the Total Assets and the aggregate book value of Properties subject to Liens pursuant to items (a), (f), (i) and (j) above minus (B) the book value of such Properties (existing as of the Signing Date) subject to the Permitted Sale Leaseback Transactions.

“Permitted Related Party Transactions” shall mean:

(a) transactions between the Borrower and an Affiliate of the Borrower for the provision of intercompany services and licensing agreements, provided that such intercompany agreements (i) are on an arms’ length basis, (ii) comply with, if any, the conditions for related party transactions adopted by the board of directors or equivalent corporate governing body of the Borrower and the relevant Affiliate;

(b) a Permitted Disposal;

(c) a merger permitted under Section 5.13(a); and

(d) the payment of dividends and share redemptions in accordance with Section 5.24.

“Permitted Sale Leaseback Transaction” shall mean a transaction or arrangement (or a series of transactions or arrangements) pursuant to which the Borrower and/or any of its Subsidiaries sells or otherwise transfers for value its Telecommunications Towers, and as part of such transaction, thereafter rents or leases such Telecommunications Towers, provided that (i) the obligations under any such sale and leaseback transaction shall be deemed a Consolidated Indebtedness of the Borrower; and (ii) any such sale and leaseback transaction shall not be permitted upon the occurrence and continuation of a Default or an Event of Default.

“Person” shall mean any individual, corporation, limited liability company, company, voluntary association, partnership, joint venture, trust, or other enterprises or unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

“Pesos” or “pesos” shall mean the lawful currency of Mexico.

“Principal Payment Dates” shall mean, collectively, the first Interest Payment Date immediately following the expiry of the Availability Period and thereafter, each next succeeding Interest Payment Date; provided that the last Principal Payment Date shall be the Loan Maturity Date.

“Pledged Assets” shall have the meaning given to the term *“Bienes Pignorados”* in the Asset Pledge,

being all fixed assets of the Pledgors procured under the Purchase Orders and Sinosure Purchase Orders which are financed by the Loans hereunder or the loans under the Sinosure Credit Agreement.

“Pledgors” shall mean NII DIGITAL S. DE R.L. DE C.V. and any other Obligor which becomes a Pledgor (*Deudor Prendario*) pursuant to and in accordance with the Asset Pledge.

“Process Agent” shall have the meaning provided in Section 10.20(b) of this Agreement.

“Project” shall have the meaning provided in the first recital of this Agreement.

“Property” shall mean any property, Licenses, assets of any kind whatsoever, whether present or future, whether real, personal or mixed and whether tangible or intangible, and any right or interest therein.

“Purchase Order” shall mean a purchase order issued by the Borrower at any time in accordance with any of the Supply Agreements for financing hereunder.

“Rate Determination Notice” shall have the meaning provided in Section 2.11 of this Agreement.

“Reference Banks” shall mean the principal office in London of Bank of China, Citibank N.A. and Barclays Bank PLC or such other banks as may be appointed by the Administrative Agent from time to time (acting on the instructions of the Required Lenders) in consultation with the Borrower.

“Register” shall have the meaning provided in Section 8.10 of this Agreement.

“Regulation U” shall mean Regulation U of the Board of Governors of the Federal Reserve system (or any successor).

“Regulation X” shall mean Regulation X of the Board of Governors of the Federal Reserve system (or any successor).

“Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Hazardous Material, but excluding (i) emissions from the engine exhaust of a motor vehicle and (ii) the normal application of fertilizer).

“Repeating Representations” shall mean each of the representations, warranties or agreements set out in Sections 4.1, 4.2, 4.5, 4.8, 4.9(a), 4.12, 4.15, 4.19, 4.24, 4.25 and 4.26.

“Required Lenders” shall mean the Lenders holding at least sixty six and two thirds (662/3%) of the aggregate outstanding principal amount of the Loans or, if no Loans have been made, at least sixty six and two thirds (662/3%) of the Loan Commitments.

“Scheduled Principal Payments” shall mean the scheduled amounts payable in respect of the principal of the Loans pursuant to Section 6.1 of this Agreement.

“Screen Rate” shall mean, with respect to each Interest Period in respect of a Loan, the British Bankers’ Association Interest Settlement Rate for Dollars for a term comparable to such Interest Period, displayed on page LIBOR01 of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Administrative Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Lender.

“Security Agent” shall mean HSBC Mexico, S.A., acting in its capacity as security agent for the

Lenders pursuant to the Security Sharing Agreement, including any successors, permitted assigns and permitted transferees of HSBC México, S.A. as appointed under the Security Sharing Agreement.

“Security Documents” shall mean the Asset Pledge, the DSRA Pledge and any other document designated as a Security Document by the Financing Parties.

“Security Sharing Agreement” shall mean the security sharing and collateral agency agreement entered into on or about the Signing Date among the Administrative Agent, the Security Agent and the lenders parties thereto in respect of the *pari passu* sharing of the Pledged Assets under the Asset Pledge.

“Shareholder Undertaking” shall mean the undertaking entered into on or about the Signing Date between, among others, the Parent and the Administrative Agent.

“Signing Date” shall have the meaning provided in the preamble of this Agreement.

“Sinosure Credit Agreement” shall mean the US\$187,500,000 term loan credit agreement entered into on or about the Signing Date between the Borrower and China Development Bank Corporation as lender in respect of the Project.

“Sinosure Purchase Orders” shall mean the Purchase Orders being financed under the Sinosure Credit Agreement.

“Subsidiary” shall mean, in relation to any Person, any other Person, (i) which is controlled, directly or indirectly, by the first mentioned Person; (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned Person; or (iii) which is a Subsidiary of another Subsidiary of the first mentioned Person, and for purposes of this definition, a Person shall be treated as being controlled by another if that other Person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

“Substitute Basis” shall have the meaning provided in Section 2.11 of this Agreement.

“Suppliers” shall mean (i) Huawei Technologies Co. Ltd. and (ii) Huawei Technologies de México, S. A. de C.V., being at all times prior to the first Principal Payment Date, a Subsidiary of Huawei Technologies Co. Ltd., and their respective subsidiaries (each a “Supplier”).

“Supplier’s Certificate” shall mean the certificate issued by the Supplier substantially in the form of Exhibit D hereto.

“Supply Agreements” shall mean collectively and indistinctively the Master Services Agreement and the Master Supply Agreement.

“Taking” shall mean any circumstance or event, or series of circumstances or events (including an Expropriation Event), in consequence of which the Project or any portion thereof shall be condemned, nationalized, seized, compulsorily acquired or otherwise expropriated by any Governmental Authority under power of eminent domain or otherwise. The term “Taken” shall have a correlative meaning.

“Taxes” shall have the meaning provided in Section 2.8(a) of this Agreement.

“Tax Benefit” shall have the meaning provided in Section 2.8(c) of this

“Telecommunications Networks” shall mean the 3G telecommunications networks being deployed and/or to be deployed by the Borrower or its Affiliates in Mexico.

“Telecommunications Towers” means telecommunications towers and related equipment necessary for the operation of the Telecommunications Networks, including, without limitation, real property and/or ground leases, licenses, permits, authorizations or other applicable governmental approvals, and certain warranty rights; but excluding certain wireless telecommunications equipment.

“Total Assets” shall mean the aggregate amount of assets as reflected in its most recent financial statements delivered pursuant to Section 5.1.

“Total Liabilities” shall mean the aggregate outstanding principal amount of all Indebtedness as reflected in its most recent financial statements delivered pursuant to Section 5.1.

“Total Net Worth” shall mean Total Assets minus Total Liabilities.

“Transaction Documents” shall mean, collectively, the Financing Documents, the Sinosure Credit Agreement and the Supply Agreements.

“Transaction Lien” shall mean the Liens created or expressed to be created in favor of the Security Agent (for the benefit of the Financing Parties) pursuant to the Security Documents.

“United States” and “U.S.” shall each mean the United States of America.

“VAT” shall mean value added taxes and any other tax of a similar nature.

2. Rules of Interpretation. In each Financing Document, unless otherwise indicated:

(a) each reference to, and the definition of, any document (including any Financing Document) shall be deemed to refer to such document as it may be amended, supplemented, revised or modified from time to time in accordance with its terms and, to the extent applicable, the terms of this Agreement;

(b) each reference to a Law or Governmental Approval shall be deemed to refer to such Law or Governmental Approval as the same may be amended, supplemented or otherwise modified from time to time;

(c) any reference to a Person in any capacity includes a reference to its permitted successors and assigns in such capacity and, in the case of any Governmental Authority, any Person succeeding to any of its functions and capacities;

(d) references to days shall refer to calendar days unless Business Days are specified; references to weeks, months or years shall be to calendar weeks, months or years, respectively;

(e) all references to a “Section,” “Appendix,” “Annex,” “Schedule” or “Exhibit” are to a Section of such Financing Document or to an Appendix, Annex, Schedule or Exhibit attached thereto;

(f) the table of contents and Section headings and other captions therein are for the purpose of reference only and do not affect the interpretation of such Financing Document;

(g) defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders;

(h) the words “hereof”, “herein” and “hereunder”, and words of similar import, when used in any Financing Document, shall refer to such Financing Document as a whole and not to any particular provision of such Financing Document;

(i) the words “include,” “includes” and “including” are deemed to be followed by the phrase “without limitation”;

(j) where the terms of any Financing Document require that the approval, opinion, consent or other input of any party be obtained, such requirement shall be deemed satisfied only where the requisite approval, opinion, consent or other input is given by or on behalf of the relevant party in writing;

(k) all references to the “Administrative Agent”, the “Arranger”, the “Security Agent”, any “Financing Party” or any “Lender” shall be construed so as to include its successors, permitted assigns and permitted delegates; and

(l) any reference to a document shall be deemed to include all exhibits, annexes, appendices and schedules thereto.

CREDIT AGREEMENT

among

COMUNICACIONES NEXTEL DE MEXICO, S.A. DE C.V. as Borrower

THE GUARANTORS SIGNATORIES HERETO
as Guarantors

CHINA DEVELOPMENT BANK CORPORATION
as Lender

CHINA DEVELOPMENT BANK CORPORATION
as Administrative Agent and

CHINA DEVELOPMENT BANK CORPORATION
as Arranger

Dated as of July 12, 2011

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APPENDICES:

Appendix A Defined Terms and Rules of Interpretation

EXHIBITS:

Exhibit A Form of Notice of Borrowing
 Exhibit B Form of Process Agent Letter
 Exhibit C Form of Assignment and Acceptance
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 Exhibit E Form of Compliance Certificate

ANNEXES:

Annex I Loan Commitments
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 Annex III Guarantors
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CREDIT AGREEMENT (this "Agreement"), dated as of July 12, 2011 ("Signing Date"), among (i) COMUNICACIONES NEXTEL DE MEXICO, S.A. DE C.V., a *sociedad anónima de capital variable* organized and existing under the laws of Mexico (the "Borrower"), (ii) the persons listed in Annex III (the "Guarantors"), (iii) CHINA DEVELOPMENT BANK CORPORATION in its capacity as lender (the "Lender"), (iv) CHINA DEVELOPMENT BANK CORPORATION in its capacity as administrative agent (the "Administrative Agent") and (v) CHINA DEVELOPMENT BANK CORPORATION in its capacity as arranger (the "Arranger").

W I T N E S S E T H:

WHEREAS, certain Obligors intend to acquire infrastructure equipment and related services and to commission certain civil and construction works from the Supplier for the build-out and deployment of the Telecommunications Networks in Mexico, further details of which are more fully described in the Supply Agreements (the "Project");

WHEREAS, in order to finance the acquisition of such infrastructure equipment, related services and the commissioning of civil and construction works from the Supplier for the Project, the Borrower has requested the Lender to provide the credit facility described herein;

WHEREAS, the Lender is willing to provide the credit facility described herein upon the terms and conditions herein set forth;

WHEREAS, each Guarantor is an asset holding or revenue generating Subsidiary of the Borrower;

WHEREAS, each Guarantor acknowledges that it will, directly or indirectly, derive substantial benefit from the making of the Loans; and

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter contained, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND RULES OF INTERPRETATION.

1.1. Defined Terms. Except as otherwise expressly provided herein, capitalized terms used in this Agreement and its Schedules and Exhibits shall have the respective meanings assigned to such terms in Appendix A hereto.

1.2. Rules of Interpretation. Except as otherwise expressly provided herein, the rules of interpretation set forth in Appendix A hereto shall apply to this Agreement.

1.3. Accounting Principles. Except as otherwise provided in this Agreement, all computations and determinations as to financial matters, and all financial statements to be delivered under this Agreement shall be made or prepared in accordance with Mexico GAAP (including principles of consolidation where appropriate) applied on a consistent basis (except to the extent approved or required by the independent public accountants certifying such statements and disclosed therein).

SECTION 2. AMOUNTS AND TERMS OF CREDIT FACILITY.

2.1 The Loans.

(a) Subject to and upon the terms and conditions set forth herein, each Lender severally agrees to make, during the Availability Period, loans (each a "Loan" and, collectively, the "Loans") to the Borrower, which Loans shall (i) be made and maintained in Dollars, (ii) not exceed for any Lender, in aggregate principal amount,

that amount which equals the Loan Commitment of such Lender, (iii) mature on the Loan Maturity Date, and (iv) only be applied towards the payments of up to 85% of the amounts due and payable by the Borrower under Purchase Orders placed pursuant to or under the Supply Agreements; provided that the aggregate amount of Non-Chinese Content of the Purchase Orders submitted for financing hereunder shall not exceed forty percent (40%) of the aggregate amount of all such Purchase Orders, being US\$88,235,294.

(b) The Loans are available only on the terms and conditions specified hereunder, and once repaid, in whole or in part, at maturity or by prepayment, may not be reborrowed in whole or in part.

2.2 Notice of Borrowing.

(a) Whenever the Borrower desires to make a Borrowing hereunder, it shall give the Administrative Agent at its Notice Office at least five (5) Business Days' prior written notice; provided, that any such notice shall be deemed to have been given on a certain day only if given before 11:00 a.m. (Beijing time) on such day, and if any such notice is received after 11:00 a.m. (Beijing time) on a certain day, such notice shall be deemed to have been given on the following day. Each such notice (a "Notice of Borrowing") shall be irrevocable and shall be given by the Borrower substantially in the form of Exhibit A hereto, appropriately completed to specify, *inter alia*: (i) the aggregate principal amount of the Loans to be made pursuant to such Borrowing; (ii) the proposed date of such Borrowing (which shall be a Business Day) and (iii) the account details of the Supplier or the Borrower, as applicable. The Administrative Agent shall promptly give each Lender at least one (1) Business Day's prior written notice of the proposed Borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

(b) The Borrower shall deliver no more than one (1) Notice of Borrowing in each calendar month and each Notice of Borrowing shall only request one (1) Loan.

2.3 Pro Rata Borrowings: Availability.

(a) Each Borrowing shall be incurred ratably among the Lenders based upon the amount of their respective Loan Commitments. It is agreed that no Lender shall be responsible for any default by any other Lender of its obligation to make a Loan hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder regardless of the failure of any other Lender to make a Loan hereunder.

(b) T h e L o a n C o m m i t m e n t s s h a l l b e m a d e a v a i l a
shall any Loans be available after the Final Availability Date.

2.4 Disbursement of Funds.

Subject to the terms and conditions hereof, no later than 11:00 a.m. (Beijing time) on the date specified in each Notice of Borrowing, each Lender will make available, through such Lender's Applicable Lending Office, its *pro rata* portion of the aggregate amount of the Loans requested to be made on such date, in Dollars and in immediately available funds at the Payment Office of the Administrative Agent, and the Administrative Agent will pay the aggregate of the amounts so made available by the Lenders directly to the bank account of the Supplier as specified by the Borrower in the Notice of Borrowing. Unless the Administrative Agent shall have been notified by any Lender prior to the applicable date of the Borrowing that such Lender does not intend to make available to the Administrative Agent such Lender's portion of the Borrowing on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent shall, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender on demand. The Administrative Agent shall also be entitled to recover on demand from such Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate *per annum* equal to the

cost to

the Administrative Agent of acquiring overnight federal funds at the then applicable rate. Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to make a Loan hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any failure by such Lender to make Loans hereunder.

2.5 Evidence of Obligations.

Each Lender will maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender as a result of the Loans of such Lender, including the amounts of principal, interest and other amounts payable and paid to such Lender from time to time under this Agreement. Absent manifest error, the entries made by each Lender pursuant to the foregoing sentence shall constitute prima facie evidence, of the existence and amounts of the Loans and other obligations therein recorded; provided, however, that the failure of any Lender to maintain such account or accounts shall not in any manner affect the obligations of the Borrower to repay or pay the Loan made by such Lender, accrued interest thereon and the other obligations of the Borrower to such Lender hereunder in accordance with the terms of this Agreement. Each Lender will advise the Borrower of the outstanding Indebtedness hereunder to such Lender upon written request therefor.

2.6 Interest.

(a) The Borrower agrees to pay interest in respect of the unpaid and outstanding principal amount of each Loan from its Disbursement Date until the maturity of such Loan (whether by acceleration or otherwise), at a rate *per annum* which shall, during each Interest Period applicable thereto, be equal to the sum of (i) LIBOR in effect for such Interest Period and (ii) the applicable Margin.

(b) Overdue principal, interest and any other amount under or in connection with this Agreement shall bear interest (by way of liquidated damages and not as penalty) at a rate which is equal to the sum of (i) LIBOR in effect from time to time, (ii) the applicable Margin, and (iii) two per cent (2%) *per annum*, with such default interest (“Default Interest”) to be payable on demand.

(c) Accrued (and theretofore unpaid) interest shall be payable on each Interest Payment Date and, in respect of each Loan, on the date of any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) or, after such maturity, on demand. Notwithstanding the foregoing, Default Interest payable in accordance with Section 2.6(b) shall be payable as provided therein.

(d) On each Interest Determination Date, the Administrative Agent shall determine the LIBOR for the applicable Interest Period to be applicable to the Loans or to any portion thereof and shall promptly notify the Borrower and the Lenders thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

2.7 Interest Periods.

The interest period (an “Interest Period”) applicable to all Loans shall be a six (6) month period; provided, however, that:

(a) all Loans comprising the same Borrowing shall have the same Interest Periods;

(b) the initial Interest Period for any Loan shall commence on the Disbursement Date of such Loan and end on (but not include) the next succeeding Interest Payment Date, and each Interest Period occurring

thereafter in respect of such Loan shall commence on (and include) an Interest Payment Date and end on (but not include) the next succeeding Interest Payment Date;

(c) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(d) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day; and

(e) any Interest Period that would otherwise extend beyond the Loan Maturity Date shall instead end on the Loan Maturity Date.

2.8 Net Payments.

(a) All payments made by the Borrower hereunder or under any other Financing Document will be made without setoff, counterclaim or other similar defense. All such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, in the case of any Lender, any tax imposed on or measured by the net income, revenue, or gross receipts of such Lender pursuant to the laws of the jurisdiction in which it is organized or the jurisdiction in which the principal office or Applicable Lending Office of such Lender is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Taxes"). If any Taxes are so levied or imposed, the Borrower agrees to pay such additional amounts as may be necessary so that the net amount received by the relevant Financing Party hereunder or under any other Financing Document, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Financing Document as if the corresponding deduction or withholding had not been made. The Borrower will furnish to the Administrative Agent within thirty days after the date of the payment of any Taxes due pursuant to applicable law evidence of such payment in form and substance reasonably satisfactory to the Administrative Agent. The Borrower agrees to indemnify and hold harmless each Lender, and reimburse such Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender.

(b) Each Lender and the Administrative Agent agree to complete in good faith and execute and deliver to the Borrower, in a timely manner, such form, certificates, information or documentation relating to such Lender or Administrative Agent to establish the extent to which any payments to such Lender or Administrative Agent are exempt from, or are entitled to a reduction of withholding or deduction of any Taxes (collectively, the "Forms"). Notwithstanding anything to the contrary herein, neither any Lender nor the Administrative Agent shall be required to provide any Forms pursuant to this Section 2.8(b) unless (i) such Forms are required by law as a condition to, or evidence of entitlement to, relief or exemption in whole or in part from any Taxes, (ii) such Lender or the Administrative Agent is legally entitled to complete, execute and deliver such Forms and (iii) the Borrower shall have timely provided to such Lender or the Administrative Agent a written notice requesting that such Lender or the Administrative Agent execute and deliver such Forms together with the Forms and the official instructions thereto, if any.

(c) If the Borrower pays any additional amount under this Section 2.8 to a Lender and such Lender determines in its sole discretion that it has actually received or realized in connection therewith any refund or any reduction of, or credit against, its Tax liabilities in or with respect to the taxable year in which the additional amount is paid (a "Tax Benefit"), such Lender shall pay to the Borrower an amount that the Lender shall, in good faith, determine is equal to the net benefit, after tax, which was obtained by the Lender in such year as a consequence of such Tax Benefit; provided, however, that (i) any Lender may determine, in its sole discretion consistent with the policies of such Lender, whether to seek a Tax Benefit; (ii) nothing in this Section 2.8(c) shall require any Lender to disclose any confidential information to the Borrower (including, without limitation, its tax returns); and (iii) no

Lender shall be required to pay any amounts pursuant to this Section 2.8(c) at any time when a Default or Event of Default exists.

2.9 Illegality.

(a) If, on or after the date hereof, the introduction of any Law, or any change in any Law, or in the official interpretation or administration of any Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Lender to make or to maintain its participation in a Loan, then:

(a) that Lender shall promptly provide written notice thereof to the Borrower through the Administrative Agent, setting out the relevant circumstances;

(b) on written notice thereof, any obligation of that Lender to make such Loan shall be suspended and the Loan Commitments of that Lender shall be immediately cancelled;

(c) the Borrower agrees to take all reasonable steps to obtain, as quickly as possible after receipt of such Lender's request for prepayment pursuant to this Section 2.9, any Governmental Approvals then required in connection with such prepayment; and

(d) the Borrower shall repay that Lender's participation in the Loans made to the Borrower on the Interest Payment Date immediately occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the written notice delivered to the Borrower through the Administrative Agent (being no earlier than (i) the last day of any applicable grace period permitted by law, or (ii) twenty (20) Business Days after the delivery date of the written notice from the Lender, whichever occurs later) without any Break Cost, premium, penalty or fee of any nature.

2.10 Increased Costs and Reduction of Return.

(a) If any Lender shall have determined, in good faith (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto), at any time that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Loan (other than any increased cost or reduction in the amount received or receivable resulting from the imposition of or a change in any tax imposed on or measured by the net income, revenue, or gross receipts or similar charges or otherwise compensated for Taxes under Section 2.8) because of any change in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the official interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, and including the introduction, after the Signing Date, of any new law or governmental rule, regulation, order, guideline or request then, and in any such event, the Borrower shall pay to such Lender, within thirty (30) days of written demand therefor, such additional reasonable and duly documented amounts as shall be required to compensate such Lender for such increased costs or reductions in amounts received or receivable hereunder; provided, however, that before making any such demand each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender (a written notice by such Lender as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Lender, shall, absent manifest error, be final and conclusive and binding on all parties hereto).

(b) If a Lender requests compensation under Section 2.10 or if the Borrower is required to pay additional amounts to any Lender under Section 2.8 as a result of any internal reorganization of such Lender, then such Lender shall, in good faith consultation with the Borrower, take commercially reasonable steps to mitigate any circumstances giving rise to the gross-up under Section 2.8 or the indemnification under this Section 2.10, failing which, the Borrower shall be entitled to designate a Replacement Lender under Section 2.13. A Lender need not take

any such steps if such Lender determines, in its reasonable opinion, that to do so would be materially prejudicial to it (it being understood that it is not prejudicial to the Lender to bear costs that the Borrower is willing to reimburse).

2.11 Inability to Determine Rates.

If, on or prior to the first day of any Interest Period (an "Affected Interest Period"): (a) the Administrative Agent determines that, by reason of circumstances affecting the London interbank market, LIBOR cannot be determined pursuant to the definition thereof; or (b) the Required Lenders determine and notify the Administrative Agent that the relevant rate of interest referred to in the definition of "LIBOR" upon the basis of which the rate of interest for Loans for such Affected Interest Period is to be determined will not be adequate to cover the cost to such Lenders of making or maintaining its Disbursements for such Affected Interest Period; or (c) the Screen Rate is not available or the Screen Rate is zero or negative and none or only one of the Reference Banks supplies a rate to the Administrative Agent to determine LIBOR for the relevant Interest Period, the Administrative Agent shall give notice thereof (a "Rate Determination Notice") to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given, during the thirty (30) day period following such Rate Determination Notice (the "Negotiation Period") the Administrative Agent and the Borrower shall negotiate in good faith with a view to agreeing upon a substitute interest rate basis (having the written approval of all Lenders) for the Disbursements that shall reflect the cost to the Lenders of funding their Disbursements from alternative sources (a "Substitute Basis"), and if such Substitute Basis is so agreed upon during the Negotiation Period, such Substitute Basis shall apply in lieu of LIBOR to all Interest Periods commencing on or after the first day of the Affected Interest Period, until the circumstances giving rise to such notice have ceased to apply. During the Negotiation Period, the Lenders are not obliged to fund any Disbursement unless and until a Substitute Basis is agreed upon. If a Substitute Basis is not agreed upon during the Negotiation Period, each Lender shall, subject to compliance with applicable Mexican laws and regulations, determine (and shall certify from time to time in a certificate delivered by such Lender to the Administrative Agent setting forth in reasonable detail the basis of the computation of such amount) the rate basis reflecting the cost to such Lender of funding its Loans for the Interest Period commencing on or after the first day of the Affected Interest Period, until the circumstances giving rise to such notice have ceased to apply, and such rate basis shall be binding upon the Borrower and such Lender and shall apply in lieu of LIBOR, as applicable, for the relevant Interest Period.

2.12 Survival.

The agreements and obligations of the Borrower in Sections 2.8, 2.10 and 2.11 shall survive the payment of the Loans and all other obligations under the Financing Documents.

2.13 Replacement Lender.

(a) If at any time, the Borrower becomes obliged to prepay any amount in accordance with Section 2.9 or pay any compensation under Section 2.10 to any Lender, then the Borrower shall have the right, at its sole expense and effort and provided that no Default or Event of Default then exists or would exist after giving effect to such replacement, on twenty (20) Business Days prior written notice to the Administrative Agent and such Lender, to replace such Lender by requiring such Lender to (and such Lender shall) assign and delegate, without recourse, pursuant to Section 10.13 all (and not part only) of its rights and obligations under this Agreement to a Lender or another bank or financial institution (a "Replacement Lender") selected by the Borrower for a purchase price in cash payable at the time of assignment equal to the outstanding principal amount of such Lender's participation in the outstanding Loans and all accrued interest, fees, and other amounts payable in relation thereto under the Financing Documents. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

(b) The replacement of a Lender pursuant to this Section 2.13 shall be subject to the following conditions: (i) all obligations of the Borrower then owing to the replaced Lender (other than those specifically described in paragraph (a) above in respect of which the assignment purchase price has been paid but including all

amounts, if any, owing under any Financing Document) which will be paid in full to such replaced Lender concurrently with such replacement, (ii) the Borrower shall have no right to replace the Administrative Agent or Security Agent; (iii) neither the Administrative Agent nor the Lender shall have any obligation to the Borrower to find a Replacement Lender, (iv) in no event shall the Lender replaced under this Section 2.13 be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Financing Documents.

(c) The Replacement Lender shall enter into the Assignment and Acceptance pursuant to Section 10.13 pursuant to which the Replacement Lender shall acquire all of the Available Loan Commitments and outstanding Loans of the replaced Lender. Upon receipt by the replaced Lender of all amounts required to be paid to it pursuant to this Section 2.13, the Administrative Agent shall be entitled (but not obligated) and is authorized (which authorization is coupled with an interest) to execute the Assignment and Acceptance on behalf of such replaced Lender and any such Assignment and Acceptance so executed by the Administrative Agent and the Replacement Lender shall be effective for purposes of this Section 2.13 and Section 10.13. Upon the execution of the Assignment and Acceptance, the payment of amounts referred to in paragraphs (a) and (b) above, recordation of the assignment on the Register by the Administrative Agent pursuant to Section 8.10, the Replacement Lender shall become a Lender hereunder and the replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 2.8, 2.9, 2.10, 2.11, 10.1, 10.2), which shall survive as to such replaced Lender.

SECTION 3. CONDITIONS PRECEDENT.

3.1. Conditions to Initial Disbursement of Loans.

The obligation of any Lender to make its initial Loan shall be subject to the conditions precedent that the Administrative Agent shall have received, or shall have waived receipt of, the following, each of which shall be in form and substance satisfactory to the Administrative Agent (acting on the instructions of all Lenders), and that the other conditions set forth below shall have been satisfied or waived by the Administrative Agent (acting on the instructions of all Lenders):

(a) Transaction Documents.

(i) Each of the Transaction Documents (other than the Asset Pledge and the DSRA Pledge) shall have been executed and delivered by each party thereto. Each Lender and the Administrative Agent shall have received an original of each Transaction Document to which it is a party duly executed by all parties thereto, a copy of each other Transaction Document.

(ii) The Asset Pledge shall have been (A) duly authorized and executed by each party thereto before a notary public or commercial notary public in Mexico and (B) registered and filed (including the filing of a duly notarized Asset Pledge before the Movable Property Registry (*Registro Único de Garantías Mobiliarias*) and the delivery to the Security Agent of evidence of such filing (*boleta*)) and in all aspects perfected to provide the first ranking priority Lien intended to be provided therein and all fees and costs and expenses in relation thereto have been duly paid or discharged.

(iii) The DSRA Pledge shall have been (A) duly authorized and executed by each party thereto before a notary public in Mexico and (B) registered and filed (including the filing of a duly notarized DSRA Pledge before the Movable Property Registry (*Registro Único de Garantías Mobiliarias*) and the delivery to the Security Agent of evidence of such filing (*boleta*)) and in all aspects perfected to provide the first ranking priority Lien over the DSRA intended to be provided therein and all fees and costs and expenses in relation thereto have been duly paid or discharged.

(iv) The Administrative Agent shall have received a certified Spanish translation of each

Financing Document other than the Asset Pledge and the DSRA Pledge.

(b) Charter Documents. The Administrative Agent shall have received the following documents, each certified as indicated below:

(i) a copy of each Charter Document (including the articles of incorporation and current by-laws of the (*escritura constitutiva*)) of each Obligor;

(ii) the No Liens' Certificates for each of the Obligors issued no earlier than thirty (30) days prior to the Closing Date;

(iii) an Officer's Certificate of the Borrower dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of the Charter Documents of the Borrower, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or other equivalent body) of the Borrower, (1) approving the transactions contemplated by the Financing Documents, (2) authorizing the execution, delivery and performance of the Financing Documents to which the Borrower is or is intended to be a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (3) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by the Borrower under such Financing Documents (including the Notice of Borrowing) and dispatch all documents and notices to be signed and/or dispatched by the Borrower under or in connection with the Financing Documents, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the execution, delivery and performance of the Master Services Agreement and the terms, conditions and transactions contemplated under such Master Services Agreement have been duly approved and authorized by the board of directors (or other equivalent body) as the case may be, of the Borrower, (D) as to the name, incumbency and specimen signature of each officer of the Borrower (identified as per B(3) above) executing the Financing Documents to which the Borrower is intended to be a party and each other document to be delivered by the Borrower from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from the Borrower) and (E) the good standing of the Borrower;

(iv) an Officer's Certificate of each Guarantor, dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of its Charter Documents, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by its board of directors (or a committee of the board of directors or other equivalent body), as the case may be, (1) approving the giving of the Guaranty, (2) authorizing the execution, delivery and performance of the Financing Documents to which it is a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (3) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by it under such Financing Documents and dispatch all documents and notices to be signed and/or dispatched by it under or in connection with the Financing Documents, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that, where applicable, the acquisition of goods, equipment and services from the Supplier under the Supply Agreements has been duly approved and authorized, (D) as to the name, incumbency and specimen signature of each of its officer (identified as per (3) above) executing the Financing Documents to which it is a party and each other document to be delivered by it from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from it) and (E) the good standing of such Guarantor; and

(v) an Officer's Certificate of the Parent, dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of its Charter Documents, as in effect at all times from the date on which

the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by its board of directors (or a committee of the board of directors or other equivalent body), as the case may be, (1) authorizing the execution, delivery and performance of the Financing Documents to which it is a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (2) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by it under such Financing Documents and dispatch all documents and notices to be signed and/or dispatched by it under or in connection with the Financing Documents, and that such resolutions have not been modified, rescinded or amended and are in full force and effect, (C) that the execution, delivery and performance of the Master Supply Agreement by the Parent and the terms, conditions and transactions contemplated under the Master Supply Agreement have been duly approved and authorized, (D) as to the name, incumbency and specimen signature of each of its officer (identified as per (2) above) executing the Financing Documents to which it is a party and each other document to be delivered by it from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from it) and (E) the good standing of the Parent.

(c) Governmental Approvals.

(i) The Administrative Agent shall have received originals (or copies certified by an Authorized Officer of the Borrower to be true and complete copies) of all the Licenses.

(ii) There shall have been no change or proposed change in any applicable Law, and no issuance of any order, writ, injunction or decree of any Governmental Authority or arbitral tribunal, which, in either such case, could reasonably be expected to have a Material Adverse Effect.

(d) Borrower's Certificate. The Administrative Agent shall have received an Officer's Certificate of the Borrower, dated the Closing Date, to the effect that: (i) any borrowing or similar limit binding on the Borrower will not be breached as a result of the Borrower borrowing Loans up to the total Loan Commitments and (ii) the copy of each document delivered by or on behalf of it pursuant to this Section 3.1 is a true, correct and complete copy of its original and except as delivered pursuant to Section 3.1(a), there are no agreements, side letters or other documents to which the Borrower is a party which have the effect of modifying or supplementing in any respect any of the respective rights or obligations of the Borrower or the Supplier under any of the Transaction Documents to which the Borrower or the Supplier is a party.

(e) Guarantor's Certificate. The Administrative Agent shall have received an Officer's Certificate of each Guarantor, dated the Closing Date, to the effect that (i) any guaranteeing or similar limit binding on it will not be breached as a result of its guaranteeing Loans up to the total Loan Commitments and (ii) the copy of each document delivered by or on behalf of it pursuant to this Section 3.1 is a true, correct and complete copy of its original and except as delivered pursuant to Section 3.1(a), there are no agreements, side letters or other documents to which it is a party which have the effect of modifying or supplementing in any respect any of the respective rights or obligations of it under any of the Transaction Documents to which it is a party.

(f) Financial Information. The Administrative Agent shall have received copies of the Original Financial Statements together with a certificate from the chief financial officer, treasurer or financial controller of the Borrower, dated the Closing Date, to the effect that, to the best of such officer's knowledge, no event or change has occurred since the date of such financial statements that could reasonably be expected to have a Material Adverse Effect.

(g) Process Agent. The Administrative Agent shall have received (i) a copy of a letter from CT Corporation accepting its appointment as process agent in New York for each Obligor, in substantially the form of Exhibit B hereto or in the form provided and customarily adopted by CT Corporation, (ii) a copy of the relevant public instrument formalizing the power of attorney duly granted by each Obligor in favor of CT Corporation, in

terms satisfactory to the Administrative Agent and in accordance with applicable laws and (iii) evidence that all payment due and payable to CT Corporation by each Obligor have been duly paid or discharged.

(h) Legal Opinions. The Administrative Agent shall have received a copy of each of the following legal opinions, which legal opinions shall be dated the Closing Date and addressed to each Financing Party:

(i) a legal opinion of White & Case LLP, New York counsel to the Administrative Agent and the Lender, as to matters of enforceability of the Financing Documents under New York law, in form and substance satisfactory to each Financing Party;

(i) a legal opinion of White & Case LLP, Mexican counsel to the Administrative Agent and the Lender, as to matters of good standing, execution, delivery, and performance with respect to each Obligor in form and substance satisfactory to each Financing Party; and

(ii) a legal opinion of Morris James LLP, Delaware counsel to the Administrative Agent and the Lenders, as to matters of good standing, execution, delivery, and performance with respect to the Parent in form and substance satisfactory to each Financing Party.

(i) Fees. The Financing Parties shall have received all fees and expenses required to be paid or reimbursed under the Fee Letter and the Administrative Agent shall have received evidence that any stamp or similar taxes accrued or payable in connection with the transactions contemplated hereby, and that are payable by the Borrower in accordance with the Financing Documents, have been unconditionally and irrevocably paid in full.

(j) Supplier Documentation. The Administrative Agent shall have received each of the following:

(i) copy of the signed letter of undertaking from the Supplier addressed to China Export and Credit Insurance Corporation in the form of Buyer's Export Credit Insurance Commitments;

(ii) written confirmation from the Suppliers addressed to the Administrative Agent (for the benefit of all Financing Parties) certifying that (A) all Authorizations required or advisable in China and any other applicable jurisdiction in connection with the Supply Agreements have been obtained and are in full force and effect and (B) it shall provide the Administrative Agent with such additional information and documentation and certification as it may reasonably request from time to time in connection with the SinSURE Insurance and/or the Transaction Documents;

(iii) written confirmation signed by the Suppliers and the Parent or by the Suppliers and the Borrower, as applicable, confirming that (A) the effective date of each Supply Agreement to which they are party has occurred, (B) each Supply Agreement is in full force and effect and constitutes the valid, legal and binding obligations of the parties thereto and there has been no material breach of any Supply Agreement;

(iv) a list, certified by an Authorized Officer of the Supplier, as to the name, incumbency and specimen signature of each person authorized to sign certificates, confirmations and undertakings required hereunder (including all Supplier Certificates) and any other document that the Supplier may present to the Administrative Agent or the Lenders from time to time (and for all purposes of this Agreement the Administrative Agent shall be entitled to rely on the information provided pursuant to the foregoing and on any further such letter notifying the Administrative Agent of the names and specimen signatures of persons so authorized) accompanied by the Supplier's undertaking to update information therein contained in the event of any changes; and

(k) Foreign Corrupt Practices Act. The Administrative Agent shall have received an Officer's Certificate of the Borrower and an Officer's Certificate of each Guarantor, each dated the Closing Date, stating that, to the best of its knowledge, neither it nor any of its officers, directors, employees, agents or Affiliates, acting on its behalf, has taken any action in connection with the Project or the transactions contemplated herein that violates the Foreign Corrupt Practices Act of the United States, if applicable, or any similar Law in Mexico or any other jurisdiction,

if applicable.

(l) Group Chart; Business Plan. The Administrative Agent shall have received a copy of the Group Chart and the Borrower's most updated Business Plan.

(m) Supply Agreements. The Administrative Agent shall have received a copy of each Supply Agreement certified by an Authorized Officer of the Supplier as a true, complete and accurate copy of its original.

(n) Existing Facility. The Administrative Agent shall have received a written confirmation from Citibank N.A. in its capacity as administrative agent under the Existing Facility that all amounts due and payable under the Existing Facility have been unconditionally and irrevocably discharged in full and no lender thereunder shall be obliged to make any further advances.

(o) Others. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Transaction Documents shall be reasonably satisfactory in form and substance to the Administrative Agent.

3.2 Initial and Subsequent Loans.

The obligation of any Lender to make its initial Loan or any subsequent Loan on any Disbursement Date shall be subject to the following conditions precedent unless such condition is waived by the Administrative Agent (acting on the instructions of all Lenders):

(a) Notice of Borrowing. The Administrative Agent shall have received the Notice of Borrowing pursuant to and in compliance with Section 2.2 in respect of the Borrowing.

(b) Supplier's Certificate. The Administrative Agent shall have received a Supplier's Certificate in respect of a Loan.

(c) Representations and Warranties. In relation to any Disbursement on the Closing Date, all the representations and warranties of the Obligors contained in Section 4 hereof shall be true and correct in all material respects, or, in relation to any Disbursement after the Closing Date, the Repeating Representations shall be true and correct in all material respects on and as of such Disbursement Date as if made on and as of such date and in each case, will remain true and correct in all material respects immediately after the Disbursement except for those representations and warranties that refer to a particular date or period.

(d) No Default. No Default or Event of Default shall have occurred and be continuing or would occur as a result of any Disbursement.

(e) Compliance Certificate. The Administrative Agent shall have received a certificate signed by an Authorized Officer of the Borrower in form and substance satisfactory to the Administrative Agent confirming compliance by the Borrower with the financial covenants set out in Section 5.22 on the basis of the Borrower's most recent consolidated financial statements delivered pursuant to Sections and 5.1(b).

(f) Expenses. The Borrower shall have paid or arranged for the payment when due (including, to the extent permitted, arrangement for payment out of Disbursements) of all expenses and other charges payable by it on or prior to such Disbursement Date under this Agreement or under any other Financing Document.

(g) Supply Agreements. The Administrative Agent shall have received each of the following:

(i) evidence in form and substance satisfactory to the Administrative Agent that at least 15% of the amounts due and payable with respect to the corresponding Purchase Orders issued under the Supply

Agreements have been irrevocably paid to the Supplier;

- (ii) a copy of each Purchase Order to be financed by the relevant Loan;
- (iii) a copy of each invoice issued in respect of the Purchase Order(s) being financed by the relevant Loan;
- (iv) a copy of such additional documentation and information as is necessary (as reasonably determined by the Administrative Agent) in connection with the Sinasure Insurance;
- (v) for deliveries of goods and materials (excluding software and licensing purchases), a copy of (A) the certificate of country of origin, (B) the insurance certificate, and (C) the transportation document (bill of lading or airway bill, as the case may be);
- (vi) for Loans intended to finance payment obligations in connection with provisional acceptance of a site, cluster or system, a copy of the signed provisional acceptance certificate or evidence of deemed acceptance (such evidence to be in the form specified in the applicable Supply Agreement), or a copy of the signed final acceptance certificate; and for each training module, a copy of a signed certificate of module completion.

(h) Material Adverse Effect. There has been no Material Adverse Effect or any disruption in the international or domestic markets which could be reasonably expected to have a Material Adverse Effect.

The acceptance of the proceeds of each Loan shall constitute a certification by the Borrower to the Lender confirming the satisfaction of the conditions set forth in clauses (a) through (h) of this Section 3.2 upon the making of such Loan.

SECTION 4. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Lenders to enter into this Agreement and to make the Loans, (a) the Borrower makes the following representations, warranties and agreements (only in respect of itself and its Subsidiaries that are not Guarantors, where applicable) as of the Signing Date and the Closing Date, and makes the Repeating Representations (only in respect of itself) as of the date of each Notice of Borrowing, each Disbursement Date and each Interest Payment Date, in each case by reference to the facts and circumstances then existing, except that the reference in Section 4.4 to Original Financial Statements shall, after the delivery of the Original Financial Statements, be deemed to be a reference to the most recent financial statements delivered pursuant to Section 5.1 and (b) each Guarantor makes the representations, warranties and agreements (only in respect of itself) contained in Sections 4.1, 4.2, 4.3, 4.5, 4.6(b), 4.7, 4.8(c), 4.9, 4.10, 4.11, 4.14, 4.15, 4.16, 4.19, 4.20, 4.21, 4.22, 4.23, 4.24, 4.25 and 4.26 as of the Signing Date and the Closing Date, and makes the Repeating Representations (only in respect of itself) as of the date of each Notice of Borrowing, each Disbursement Date and each Interest Payment Date, in each case by reference to the facts and circumstances then existing:

4.1. Organization.

Each Obligor is (i) duly organized, validly existing and in good standing under the laws of Mexico (ii) duly authorized and qualified to do business and is in good standing in its jurisdiction of incorporation and in jurisdictions in which the conduct of its business requires it to so qualify. Each Obligor has the requisite corporate power and authority to own or lease and operate its Properties, to carry on its business, to borrow money and to execute, deliver and perform each Transaction Document to which it is or will be a party.

4.2. Authority and Consents.

- (a) The execution, delivery and performance by each Obligor of each Transaction Document to
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which it is or will be a party, and the transactions contemplated by the Transaction Documents: (i) have been duly authorized by all necessary corporate action; (ii) will not breach, contravene, violate, conflict with or constitute a default under (A) any of its Charter Documents, (B) any applicable Law or (C) any contract, loan, agreement, indenture, mortgage, lease or other instrument to which it is a party or by which it or any of its Properties may be bound or affected, including all Governmental Approvals (other than the Existing Facility); and (iii) will not result in or require the creation or imposition of any Lien upon or with respect to any of its Properties other than a Permitted Lien.

(b) Each Transaction Document to which an Obligor is a party (i) has been duly executed and delivered by such Obligor and (ii) when executed and delivered by each of the other parties thereto will be the legal, valid and binding obligation of such Obligor, as the case may be, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by insolvency, moratorium, *concurso mercantil*, bankruptcy or similar laws affecting the enforcement of creditors' rights generally.

(c) All authorizations required to make the Transaction Documents to which an Obligor is a party admissible in evidence in its jurisdiction of incorporation have been obtained or effected and are in full force and effect.

4.3. Governing Law and Enforcement.

(a) The choice of governing law of the Financing Documents will be recognized and enforced in the relevant jurisdictions.

(b) Any judgment obtained in relation to a Financing Document in the jurisdiction of the governing law of that Financing Document will be recognized and enforced in the relevant jurisdictions provided that (i) such judgment is obtained in compliance with the legal requirements of the jurisdiction of the court rendering such judgment; (ii) process in the action has been served personally to the defendant or a duly appointed agent; (iii) such judgment is rendered in an *in personam* action (as opposed to an *in rem* action); (iv) such judgment does not contravene the public policy of Mexico or any international treaty binding upon Mexico or generally accepted principles of international law; (v) the applicable procedure under the laws of Mexico with respect to the enforcement of foreign judgments (including the issuance of letters rogatory by the competent authority of such jurisdiction requesting enforcement of such judgment and the certification of such judgment as authentic by the corresponding authorities of such jurisdiction in accordance with the laws thereof) is complied with; (vi) the action in respect of which such judgment is rendered is not the subject matter of a lawsuit among the same parties pending before a Mexican court; (viii) the courts of the jurisdiction which issued such judgment recognize the principles of reciprocity in connection with the enforcement of Mexican judgments in such jurisdiction; (ix) such judgment is final in the jurisdiction where obtained; and (x) the documents relating to the judgment rendered shall have been translated into Spanish by a translator approved by the Mexican courts before which enforcement is requested.

4.4. Financial Condition.

(a) The Original Financial Statements have been prepared in accordance with Mexico GAAP and fairly present the financial condition of the Borrower as at such dates and the results of its operations for the periods ended on such dates.

(b) None of the Obligors has any outstanding material obligations or liabilities, fixed or contingent, except as disclosed in the Original Financial Statements or otherwise disclosed to the Administrative Agent in writing prior to the Closing Date.

(c) Since the date of the most recent financial statements delivered pursuant to Section 5.1, there has been no event or condition which would have or could reasonably be expected to have a Material Adverse Effect.

4.5. No Misleading Information.

All documents, reports or other written information provided to a Financing Party by or on behalf of an Obligor under the Financing Documents and the transactions contemplated thereby is accurate and not misleading in any material respect and all projections provided to any Financing Party have been prepared in good faith on the basis of assumptions which were deemed reasonable at the time at which they were prepared and supplied; and all other written information provided by or on behalf of an Obligor under the Financing Documents was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect. No Obligor is aware of any circumstance that would render the information referred to above materially inaccurate or misleading.

4.6. Litigation: Labor Disputes.

(a) Other than the License Proceedings, (i) there is no action, suit, bankruptcy proceeding (*concurso mercantil*), other legal proceeding, arbitral proceeding, inquiry or investigation pending or, to the best of the Borrower's knowledge, threatened, against it by or before any Governmental Authority or in any arbitral or other forum, nor any order, decree or judgment in effect, pending, or, to the best of the Borrower's knowledge, threatened, that has a reasonable possibility of being adversely determined and if adversely determined, may have a Material Adverse Effect; and (ii) there are no ongoing, or, to the best knowledge of the Borrower, currently threatened, strikes, slowdowns or work stoppages by the employees of the Borrower that could reasonably be expected to have a Material Adverse Effect.

(b) Other than the License Proceedings, there is no action, suit, other legal proceeding, arbitral proceeding, inquiry or investigation pending or, to the best of each Guarantor's knowledge, threatened, against it by or before any Governmental Authority or in any arbitral or other forum, nor any order, decree or judgment in effect, pending, or, to the best of each Guarantor's knowledge, threatened, that has a reasonable possibility of being adversely determined and if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(c) The License Proceedings do not and could not reasonably be expected to have a Material Adverse Effect.

4.7. Governmental Approvals.

(a) All Governmental Approvals (including the Licenses) (i) necessary in connection with the legality, validity, binding effect, enforceability, due execution and delivery of the Transaction Documents and performance by each Obligor of its obligations and the exercise of its rights under the Financing Documents to which it is party or any transaction contemplated by the Financing Documents and (ii) materially necessary in connection with the performance by each Obligor of its obligations and the exercise of its rights under, the Supply Agreements to which it is party (collectively, the "Necessary Governmental Approvals"), have been duly obtained or made, were validly issued, are in full force and effect, are final, are held in the name of the relevant Obligor and are free from conditions or requirements the compliance with which could reasonably be expected to have a Material Adverse Effect or which the Obligors do not reasonably expect to be able to satisfy. To the best of each Obligor's knowledge, no event has occurred that could reasonably be expected to (A) result in the revocation, termination or adverse modification of any such Necessary Governmental Approval or (B) adversely affect any rights of any Obligor under any such Necessary Governmental Approval.

The information set forth in each application submitted by or on behalf of an Obligor in connection with each Necessary Governmental Approval and in all correspondence sent by or on behalf of an Obligor in respect of each such application was accurate and complete in all material respects at the time of the corresponding filing.

4.8. Use of Proceeds.

(a) The proceeds of the Loans will be used solely towards the payment of up to 85% of the amounts due and payable under Purchase Orders placed pursuant to or under the Supply Agreements, provided that the aggregate amount of Loans applied towards the amounts payable under the Supply Agreements in relation to

Non-Chinese Content shall not exceed forty percent (40%) of Purchase Orders placed pursuant to or under the Supply Agreements.

(b) Neither the Borrower nor any of the Pledgors is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock and no part of the proceeds of any Loan will be used to purchase or carry any Margin Stock.

(c) The making or guaranteeing of any Loan and the use of the proceeds thereof will not violate or be inconsistent with the provisions of Regulation U or Regulation X.

4.9. Employee Benefit Plans.

(a) None of the Obligor or any of their respective Subsidiaries has incurred any material obligations in connection with the termination, withdrawal from, or payment of benefits under any Foreign Pension Plan. All material contributions and/or withholdings required to be made by the Borrower and its Subsidiaries with respect to a Foreign Pension Plan, if applicable, have been made.

(b) None of the Obligor or any of their respective Subsidiaries has ever maintained or contributed to, or had any obligation to contribute to (or borne any liability with respect to) any "employee benefit plan," within the meaning of Section 3(3) of ERISA and subject to ERISA.

4.10. Taxes.

(a) Each Obligor has filed or caused to be filed all Tax returns that are required to be filed by it and has paid or caused to be paid all Taxes shown to be due and payable by it on such returns or on any assessment received by it, except to the extent that any such Taxes are being diligently contested in good faith and by proper proceedings and as to which adequate accounting reserves have been provided. There is no action, suit, proceeding, investigation, audit, or claim now pending or, to the best knowledge of each Obligor that could reasonably be expected to have a Material Adverse Effect.

(b) No liability for any tax will be incurred by any Obligor as a result of the execution, delivery or performance of this Agreement or any other Financing Document or the consummation of the transactions contemplated hereby or thereby except for withholding tax as may be imposed on the remittance of payment of interest, fees, commissions and other expenses from Mexico under the Laws of Mexico.

4.11. No Filing or Stamp Taxes.

Under the Laws of Mexico, it is not necessary (i) that the Financing Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction except as otherwise expressly provided for in the Asset Pledge or the DSRA Pledge (ii) or that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Financing Documents or the transactions contemplated by the Financing Documents other than such stamp, registration, notarial and other similar Taxes or fees which have already been paid or discharged or which will be paid or discharged as contemplated with the Financing Documents.

4.12. Investment Company Act.

The Borrower has not taken any action that could result in the Borrower falling within the definition of, and the Borrower is not, an "investment company" or a company "controlled" by an "investment company" within the meaning of the Investment Company Act.

4.13. Regulation.

The Borrower has made all declarations and filings with and possess all Governmental Approvals

that are necessary (i) to give effect to the Financing Documents and (ii) for the Borrower to operate its business of offering telecommunications services in Mexico and engage in all activities as is currently engaged by the Borrower and other than the License Proceedings, the Borrower has not received notice or has knowledge of any limitation, restriction or revocation (actual, pending or, to the best knowledge of the Borrower, threatened) of any such Governmental Approval that could reasonably be expected to have a Material Adverse Effect.

4.14. Environmental Matters.

Each Obligor has complied and is now complying in all material respects with (i) all Environmental Laws applicable to the Project and (ii) the requirements of any Governmental Approvals issued under such Environmental Laws with respect to the Project.

(a) There are no facts, circumstances, conditions or occurrences regarding the Project that (i) to the knowledge of the Borrower (after due inquiry), could reasonably be anticipated to form the basis of an Environmental Claim against the Project, the Borrower or any of its Subsidiaries which, if adversely determined, could reasonably be expected to have a Material Adverse Effect.

(b) There are no past, pending, or, to the best knowledge of the Borrower, threatened, Environmental Claims against the Borrower or any of its Subsidiaries or the Project which, individually or in the aggregate, could reasonably be expected to have a Material Adverse Effect.

4.15. No Default.

No Default has occurred and is continuing.

4.16. Compliance with Laws.

None of the Obligors is in violation of any Law, Necessary Governmental Approval or its Charter Documents which has or could reasonably be expected to have a Material Adverse Effect.

4.17. Liens.

(a) Except for the Permitted Liens, no Liens exist over all or any of the Properties of any Obligor.

(b) Except for Liens arising under items (a), (b), or (d) of the definition of “Permitted Liens”, no Liens exist over all or any of the Pledged Assets or the DSRA.

(c) No Lien exists over any of the Licenses.

4.18. Intellectual Property.

The Borrower (i) is the sole legal and beneficial owner of or has licensed to it all the Intellectual Property which is material in the context of its business and which is required by it to carry on its business as it is being conducted, (ii) to its knowledge, does not, in carrying on its businesses, infringe any Intellectual Property of any third party which has or could reasonably be expected to have a Material Adverse Effect; and (iii) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it.

4.19. Good Title.

(a) Each Obligor has a good, valid and marketable title to, or valid leases or licenses of, and all

appropriate authorizations to use, the Properties necessary in all material respects to carry on the business as presently conducted.

(b) All Pledged Assets are legally and beneficially owned by the Pledgors.

(c) The DSRA is legally and beneficially owned by the Borrower.

4.20. Ranking.

(a) The rights and claims of the Financing Parties against any of the Obligors under the Financing Documents at all times rank at least *pari passu* with all present and future unsecured and unsubordinated Indebtedness of such Obligor except those creditors whose claims are mandatorily preferred by laws of general application to companies.

(b) The Transaction Lien has or will have first ranking priority and is not subject to any prior ranking or *pari passu* ranking Lien.

4.21. Group Chart.

The Group Chart delivered to the Administrative Agent hereunder is true, complete and accurate in all material respects.

4.22. Solvency.

(a) No corporate action, legal proceeding or other procedure or step described in Sections 7.1(e), 7.1(g), 7.1(h) or creditors' process described in Section 7.1(l) has been taken or, to the knowledge of the Borrower, threatened in relation to it.

(b) Except as otherwise disclosed in Annex IV, no corporate action, legal proceeding or other procedure or step described in Sections 7.1(e), 7.1(g), 7.1(h) or creditors' process described in Section 7.1(l) has been taken or, to the knowledge of any Guarantor, threatened in relation to such Guarantor.

4.23. No Adverse Consequences.

It is not necessary under the laws of its relevant jurisdictions, (i) in order to enable any Financing Party to enforce its rights under any Financing Document, or (ii) by reason of the execution of any Financing Document or the performance by it of any of its obligations under any Financing Document, that any Financing Party should be licensed, qualified or otherwise entitled to carry on business in any of its relevant jurisdictions.

(a) No Financing Party is or will be deemed to be resident, domiciled or carrying on business in its relevant jurisdictions by reason only of the execution, performance and/or enforcement of any Financing Document.

4.24. Immunity.

Each Obligor is subject to civil and commercial law with respect to its obligations under the Financing Documents to which it is party, and the execution, delivery and performance of the Financing Documents by it constitute private and commercial acts rather than public or governmental acts. None of the Obligors or any of their respective Properties has any immunity from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment, set-off, execution of a judgment or from any other legal process with respect to the obligations of such Obligor under the Financing Documents.

4.25. Availability and Transfer of Foreign Currency.

(a) There are no registrations or requirements that limit the availability or transfer of foreign exchange for the purpose of the performance by an Obligor of its obligations under this Agreement or any other Transaction Document to which it is a party, including without limitation the payment in Dollars of all sums due thereunder.

(b) No change in Law, nor any change in the official interpretation or administration of any Law, has occurred that could adversely impact (a) the ability of the Borrower to maintain Dollar accounts outside of Mexico and to transfer amounts from and outside of Mexico as necessary to meet its obligations under the Transaction Documents; and (b) the ability of an Obligor to use Dollars as necessary to perform all of its obligations under the Transaction Documents, including the making of payments in Dollars to the Financing Parties contemplated in the Financing Documents, unless such impact could not reasonably be expected to have a Material Adverse Effect.

4.26. Trading with the Enemy Act.

Each Obligor represents and warrants to the Financing Parties that none of the execution, delivery and performance of this Agreement nor any of the other Financing Documents, nor, to the best of their knowledge (after due inquiry), the use of the proceeds of the Loans made hereunder, will violate the Trading with the Enemy Act, as amended, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended) or any enabling legislation or executive order relating thereto.

SECTION 5. COVENANTS.

Each of the Obligors, as applicable, covenants and agrees with each of the Lenders that, so long as any Loan Commitment or any Loan or any other obligation is outstanding and until payment in full of all amounts payable by the Borrower under the Financing Documents:

5.1. Financial Statements and Other Information.

The Borrower shall deliver or cause to be delivered to the Administrative Agent:

(a) Annual Financial Statements. As soon as available and in any event within 120 days after the end of each fiscal year of the Borrower a copy of the audited consolidated annual financial statements (including statements of income, retained earnings and cash flow) of the Borrower, audited by an independent and reputable certified public Mexican accountant of recognized international standing to ensure compliance with Mexico GAAP;

(b) Semi-annual Financial Statements. As soon as available and in any event within sixty (60) days after the end of each fiscal half-year of the Borrower, a copy of its unaudited consolidated semi-annual financial statements (including statements of income, retained earnings and cash flow);

(c) Certificate. Together with each set of financial statements delivered pursuant to Section 5.1(a) or 5.1(b) above, a certificate of the chief financial officer, treasurer or financial controller of the Borrower certifying that (i) the financial statements are true and complete and fairly represents the consolidated financial conditions of the Borrower at the date such financial statements were drawn up and are prepared in accordance with Mexico GAAP and (ii) no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing what action has been taken and is proposed to be taken with respect thereto);

(d) Financial Ratio. Together with each set of financial statements delivered pursuant to Section 5.1(a) or 5.1(b) above, (i) a detailed calculation of the financial ratios set forth in Section 5.22 (*Financial Ratios*) as tested as of the Calculation Date immediately falling prior to the delivery of such financial statements for the period of twelve (12) months ending on such Calculation Date, certified by the chief financial officer, treasurer or financial controller of the Borrower, and (ii) a Compliance Certificate;

(e) Defaults.

(i) Promptly after any officer or director of an Obligor knows or has a reasonable basis to believe that any Default or Event of Default has occurred, a written notice of such event describing the same in reasonable detail satisfactory to the Administrative Agent and, together with such notice, a description of what action has been taken and is proposed to be taken with respect thereto;

(iii) Promptly after any officer or director of an Obligor becomes aware that an event of default (howsoever described) has occurred under any Material Indebtedness and/or that any of its Indebtedness has been accelerated by holder(s) of such Indebtedness as a result of an event of default (howsoever described) under such Indebtedness, a written notice describing the same in detail;

(f) Documents to Shareholders. Promptly after dispatch to the shareholders or creditors of the Borrower, all material documents dispatched by the Borrower to its shareholders generally (or any class of them) or to its creditors generally (or any class of them), to the extent such disclosure would not cause a breach of any confidentiality undertaking binding on the Borrower or non-compliance of any applicable Laws;

(g) "Know Your Client". Promptly upon the request of the Administrative Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent in order for the Financing Parties to carry out and be satisfied they have complied with all necessary "know your client" or other similar checks under all applicable Laws pursuant to the transactions contemplated in the Financing Documents;

(h) Capital and Organizational Structure. As soon as available, upon any change in the Borrower's share capital and any material change to the Group Chart involving the Borrower or any Guarantor, details of such change;

(i) Notices. Promptly after delivery or receipt thereof, a copy of each material notice, demand or other communication given or received by the Borrower pursuant to or relating to any of the Transaction Documents (including all requests for amendments or waivers) or pursuant to or relating to any Necessary Governmental Approval;

(j) Authorized Signatory. Promptly after any change to any person specified as an authorized signatory of the Borrower or a Guarantor in the resolutions delivered pursuant to Section 3.1(b), details of such change and the specimen signatures of any new authorized signatory;

(k) Business Plan. Promptly after a new or materially updated Business Plan becomes available, such new or updated Business Plan;

(l) Mergers and Disposals. Details of any proposed mergers by an Obligor or a disposal of an Obligor, in each case, as permitted under Section 5.13, at least thirty (30) days prior to the proposed completion date of such merger or such disposal; and

(m) Other Information. From time to time such other information regarding the financial condition, operations, business or prospects of the Obligors as may be reasonably requested by the Administrative Agent or the Security Agent.

5.2. Other Notices.

Each Obligor shall promptly, but in any event no later than fifteen (15) Business Days, after any officer or director obtains actual knowledge thereof, give to the Administrative Agent notice of:

(a) any pending or threatened application or proceeding by or before any Governmental Authority for the purpose of revoking, terminating, withdrawing, suspending, modifying in an adverse manner or withholding any Necessary Governmental Approval held by or issued to it;

(b) any litigation, investigation or proceeding (including any request by any Person for arbitration proceeding) affecting it, a Consolidated Subsidiary or the Project or in which injunctive, declaratory or similar relief is requested which, if adversely determined, could reasonably be expected to have a Material Adverse Effect;

(c) any (i) Taking, or (ii) other casualty, damage or loss to any Property of the Borrower, whether or not insured, through fire, theft, other hazard or casualty, in excess of US\$20,000,000 (or its equivalent in other currencies) (either in a single event or a series of events in any twelve (12) month period); and

(d) any other event, circumstance, development or condition which could reasonably be expected to have a Material Adverse Effect.

5.3. Maintenance of Existence; Conduct of Business.

Each Obligor shall (i) take all actions to maintain all material rights, privileges, titles to property, franchises and the like necessary in the normal conduct of its business, activities or operations and (ii) comply with all of its contractual obligations if failure to so comply could reasonably be expected to have a Material Adverse Effect.

5.4. Compliance with Laws

Each Obligor shall conduct its business in compliance with all applicable requirements of Law, including all relevant Governmental Approvals and Environmental Laws, except where any failure to comply would not individually or in the aggregate have a Material Adverse Effect, and except that it may contest by appropriate proceedings conducted in good faith the validity or application of any such requirement of Law, so long as (a) none of the Financing Parties would be subject to any criminal liability for failure to comply therewith, and (b) all proceedings to enforce such requirement of Law against the Financing Parties shall have been duly stayed.

5.5. Payment of Taxes.

Each Obligor shall duly pay and discharge before they become overdue (a) all taxes, assessments and other governmental charges or levies imposed upon it or its Property, income or profits, (b) all utility and other governmental charges incurred in the ownership, operation, maintenance, use, occupancy and upkeep of its business, (c) all fees, duties and charges payable in connection with the stamp taxes as set forth in Section 4.11 and (d) all lawful claims and obligations that, if unpaid, might result in the imposition of a Lien upon its Property (except for any Liens arising under item (b) of the definition of "Permitted Liens"); provided, however, that an Obligor may contest in good faith any such tax, assessment, charge, levy, claim or obligation and, in such event, may permit the tax, assessment, charge, levy, claim or obligation to remain unpaid during any period, including appeals, when it is in good faith contesting the same by proper proceedings, so long as (i) adequate reserves as required under Mexico GAAP shall have been established with respect to any such tax, assessment, charge, levy, claim or obligation, accrued interest thereon and potential penalties or other costs relating thereto, or other adequate provisions shall have been made and (ii) enforcement of the contested item shall be effectively stayed within the applicable statutory terms.

5.6. Accounting and Financial Management.

Each of the Borrower and the Pledgors shall (a) maintain reasonably adequate management information and cost control systems, and (b) maintain a system of accounting in which full and correct entries shall be made of all of its financial transactions and assets and business in accordance with Mexico GAAP. In the event that the Borrower or a Pledgor replaces its existing auditors for any reason, the Borrower or such Pledgor shall appoint and maintain as auditors another firm of independent public accountants, which firm shall be internationally recognized.

5.7. Governmental Approvals.

Each Obligor shall: (i) from time to time obtain and maintain, and comply with, all Necessary Governmental Approvals as shall now or hereafter be required under applicable Laws and (ii) intervene in and contest any proceeding which seeks or may reasonably be expected, to rescind, terminate, modify in an adverse manner or suspend any Necessary Governmental Approval and, if reasonably requested by the Required Lenders, appeal any such rescission, termination, adverse modification or suspension in the manner and to the full extent permitted by applicable Law (provided that the obligations of each Obligor under this Section 5.7 shall not in any way limit or impair the rights or remedies of the Financing Parties under any Financing Document directly or indirectly arising as a result of any such rescission, termination, modification or suspension).

5.8. Maintenance of Properties, Books and Intellectual Property.

Each of the Borrower and the Pledgors shall (i) maintain in good working order and condition (ordinary wear and tear excepted) all of its Properties necessary in the conduct of its business, (ii) maintain updated books and records in accordance with good business practice of companies carrying on the same or substantially similar business and applicable Laws and (iii) shall preserve and maintain ownership of or the right to use all Intellectual Property and other rights with respect thereto which are necessary for the operation of its business unless the absence of which could reasonably be expected to have a Material Adverse Effect.

5.9. Insurances.

The Borrower shall maintain or cause to be maintained in full force and effect at all times on and after the Signing Date and continuing throughout the term of this Agreement, at its own costs insurance coverage on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business with reputable insurance companies or underwriters.

5.10. Pension Plans.

Each of the Borrower, its Subsidiaries and the Guarantors, as applicable, shall maintain each pension or retirement plan or scheme or any similar plans in substantial compliance with the terms and the requirements thereof and in compliance with all applicable Laws.

5.11. Access.

No more than two (2) times during each fiscal year of the Borrower or at any time and from time to time after the occurrence of a Default or an Event of Default, upon at least ten (10) Business Days prior written notice, the Borrower shall permit the Administrative Agent, Security Agent and/or accountants or other professional advisers and delegates of the Administrative Agent, free access at all reasonable times and on reasonable notice to the premises and Properties of the Borrower or any of the Guarantors to (a) inspect and take copies and extracts from the books, accounts and records of the Borrower and its Subsidiaries; (b) view the premises of the Borrower and its Subsidiaries and (c) meet and discuss with senior management employees of the Borrower, provided, however, that all costs and expenses associated with such visits and inspections upon the occurrence and continuation of a Default or an Event of Default shall be for the account of the Borrower.

5.12. Limitation on Liens.

(a) Subject to paragraph (b) of this Section 5.12, except for the Permitted Liens, none of the Obligors shall create, incur, assume or suffer to exist any Lien upon any of its Property, whether now owned or hereafter acquired.

(b) None of the Obligors shall create, incur, assume or suffer to exist any Lien upon (i) any of the Pledged Assets, whether now owned or hereafter acquired under the Supply Agreements, except for any Lien arising under items (a), (b), or (d) of the definition of "Permitted Liens", (ii) the DSRA, except for any Lien arising under items (a), (b) or (d) of the definition of "Permitted Liens" or (iii) any of the Licenses.

(c) In the event an Obligor creates a Lien over any of its Property as permitted under item (j) of the definition of "Permitted Lien", such Obligor shall, take all actions and execute all documents necessary to ensure that such Lien is also created in favor of the Security Agent (on the account and for the benefit of the Financing Parties) on a *pari passu* basis.

5.13. Merger; Disposal.

(a) No Obligor shall consent to, enter into or become a party to any merger, consolidation or amalgamation with any other Person without the prior written consent of the Administrative Agent unless such merger, consolidation or amalgamation is between or among (i) the Borrower and any Subsidiary of the Borrower and the Borrower is the surviving entity; (ii) the Guarantors and the assets of any merged or consolidated Guarantor shall remain with the surviving Guarantor, (iii) the Subsidiaries of the Borrower that are not Guarantors, or (iv) the Borrower and any Person (other than a Guarantor or a Subsidiary) and the Borrower is the surviving entity, (v) a Guarantor and any Person (other than the Borrower or another Guarantor) and such Guarantor is the surviving entity, and in each case, (A) when no Default or Event of Default is continuing or would occur as a result of such merger, consolidation or amalgamation, (B) such merger, consolidation or amalgamation would not result in a Change of Control and (C) the Borrower has complied and will continue to comply with the financial ratios under Section 5.22.

(b) Subject to paragraph (c) below, none of the Obligors shall, either in a single transaction or a series of transactions, and whether voluntarily or involuntarily, sell, transfer, grant, lease or otherwise dispose of all or substantially all of its Properties except for the Permitted Disposals.

Notwithstanding anything to the contrary herein or in any other Financing Document, no Obligor shall, in a single transaction or a series of transactions, and whether voluntarily or involuntarily, sell, transfer, grant, lease or otherwise dispose of (i) any of the Pledged Assets except as otherwise expressly permitted under, and in accordance with the terms of, the Asset Pledge, (ii) the DSRA except as otherwise expressly permitted under, and in accordance with the terms of the DSRA Pledge, or (iii) any of the Licenses.

5.14. Change of Business.

The Borrower shall (a) maintain its chief place of business in Mexico City, Mexico and maintain the office where it keeps its records concerning the Financing Documents at such location and (b) not engage in any business other than the Permitted Business.

5.15. Amendment of Charter Documents.

None of the Obligors shall amend, vary, novate, supplement, supersede, waive, exercise any discretion under, or terminate any term of (or agree to any of the foregoing) its Charter Documents, except where any of such actions could not reasonably be expected to have a Material Adverse Effect.

5.16. Master Services Agreement.

The Borrower shall not, without the prior written consent of the Administrative Agent, (i) amend, vary, novate, supplement, supersede, waive or terminate any term of the Master Services Agreement or any other document delivered to the Administrative Agent pursuant to Section 3.1 except to the extent that such amendment, variation, novation, supplement, superseding, waiver or termination would not have or would not be reasonably expected to have a Material Adverse Effect and the Administrative Agent has been promptly notified, (ii) agree to or permit the cancellation, suspension or termination of the Master Services Agreement (other than termination in accordance with its terms) or (iii) sell, assign or otherwise dispose of any part of its interest in the Master Services Agreement.

5.17. Transactions with Affiliates.

(a) Except for the Permitted Related Party Transactions, the Borrower shall not directly or indirectly (a) make any Investment in or payment to an Affiliate of the Borrower (other than to a Subsidiary of the Borrower); (b) transfer, sell, lease, assign or otherwise dispose of any Property to an Affiliate of the Borrower (except pursuant to a Permitted Disposal); (c) purchase or acquire Property from an Affiliate of the Borrower (except as permitted under Section 5.13); or (d) enter into any other transaction or arrangement directly or indirectly with or for the benefit of an Affiliate of the Borrower, unless any such transaction is (i) in the ordinary course of the Borrower's (and such Affiliate's) business, and (ii) upon fair and reasonable terms no less favorable to the Borrower than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

5.18. Fiscal Year.

The Borrower's fiscal year shall end on December 31 of each calendar year.

Environmental Compliance.

Each Obligor shall:

(a) comply in all material respects with all Environmental Laws applicable to the Project, obtain and maintain any Governmental Approvals required pursuant to such applicable Environmental Laws, and take all reasonable steps in anticipation of known or expected future changes to or obligations under applicable Environmental Laws or any related Governmental Approvals;

(b) inform the Administrative Agent in writing as soon as reasonably practicable upon becoming aware of:

(i) any Environmental Claim which has been commenced or (to the best of the Borrower's knowledge and belief) is threatened against it, or

(ii) any facts or circumstances which will or might reasonably be expected to result in any Environmental Claim being commenced or threatened against the Borrower, in each case where such Environmental Claim has or could reasonably be expected to have a Material Adverse Effect.

5.19. Certain Agreements.

No Obligor shall enter into any agreement or undertaking (except for the Financing Documents and as contemplated therein and except pursuant to any agreement approved by the Required Lender for the refinancing of any of the Loans) restricting, or purporting to restrict, the ability of such Obligor to amend this Agreement or any other Financing Document.

5.20. Pari Passu Ranking.

Each of the Obligors shall ensure that all of its obligations under the Financing Documents at all times rank at least *pari passu* with all present and future unsecured and unsubordinated Indebtedness of such Obligor except Indebtedness to those creditors whose claims are mandatorily preferred by laws of general application to companies.

5.21. Financial Ratio.

(a) The Borrower shall maintain (i) a Net Debt to Consolidated EBITDA ratio of no greater than 2.0 to 1.0, (ii) a Net Debt to Total Net Worth ratio of no greater than 2.0 to 1.0, and (iii) a Consolidated EBITDA to Consolidated Interest Expense ratio of no less than 3.0 to 1.0, in any case, as tested as of the Calculation Date immediately falling prior to the delivery of each set of financial statements under Sections 5.1(a) and 5.1(b) for the period of twelve (12) months ending on such Calculation Date.

5.22. Registration.

Each of the Borrower and the Pledgors shall take or cause to be taken all actions required to maintain, preserve and protect the Transaction Liens including causing the Security Documents and all amendments or supplements thereto, to be promptly recorded, registered and filed and at all times to be kept recorded, registered and filed in Mexico, and will execute and file statements and cause to be executed and filed statements, all in manner and in places and at times as are prescribed in this Agreement or in the relevant Security Documents and as may be required by the laws of Mexico, fully to preserve and protect the rights of the Financing Parties under this Agreement and the Security Documents.

5.23. Dividends and Share Redemption.

The Borrower shall not,

(a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its Equity Interest (or any class of its Equity Interest);

(b) repay or distribute any dividend or share premium reserve; or

(c) redeem, repurchase, defease, retire or repay any of its Equity Interest or resolve to do so; unless:

(i) no Default is continuing or would occur immediately after the making of any such payment;

(ii) the Borrower has complied and will continue to comply, on a pro forma basis, with the financial ratios under Section 5.22 (*Financial Ratio*); and

(iii) in any given fiscal year, all payments payable under this Agreement to the Financing Parties for such fiscal year have been irrevocably and unconditionally paid.

5.24. Loans or Credit.

The Borrower shall not be a creditor in respect of any Indebtedness unless, both before and immediately after incurrence of such Indebtedness:

(a) no Default or Event of Default is continuing or would occur immediately after the

making of any such payment; and

5.22. (b) the Borrower has complied and will continue to comply, on a pro forma basis, with the financial ratios under Section

5.25. Guarantees or Indemnities.

The Borrower shall not incur or allow to remain outstanding any guarantee in respect of any obligation of any person other than its Subsidiaries.

5.26. Sinosure Insurance.

The Borrower shall:

- (a) promptly pay all costs and premium in respect of the Sinosure Insurance upon or prior to its issuance;
- (b) promptly provide such information or documents or take or refrain from taking such action as reasonably requested by the Administrative Agent in order to retain the Lenders' benefits in the Sinosure Insurance;
- (c) notify the Administrative Agent of the occurrence of any political risk event (as defined in the Sinosure Insurance) or any other event that is likely or would reasonably be expected to result in a claim under the Sinosure Insurance within five (5) Business Days of its becoming aware of the occurrence of any such event;
- (d) promptly, upon receipt from the Administrative Agent upon the expiry of the Availability Period of a repayment schedule in respect of the Scheduled Principal Payments, sign and deliver the same to the Administrative Agent for onward transmission to China Export and Credit Insurance Corporation.

5.27. DSRA.

The Borrower shall ensure that, at all times, the amount standing to the credit of the DSRA shall be no less than five percent (5%) of the Loans outstanding under this Agreement.

5.28. Further Assurances.

- (a) Each of the Obligors shall promptly and duly execute and deliver to the Administrative Agent or Security Agent such documents and assurances to take such further action as the Administrative Agent may from time to time reasonably request in order (i) to carry out more effectively the intent and purpose of the Financing Documents, (ii) to perfect the Lien created or intended to be created under or evidenced by the Security Documents, and (iii) to establish, protect and perfect the rights and remedies created or intended to be created in favor of the Financing Parties pursuant to the Financing Documents.
- (b) The Borrower shall, at the request of the Security Agent, take all such action as may be necessary (including making all filings and registration) for the purpose of the creation, perfection, protection or maintenance of any Lien conferred or intended to be conferred on the Security Agent or the Financing Parties by or pursuant to the Financing Documents.

SECTION 6. PAYMENT PROVISIONS: FEES.

6.1. Repayment of Principal.

The Borrower shall repay the aggregate principal amount of the Loans outstanding on each Principal Payment Date in fifteen (15) equal semi-annual installments commencing on the first Interest Payment Date following the expiry of the Availability Period.

6.2. Voluntary Prepayments.

The Borrower may prepay the Loans, in whole or in part, subject to Break Costs if such prepayment is not made on an Interest Payment Date but otherwise without prepayment fees or other penalties, at any time, on the following terms and conditions: (i) the Borrower shall give the Administrative Agent at the Notice Office at least twenty (20) Business Days' prior written irrevocable notice (which notice the Administrative Agent shall promptly transmit to each of the Lenders) of its intent to prepay the Loans, the aggregate principal amount of the proposed prepayment and the specific Borrowing or Borrowings pursuant to which such prepayment is to be made; (ii) such prepayment shall be in an aggregate principal amount of at least \$5,000,000 (or a higher integral multiple of \$1,000,000 or the remaining principal outstanding); (iii) each prepayment of Loans pursuant to this Section 6.2 shall be applied to reduce the Scheduled Principal Payments in inverse chronological order of their due dates; (iv) each prepayment of Loans shall be made with accrued interest on the amount prepaid, (v) the Borrower shall have also prepaid an amount under the Non-Sinonure Credit Agreement *pro rata* to the amount prepaid hereunder and (vi) the Borrower shall have provided reasonable assurances to the Administrative Agent that the prepayment does not violate any applicable Law of Mexico or any interpretation thereof by any Governmental Authority.

6.3. Mandatory Prepayments.

Upon the occurrence of any of the following events, the Borrower shall make mandatory prepayments of the Loans as follows:

- (a) Change of Control. If a Change of Control occurs;
 - (b) Unlawfulness. If (i) it is or becomes unlawful for the Borrower or any of the Guarantors to perform any of its obligations under any Financing Document to which it is a party, (ii) any Financing Document, or any provision of any Financing Document, shall at any time for any reason cease to be valid and binding or in full force and effect or any party thereto (other than a Financing Party) shall so assert in writing, unless, in relation to a provision of a Financing Document only, such cessation could not reasonably be expected to have a Material Adverse Effect, (iii) the choice of governing law of the Financing Documents ceases to be recognized and enforced in the relevant jurisdictions or any judgment obtained in relation to a Financing Document in the jurisdiction of the governing law of that Financing Document will not be recognized or enforced in the relevant jurisdiction, (iv) any Financing Document, or any provision of any Financing Document, shall be declared to be null and void, unless, in relation to a provision of a Financing Document only, such declaration could not reasonably be expected to have a Material Adverse Effect, (v) any of the Security Documents or Transaction Lien ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Financing Party) to be ineffective or ceases to confer upon the Financing Parties the priority ranking intended to be conferred, or (vi) the Borrower or any of the Guarantors shall deny that it has any further liability or obligation under any Financing Document;
 - (c) Cessation of Business. If the Borrower or a Pledgor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business as is currently conducted or ceases to exist as an operating company whose primary business is the Permitted Business;
 - (d) Necessary Governmental Approvals. If a License or any other Necessary Governmental Approval is terminated, suspended, revoked, withdrawn, modified, withheld or becomes invalid or shall cease to be in full force and effect and such termination, suspension, revocation, withdrawal, modification, withholding, invalidation or cessation could reasonably be expected to have a Material Adverse Effect or if any proceeding is commenced to revoke, terminate, withdraw, suspend, modify in an adverse manner or withhold such Necessary Governmental Approval and such proceeding could reasonably be expected to have a Material Adverse Effect and is not terminated or discharged within 120 days of its commencement;
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(e) Project. If there is an abandonment, loss or destruction of the Project or any of the Telecommunication Networks which could reasonably be expected to have a Material Adverse Effect;

(f) Nationalization. If the authority of any Obligor to conduct its business is cancelled or wholly or substantially curtailed by any seizure, nationalization, expropriation, intervention, restriction, compulsory acquisition or other action by or on behalf of any Governmental Authority and which cancellation, seizure, nationalization, expropriation, intervention, restriction, compulsory acquisition or other action has or could reasonably be expected to have a Material Adverse Effect;

(g) Moratorium. If any Governmental Authority or central bank of Mexico declares a moratorium on external indebtedness and such moratorium has or could reasonably be expected to have a Material Adverse Effect;

(h) Material Adverse Effect. If any event, condition or circumstance shall exist or shall have occurred which has or could reasonably be expected to have a Material Adverse Effect;

(i) DSRA. If at any time, an involuntary Lien arising under items (a), (b) or (d) of the definition of "Permitted Lien" is imposed or incurred on the DSRA and such involuntary Lien is not discharged or a separate debt service reserve account similar to the DSRA is not established and pledged to the reasonable satisfaction of the Administrative Agent, in each case, within forty-five (45) days of the imposition or incurrence of such involuntary Lien;

(j) Change in Law. If any change in or the withdrawal or modification of any Law shall occur, including the imposition of applicable foreign exchange control regulations, that could reasonably be expected to have a Material Adverse Effect;

the Administrative Agent may, at the instructions of the Required Lenders, immediately cancel each Lender's Loan Commitment and declare each Lender's participation in all outstanding Loans due and payable and the Borrower shall immediately, without any Break Cost, premium, fee or penalty of any nature, prepay all outstanding Loans together with accrued interest and all other amounts accrued under the Financing Documents. Each prepayment of Loans made pursuant to this Section 6.3 shall be applied to reduce the remaining Scheduled Principal Payments in inverse chronological order of their due dates.

6.4. Loan Maturity Date

. Notwithstanding anything to the contrary which may be contained in this Agreement, the outstanding principal amount of any Loans shall be repaid in full on the Loan Maturity Date.

6.5. Voluntary cancellation

The Borrower may cancel the Available Loan Commitments, provided that (i) the Borrower shall give the Administrative Agent not less than fifteen (15) Business Days' prior notice, (ii) any cancellation shall be in a minimum amount of US\$5,000,000 or, if less, the aggregate Available Loan Commitments of the Lenders, (iii) any cancellation shall reduce the Available Loan Commitments of the Lenders ratably and (iv) the Borrower shall have also cancelled an amount under the Non-Sinosure Credit Agreement *pro rata* to the amount cancelled hereunder.

6.6. Method and Place of Payment

Except as specifically provided in this Section 6.6, all payments under this Agreement shall be made to the Administrative Agent for the account of the Lender or Lender entitled thereto not later than 11:00 a.m. (Beijing time) on the date when due and shall be made in Dollars in immediately available funds to such account(s) as the Administrative Agent shall designate to the Borrower in writing no later than five (5) Business Days prior to the due

date for payment. Whenever any payment to be made hereunder shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension. For the avoidance of doubt, all payments under this Agreement are considered made to the Administrative Agent for the account of the Lender or Lender entitled thereto if, and only if, such payments are credited into the account(s) stated in the first sentence of this Section 6.6 in the manner set out therein.

6.7. Computations

All computations of interest and other amounts payable hereunder shall be made on the basis of a 360-day year and the actual number of days elapsed.

6.8. Fees

(a) The Borrower agrees to pay to the Arranger, for its account, fees and expenses in the amounts and manner set out in the Fee Letter.

(b) The Borrower agrees to pay to the Administrative Agent, for its account, fees and expenses in the amounts and manner set out in the Fee Letter.

(c) The Borrower agrees to pay to the Security Agent, for its account, fees and expenses in the amounts and manner agreed between it and the Security Agent.

(d) The Borrower agrees to pay to the Administrative Agent, in Dollars, for the account of each Lender (in each case *pro rata* according to the respective Loan Commitments of all such Lender), a commitment fee (“Commitment Fee”) in respect of the Loan Commitments at the rate of 0.10% per annum and calculated on the daily balance of the amount of the Available Loan Commitments from time to time during the Availability Period, such fee to be payable in arrears with the first payment being made on the Signing Date and subsequently semi-annually on each Interest Payment Date during the Availability Period and on the last day of the Availability Period, or if earlier, on the day on which Available Loan Commitments are reduced to zero (through cancellation, utilization or otherwise).

6.9. Application of Payments; Sharing.

(a) Subject to the provisions of this Section 6.9, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any obligations of the Borrower hereunder, it shall distribute such payment to the Lender *pro rata* based upon their respective shares, if any, of the obligations with respect to which such payment was received.

(b) The Lender agrees that, if it should receive any amount hereunder (whether by voluntary payment, by the exercise of the right of setoff or banker’s lien, by counterclaim or cross action, by the enforcement of any right under the Financing Documents, or otherwise), which, in any such case, is in excess of its ratable share of payments on account of the obligations obtained by all Lender, then such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lender an interest in the obligations of the Borrower to such Lender in such amount as shall result in a proportional participation by all the Lender in such amount; provided, however, that if all or any portion of such excess amount is thereafter recovered from such Lender, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

SECTION 7. EVENTS OF DEFAULT AND REMEDIES.

7.1. Events of Default

The occurrence of any of the following events or circumstances shall constitute an “Event of Default” hereunder:

- (a) Non-Payment. An Obligor shall fail to pay within three (3) Business Days of when due any principal or interest payable or any other amount payable pursuant to this Agreement or any other Financing Document, in each case when the same becomes or shall be declared to be due and payable (whether prior to its stated maturity or otherwise); or
- (b) Cross-Default. (i) An Obligor shall default in the payment when due of any principal of or interest on the loans borrowed under the Non-Sinure Credit Agreement or any of its other Material Indebtedness beyond any originally applicable period of grace specified therein; (ii) any Material Indebtedness becomes due and payable or repayable prior to the stated maturity thereof by reason of an event of default (howsoever described) and otherwise than at the option of such Obligor; (iii) any guarantee, indemnity or other contingent liability given or owing by an Obligor in respect of any Material Indebtedness is not honored when due or called and any originally applicable grace period in respect thereof has expired; or (iv) a breach or default (howsoever described) occurs under any other Material Indebtedness of an Obligor, and, as a result of such breach or default such Material Indebtedness becomes accelerated or repayable prior to its scheduled maturity date; or
- (c) Misrepresentation. Any representation, warranty or certification made or deemed to be repeated by an Obligor in respect of itself in this Agreement, any other Financing Document, or in any notice or other certificate, agreement, document, financial statement or other statement delivered pursuant hereto or thereto, shall prove to have been false or misleading in any material respect when made; or
- (d) Breach of Other Obligations. (i) The Borrower shall fail to comply with any term, covenant or provision set forth in the Financing Documents (other than those referred to in Sections 7.1(a) to (c) above) or (ii) any of the Guarantors shall fail to comply with any term, covenant or provision set forth in the Financing Documents (other than those referred to in Sections 7.1(a) and 7.1(c) above), and in any such event described under clauses (i) and (ii) above, such failure to comply shall remain uncured for a period of more than thirty (30) days after the relevant Guarantor or the Borrower, as the case may be, has knowledge thereof or notice thereof is given to such Guarantor or the Borrower, as applicable; or
- (e) Insolvency. An Obligor (i) shall admit its inability to, or be unable to, pay its debts as such debts become due, (ii) is, or is deemed for the purposes of any Law to be, unable to pay its debts as such debts become due, (iii) suspends making payments on its debts or announces an intention to do so, (iv) by reason of actual or anticipated insolvency, begins negotiations with creditors generally for the rescheduling of any of its Indebtedness; or
- (f) Moratorium. A moratorium is declared with respect to any Material Indebtedness of an Obligor and the moratorium remains undismissed for a period of more than thirty (30) days (for the avoidance of doubt, the ending of such moratorium will not remedy any Event of Default caused by such moratorium); or
- (g) Voluntary Insolvency Proceedings. An Obligor shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under or file a petition to take advantage of any Bankruptcy Law (as now or hereafter in effect), (iv) take any corporate action for the purpose of effecting any of the foregoing or (v) take any action under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iv) hereof; or
- (h) Involuntary Insolvency Proceedings (Borrower). A proceeding or case shall be commenced against the Borrower, without its application or consent, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or a substantial part of
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its Property or (iii) similar relief in respect of it under any Bankruptcy Law, and such proceeding or case is undismissed or unstayed within 120 days of its commencement; or an order, judgment or decree approving or ordering any of the foregoing shall be entered and is unstayed and in effect within 120 days of such order, judgment or decree; or an order for relief against the Borrower shall be entered in an involuntary case under any Bankruptcy Law; or any proceeding or action shall be commenced under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iii) hereof and such order for relief, proceeding or action is undismissed or unstayed within 120 days of its commencement;

(i) Involuntary Insolvency Proceedings (Guarantors). A proceeding or case shall be commenced against a Guarantor, without its application or consent, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or a substantial part of its Property or (iii) similar relief in respect of it under any Bankruptcy Law, and such proceeding or case has or could reasonably be expected to have a Material Adverse Effect; or an order, judgment or decree approving or ordering any of the foregoing shall be entered; or an order for relief against a Guarantor shall be entered in an involuntary case under any Bankruptcy Law; or any proceeding or action shall be commenced under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iii) hereof and in each case, such order, judgment, decree, proceeding or action has or could reasonably be expected to have a Material Adverse Effect;

(j) Final Judgment. Any amount in excess of US\$50,000,000 (or its equivalent in other currencies) (individually or in the aggregate) under any final, non-appealable judgment or judgments rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against an Obligor is unpaid, not vacated, bonded off or discharged within sixty (60) days of the rendering of such judgment or judgments;

(k) Termination, Dissolution or Liquidation. The Borrower or the any of the Guarantors shall be dissolved or liquidated (as a matter of law or otherwise) unless such dissolution or liquidation resulted from a transaction permitted under Section 5.13; or

(l) Creditors' Process. An attachment, sequestration, distress, execution or analogous event affects all or part of the Properties of an Obligor and such process has or could reasonably be expected to have a Material Adverse Effect; or

(m) Repudiation. The Borrower or any of the Guarantors (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Financing Document; or

(n) Supply Agreements. The Borrower is in breach under or default of any Supply Agreement which breach or default has or could reasonably be expected to have a Material Adverse Effect; or

(o) Shareholder Undertaking. There has been a breach under or default of the Shareholder Undertaking which breach or default has or could reasonably be expected to have a Material Adverse Effect or a Lien has been created or suffered to exist on more than forty-nine percent (49%) of the Equity Interests at any time without the prior written consent of the Administrative Agent or a Lien has been created or suffered to exist on more than forty-nine percent (49%) of the Equity Interests at any time and such Lien is not also created in favor of the Security Agent (for the benefit of the Financing Parties) on a *pari passu* basis; or

(p) Money Laundering. The Borrower or any of the Guarantors is convicted under any applicable law in relation to its participation in (i) corrupt practices, fraudulent practices, collusive practices or coercive practices, including without limitation in connection with the procurement or execution of any contract for goods or services, and any such practices violate any applicable Laws, (ii) Money Laundering or acts in breach of any applicable Law relating to Money Laundering; or (iii) the financing of terrorism in violation of the U.S. foreign asset control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended).

7.2. Acceleration.

(a) If any Event of Default shall occur, then the Administrative Agent (acting at the direction of the Required Lenders) may by notice to the Borrower (A) declare the Loan Commitments to be terminated, whereupon all Loan Commitments shall immediately terminate and/or (B) declare the Loans, all accrued and unpaid interest thereon and all other amounts owing to the Lenders under the Financing Documents to be due and payable, whereupon the same shall become immediately due and payable and/or (C) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Financing Documents.

(b) Except as expressly provided above in this Section 7.2, presentment, demand, protest and all other notices and other formalities of any kind are hereby expressly waived by the Borrower.

SECTION 8. THE ADMINISTRATIVE AGENT.

8.1. Appointment and Authorization.

(a) Each Lender providing a Loan hereby irrevocably (subject to Section 8.9) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement and each other Financing Document to which it is a party and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any such other Financing Document, together with such powers as are reasonably incidental thereto.

(b) Each of the Lenders authorizes the Administrative Agent to execute, deliver and perform each of the Financing Documents to which the Administrative Agent is or is intended to be a party and each Lender agrees to be bound by all of the agreements of the Administrative Agent contained in the Financing Documents.

(c) Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Financing Document, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein and in the other Financing Documents, and the Administrative Agent shall not have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Financing Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the terms "Administrative Agent" in this Agreement with reference to the Administrative Agent is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such terms are used merely as a matter of market custom, and are intended to create or reflect only a relationship between independent contracting parties.

8.2. Delegation of Duties

. The Administrative Agent may execute any of its duties under this Agreement or any other Financing Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties.

8.3. Liability of the Administrative Agent

. The Administrative Agent or any of its Agent-Related Persons shall not (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Transaction Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Financing Parties or any other Person for any recital, statement, representation or warranty made by the Borrower or any officer thereof, contained in this Agreement or in any other Transaction Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent or any of its Agent-Related Persons under or in connection with, this Agreement or any other Transaction Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this

Agreement or any other Transaction Document, or for any failure of the Borrower or any other party to any Transaction Document to perform its obligations hereunder or thereunder. The Administrative Agent or any of its Agent-Related Person shall not be under any obligation to any Financing Party to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Transaction Document, or to inspect the Properties, books or records of the Borrower.

8.4. Reliance by the Administrative Agent

. The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Financing Document (a) if such action would, in the opinion of the Administrative Agent (upon consultation with counsel), be contrary to applicable Law or the terms of any Financing Document, (b) if such action is not specifically provided for in the Financing Documents to which the Administrative Agent is a party, and it shall not have received such advice or concurrence of the Required Lenders as it deems appropriate, (c) if in connection with the taking of any such action that would constitute the making of a payment due under any Financing Document, it shall not first have received from any or all of the other Financing Parties funds equal to the amount of such payment, or (d) unless, if it so requests, the Administrative Agent shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Financing Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Financing Parties.

8.5. Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "Notice of Default." If the Administrative Agent receives any such notice of the occurrence of a Default or an Event of Default, it shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with this Section 8; provided, however, that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lenders.

8.6. Credit Decision

. Each Lender acknowledges that the Administrative Agent or any of its Agent-Related Persons has not made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent or any of its Agent-Related Persons to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any of its Agent-Related Persons and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, Property, financial and other condition and creditworthiness of the Borrower, the Project, and all applicable bank regulatory Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any of its Agent-Related Persons and based on such documents and information as it shall deem appropriate at the time, continue to

make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Financing Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, Property, financial and other condition and creditworthiness of the Borrower and the Project. Except for notices, reports and other documents expressly required pursuant to any Financing Document to be furnished to the Lenders by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, Property, financial and other condition or creditworthiness of the Project or of the Borrower which may come into the possession of the Administrative Agent or any of its Agent-Related Persons.

8.7. Indemnification of Administrative Agent.

(a) Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Administrative Agent and any of its Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), *pro rata* in accordance with the aggregate principal amount of the Loans held by such Lender, from and against any and all Indemnified Liabilities; provided, however, that no Lender shall be liable for the payment to the Administrative Agent or any of its Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct.

(b) Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share as provided above of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Financing Document or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower.

(c) The undertakings of the Lenders in this Section shall survive the payment of all obligations hereunder and the resignation or replacement of the Administrative Agent.

8.8. Administrative Agent in Individual Capacity

. The Administrative Agent and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower or its Affiliates as though the Administrative Agent were not an Administrative Agent hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, the Administrative Agent or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Affiliates) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. Any Administrative Agent which is also a Lender hereunder shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not an Administrative Agent, and the terms "Lender" and "Lenders" shall include such Administrative Agent in its individual capacity.

8.9. Successor Administrative Agent.

(a) Subject to the appointment and acceptance of a successor as provided below, the Administrative Agent may resign at any time by giving notice thereof to the Lenders, the Borrower and the Guarantors, and the Administrative Agent may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right (subject to prior consultation with the Borrower and the Guarantors) to appoint a successor to the Administrative Agent. If no successor Administrative Agent shall have been appointed by the Required Lenders, and shall have accepted such appointment within thirty (30) days after the resigning Administrative Agent's giving of notice of resignation or the giving of any notice of removal of the

Administrative Agent, then the resigning Administrative Agent or Administrative Agent being removed, as the case may be, may appoint its successor. Upon the acceptance of its appointment as a successor Administrative Agent hereunder, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of such resigning or removed Administrative Agent, and such resigning Administrative Agent or removed Administrative Agent shall be discharged from its duties and obligations hereunder. The resignation or removal of the Administrative Agent and the appointment of a successor Administrative Agent shall in no way affect any rights and obligations of the Borrower and the Guarantors under the Financing Documents (including without limitation any increased costs, fees or taxes).

(b) After any Administrative Agent's resignation or removal, the provisions of this Section 8 and of Sections 10.1 and 10.2 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Administrative Agent.

(c) The Administrative Agent may, at the instructions of the Required Lenders, (i) remove the Security Agent at any time with or without cause and (ii) subject to prior consultation with the Borrower and the Guarantors, appoint a successor to the Security Agent in accordance with the Security Sharing Agreement.

Registry.

The Borrower hereby designates the Administrative Agent, and the Administrative Agent agrees, to serve as the Borrower's agent, solely for purposes of this Section 8.10, to maintain a register at one of its offices in China (the "Register") on which it will record the Loan Commitment from time to time of each of the Lenders, the Loans made by each of the Lenders and each repayment in respect of the principal amount of the Loans of each Lender. Failure to make any such recordation or any error in such recordation shall not affect the Borrower's obligations in respect of such Loans. With respect to any Lender, the transfer of the Loan Commitments of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Loan Commitments shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Loan Commitments and Loans, and prior to such recordation all amounts owing to the transferor with respect to such Loan Commitments and Loans shall remain owing to the transferor. The registration of an assignment or transfer of all or part of any Loan Commitments and Loans shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Acceptance pursuant to Section 10.13.]

SECTION 9. GUARANTY.

9.1. Guaranty.

In order to induce the Administrative Agent, the Arrangers and the Lenders to enter into this Agreement and to extend credit hereunder, and in recognition of the direct and indirect benefits to be received by the Guarantors from the proceeds of the Loans, each of the Guarantors hereby agrees with the Financing Parties as follows: each Guarantor hereby unconditionally, absolutely and irrevocably, jointly and severally, guarantees as primary obligors and not merely as surety the full and prompt payment when due, whether upon maturity, acceleration or otherwise, of any and all of the Guaranteed Obligations. If any or all of the Guaranteed Obligations becomes due and payable hereunder, each Guarantor, unconditionally, absolutely and irrevocably, jointly and severally, promises to pay such Guaranteed Obligations to the Administrative Agent and/or the other Financing Parties, on demand, together with any and all expenses which may be incurred by the Administrative Agent and the other Financing Parties in collecting any of the Guaranteed Obligations. If claim is ever made upon any Financing Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its Property, then and in such event each Guarantor agrees that any such judgment, decree or order shall be binding upon the Guarantors, notwithstanding any revocation of this Guaranty

or other instrument evidencing any liability of the Borrower, and the Guarantors shall be and remain jointly and severally liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee. For purposes of this Guaranty, each Guarantor expressly and irrevocably waives any order, *excursion* and division benefits they may have under any applicable jurisdiction.

9.2. Bankruptcy.

Additionally, the Guarantors unconditionally and irrevocably, jointly and severally, guarantee the payment of any and all of the Guaranteed Obligations to the Financing Parties whether or not due or payable by the Borrower upon the occurrence of any of the events specified in Sections 7.1(e), 7.1(g) and 7.1(h), and irrevocably and unconditionally promise to pay such Guaranteed Obligations to the Financing Parties, on demand.

9.3. Nature of Liability.

The liability of each Guarantor hereunder is primary, absolute and unconditional, joint and several, exclusive and independent of any security for or other guaranty of the Guaranteed Obligations, whether executed by such Guarantor, any other Guarantor or guarantor or by any other party, and the liability of each Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a Guarantor, guarantor or of any other party as to the Guaranteed Obligations, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, (e) the failure of the Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty or (f) any payment made to any Financing Party on the Guaranteed Obligations which any such Financing Party repays to the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, or (g) any action or inaction by the Financing Parties as contemplated in Section 9.5, or (h) any invalidity, irregularity or enforceability of all or any part of the Guaranteed Obligations or of any security therefor.

9.4. Independent Obligation.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other guarantor, the Borrower or any other party or the Borrower, and a separate action or actions may be brought and prosecuted against any of the Guarantors whether or not action is brought against any other Guarantor, any other guarantor or any other party or the Borrower and whether or not any other Guarantor, guarantor, any other party or the Borrower be joined in any such action or actions. Each Guarantor waives (to the fullest extent permitted by applicable Law) the benefits of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or any Guarantor or other circumstance which operates to toll any statute of limitations as to the Borrower or such other Guarantor shall operate to toll the statute of limitations as to each Guarantor.

9.5. Authorization.

Each of the Guarantors authorizes the Financing Parties without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, but in any event subject to the terms under this Agreement and the Financing Documents, from time to time to:

(a) upon the occurrence of an Event of Default, sell, exchange, release, impair, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;

- acting;
- (b) exercise or refrain from exercising any rights against the Borrower, itself or others or otherwise act or refrain from acting;
 - (c) release or substitute any one or more endorsers, guarantors, the Borrower, itself or other obligors;
 - (d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof;
 - (e) apply any sums by whomsoever paid or howsoever realized under or in connection with any Financing Document to the Guaranteed Obligations regardless of what liability or liabilities of the Borrower remain unpaid;
 - (f) consent to or waive any breach of, or any act, omission or default under, this Agreement, any other Financing Document or any of the instruments or agreements referred to herein or therein, or otherwise amend, modify or supplement this Agreement, any other Financing Document or any of such other instruments or agreements; and/or
 - (g) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of such Guarantor from its liabilities under this Guaranty.

9.6. Reliance.

It is not necessary for any Financing Party to inquire into the capacity or powers of any of the Guarantors or any of its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on their behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9.7. Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require any Financing Party to (i) proceed against the Borrower, any other Guarantor, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other Guarantor, guarantor or any other party or (iii) pursue any other remedy in any Financing Party's power whatsoever. The Financing Parties may, at their election, foreclose on any security held by the Administrative Agent or any other Financing Party by one or more judicial or nonjudicial sales (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Financing Parties may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of the Guarantors hereunder except to the extent the Guaranteed Obligations have been paid. Each of the Guarantors waives any defense arising out of any such election by the Financing Parties, even though such election operates to impair or extinguish any of its right of reimbursement or subrogation or other right or remedy against the Borrower or any other party or any security.

(b) Except as otherwise expressly stated under this Agreement or the Financing Documents, each of the Guarantors waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Each of the Guarantors assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which it assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any of the other Financing Parties shall have any duty to advise it of information known to them regarding such circumstances or risks.

(c) Until such time as the Guaranteed Obligations have been paid in full in cash, the Guarantors

hereby waives all rights of subrogation which it may at any time otherwise have as a result of this Guaranty (whether contractual, under any Bankruptcy Law, or otherwise) to the claims of the Financing Parties against the Borrower or any other Guarantors of the Guaranteed Obligations and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from the Borrower or any other Guarantors which it may at any time otherwise have as a result of this Guaranty.

(d) Each Guarantor waives any defense based on or arising out of any defense of the Borrower, any other Guarantor, any other guarantor or any other party other than payment in full in cash of the Guaranteed Obligations, including without limitation any defense based on or arising out of the disability of the Borrower, any Guarantor, any other guarantor of the Guaranteed Obligations or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower, any other Guarantor other than payment in full in cash of the Guaranteed Obligations.

9.8. Acknowledgement.

Each Guarantor hereby acknowledges and agrees that no Financing Party nor any other Person shall be under any obligation (i) to marshal any assets in favor of such Guarantor or in payment of any or all of the liabilities of the Borrower or any other Guarantor under the Financing Documents or the obligation of such Guarantor hereunder or (ii) to pursue any other remedy that such Guarantor may or may not be able to pursue itself, any right to which such Guarantor hereby waives.

9.9. Payments.

All payments made by each Guarantor pursuant to this Section 9 shall be made in Dollars and will be made without setoff, counterclaim or other defense (other than that the Guaranteed Obligations have been paid in full) that may at any time be available to or be asserted by the Borrower, such Guarantor or any Person against any Financing Party whether in connection with the Financing Documents or any unrelated transaction, and shall be subject to the provisions of Sections 2.8 and 6.4.

9.10. Continuing Guaranty.

This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of any Financing Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which any Financing Party would otherwise have. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of any

Financing Party to any other or further action in any circumstances without notice or demand. It is not necessary for any Financing Party to inquire into the capacity or powers of the Borrower or any Guarantor or the officers, directors, partners or agents acting or purporting to act on its or their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9.11. Limitation on Guaranteed Obligations.

Each Guarantor and each Financing Party (by its acceptance of the benefits of this Guaranty) hereby confirms that it is its intention that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of

the Bankruptcy Code, the Uniform Fraudulent Conveyance Act of any similar Federal or state law. To effectuate the foregoing intention, each Guarantor and each Financing Party (by its acceptance of the benefits of this Guaranty) hereby irrevocably agrees that the Guaranteed Obligations guaranteed by such Guarantor shall be limited to such amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Guarantor that are relevant under such laws and after giving effect to any rights to contribution pursuant to any agreement providing for an equitable contribution among such Guarantor and the other Guarantors, result in the Guaranteed Obligations of such Guarantor in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

9.12. Maximum Liability.

It is the desire and intent of the Guarantors and the Financing Parties that this Guaranty shall be enforced against the Guarantors to the fullest extent permissible under the applicable Laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of any of the Guarantors under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of such Guarantor's obligations under this Guaranty shall be deemed to be reduced and such Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable Law.

SECTION 10. MISCELLANEOUS.

10.1. Costs and Expenses.

The Borrower shall, whether or not the transactions contemplated hereby are consummated and whether or not any of the following are incurred before or after the Closing Date, pay, within five (5) Business Days after demand, (i) all reasonable and documented costs and expenses incurred by any Financing Party (including Attorney Costs, which Attorney Costs shall not exceed in the aggregate \$130,000) in connection with the preparation, issuance, delivery, filing, recording and administration of the Financing Documents and any other documents which may be delivered in connection herewith or therewith, (ii) any and all amounts which any Financing Party has paid relative to curing any Event of Default resulting from the acts or omissions of the Borrower under this Agreement or any other Financing Document, (iii) the enforcement or preservation of any rights or remedies under this Agreement or any other Financing Document, and (iv) any reasonable and documented costs and expenses related to any amendment, waiver or consent with respect to any provision contained in this Agreement or any other Financing Document. In addition, the Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in Mexico, the United States or China in connection with the execution, delivery, filing and recording of this Agreement or any other Financing Document, or any other document which may be delivered in connection with this Agreement, and agrees to save the Financing Parties harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

10.2. Indemnity.

(a) The Borrower shall pay, indemnify, and hold each Financing Party, and each of their respective officers, directors, employees, agents, attorneys-in-fact and Affiliates (each, an "Indemnified Person") harmless from and against any and all liabilities, losses, damages, penalties, claims, actions, judgments, suits, costs, charges and expenses (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnified Person in any way (i) relating to or arising out of this Agreement or any other Financing Document or any investigation, litigation or proceeding (including any bankruptcy, insolvency, reorganization or other similar proceeding or appellate proceeding) brought relating to or arising out of this Agreement or any other Financing Document, or the use of the proceeds thereof, (ii) resulting from the failure of the Borrower to make on a timely basis any payment when due or to borrow a Loan after a Notice of Borrowing has been delivered, or (iii) resulting from any actual presence or Release of any Hazardous Material or any Environmental Claim relating to the Land or the Project (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Borrower

shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of such Indemnified Person.

(b) Survival; Defense. The obligations in this Section 10.2 shall survive payment of the Loans and all other obligations. All amounts owing under this Section 10.2 shall be paid within thirty (30) days after demand.

(c) Contribution. To the extent that any undertaking in the preceding paragraphs of this Section 10.2 may be unenforceable because it is violative of any applicable Law or public policy, the Borrower will contribute the maximum portion that it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of such undertaking.

(d) Settlement. So long as the Borrower is in compliance with its obligations under this Section 10.2, the Borrower shall not be liable to any Indemnified Person under this Section 10.2 for any settlement made by such Indemnified Person without the Borrower's consent.

10.3. Notices.

(a) All notices, requests and other communications provided for hereunder shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission or electronic mail) and faxed or delivered, to the address or facsimile number specified for notices on the applicable signature page hereof or to such other address as shall be designated by such party in a written notice to the other parties hereto.

(b) All such notices, requests and communications (i) sent by express courier will be effective upon delivery, and (ii) transmitted by facsimile will be effective when sent and facsimile confirmation received.

(c) Each of the Borrower and the Guarantors acknowledges and agrees that any agreement of the Financing Parties to receive certain notices by telephone and facsimile is solely for the convenience and at the request of the Borrower or the Guarantors, as the case may be. The Financing Parties shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower or the relevant Guarantor to give such notice and the Financing Parties shall not have any liability to the Borrower, any Guarantor or other Person on account of any action taken or not taken by any of the Financing Parties in reliance upon such telephonic or facsimile notice.

(d) All notices, requests and other communications hereunder and under the other Financing Documents shall be in the English language.

10.4. Benefit of Agreement.

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto. The Borrower may not assign or otherwise transfer any of its rights under this Agreement or any of the other Financing Documents.

10.5. No Waiver; Remedies Cumulative.

No failure or delay on the part of any of the Financing Parties in exercising any right, power or privilege hereunder or under any other Financing Document and no course of dealing between the Borrower or the Guarantors and any Financing Party shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder or under any other Financing Document preclude any other or further exercise thereof or the exercise of any other right, power or privilege hereunder or thereunder. No notice to or demand on an Obligor in any case shall entitle such Obligor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Financing Party to take any other or further action in any circumstances without notice or demand. All remedies, either under this Agreement or any other Financing Document or pursuant to any applicable Law or otherwise afforded to any Financing Party shall be cumulative and

not alternative.

10.6. No Third Party Beneficiaries.

The agreement of each Lender to make extensions of credit to the Borrower on the terms and conditions set forth in this Agreement and the other Financing Documents is solely for the benefit of the Borrower and the Guarantors, and no other Person (including any contractor, sub-contractor, supplier, worker, carrier, warehouseman, materialman or vendor furnishing supplies, goods or services to or for the benefit of the Borrower or the Project or receiving services from the Project) shall have any rights hereunder against any Financing Party with respect to the Loans, the proceeds thereof or otherwise.

10.7. Reinstatement.

To the extent that any Financing Party receives any payment by or on behalf of the Borrower or a Guarantor, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to the Borrower or such Guarantor or to their respective estate, trustee, receiver, custodian or any other party under any Bankruptcy Law or otherwise, then to the extent of the amount so required to be repaid, the obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included within the obligations as of the date such initial payment, reduction or satisfaction occurred.

10.8. No Immunity.

To the extent that the Borrower or a Guarantor may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to this Agreement or any other Financing Document, to claim for itself or its revenues, assets or Properties any immunity from suit, the jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of judgment, set-off, execution of a judgment or any other legal process, and to the extent that in any such jurisdiction there may be attributed to such Person such an immunity (whether or not claimed), the Borrower and such Guarantor hereby irrevocably agree not to claim and hereby

irrevocably waives such immunity to the fullest extent permitted by the Law of the applicable jurisdiction.

10.9. Judgment Currency.

This is an international transaction in which the specification of Dollars and payment in China is of the essence, and the obligations of the Borrower or the Guarantors under this Agreement and under the other Financing Documents to make payment to (or for the account of) each Financing Party in Dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency or in another place except to the extent that such tender or recovery results in the effective receipt by such Financing Party in China of the full amount of Dollars payable to such Financing Party under the Financing Documents to which such Financing Party is party. If for the purpose of obtaining or enforcing judgment in any court it is necessary to convert a sum due hereunder in Dollars into another currency (for the purposes of this Section 10.9, hereinafter the "judgment currency"), the rate of exchange which shall be applied shall be that at which in accordance with normal banking procedures such Financing Party could purchase such Dollars from the London interbank market with the judgment currency on the Business Day next preceding the day on which such judgment is rendered. The obligation of the Borrower or the Guarantors in respect of any such sum due from it to such Financing Party hereunder (in this Section 10.9 called an "Entitled Person") shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following the receipt by such Entitled Person of any sum adjudged to be due hereunder in the judgment currency such Entitled Person may in

accordance with normal banking procedures purchase and transfer Dollars to Shenzhen, China with the amount of the judgment currency so adjudged to be due; and each of the Borrower and the Guarantors hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify such Entitled Person on demand, in Dollars, for the amount (if any) by which the sum originally due to such Entitled Person in Dollars hereunder exceeds the amount of the Dollars so purchased and transferred.

10.10. The Arranger.

The Arranger shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than the rights to receive reimbursement or payment of costs or expenses incurred by them as provided in Section 10.1, the right to indemnity under Section 10.2 and the right under the Guaranty.

10.11. Counterparts.

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument.

10.12. Amendment or Waiver.

(a) No provision of this Agreement or any other Financing Document may be amended, supplemented, modified or waived, except by a written instrument signed by the Required Lenders, the Borrower and the Guarantors (but only if the Borrower and the Guarantors are parties thereto), and, to the extent that its rights or obligations may be affected thereby, the Administrative Agent or the Security Agent. Notwithstanding the foregoing provisions, no such waiver and no such amendment, supplement or modification shall (i) increase the Loan Commitment of any Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Loan Commitment, shall not constitute an increase of the Loan Commitment of any Lender), without the prior written consent of such Lender, (ii) postpone or delay the scheduled final maturity date of any Loan, without the prior written consent of each affected Lender, or postpone or delay any date fixed by this Agreement or any other Financing Document for any payment of principal, interest or fees due to any Lender hereunder or under any other Financing Document, without the prior written consent of such Lender, (iii) reduce the principal of, or the rate of interest specified in any Financing Document on, any Loan of any Lender, without the prior written consent of such Lender, (iv) consent to the assignment or transfer by the Borrower of any of its respective obligations under this Agreement or any other Financing Document, without the prior written consent of each Lender, (v) amend, modify or waive any provision of this Section 10.12 or Section 6.8, 10.1 or 10.2, without the prior written consent of each Lender, or (v) reduce the percentage specified in or otherwise amend the definition of Required Lenders, without the prior written consent of each Lender (it being understood that, with the consent of the Required Lenders, extensions of credit pursuant to this Agreement in addition to those set forth in or contemplated by this Agreement on the Closing Date may be included in the determination of the Required Lenders on substantially the same basis as the extensions of Loans and Loan Commitments are included on the Closing Date).

(b) Any waiver and any amendment, supplement or modification made or entered into in accordance with Section 10.12(a) shall be binding upon the Borrower, the Guarantors, the Administrative Agent, the Lenders, the Arranger and the Security Agent.

10.13. Assignments, Participations, etc.

(a) Subject to Section 10.13(b) below, any Lender may, with the prior consent of the Borrower (which consent shall not be unreasonably withheld or delayed or conditioned, however, it will not be considered unreasonable for the Borrower to withhold consent if any such assignment could have the effect of increasing the Borrower's or any Guarantor's costs under the Financing Documents, due to new or increased Taxes, or otherwise), at any time assign all or any part of its Loan Commitments or Loans and the other rights and obligations of such

Lender hereunder and under the other Financing Documents, to another bank or financial institution. Any partial assignment of Loan Commitments or Loans under this Section 10.13(a) shall not be less than \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof.

(b) Notwithstanding Section 10.13(a) above, any Lender may, without the prior written consent of the Borrower, assign all or any part of its Loan Commitments or Loans and the other rights and obligations of such Lender hereunder and under the other Financing Documents (i) to an Affiliate, (ii) to another Lender, (iii) to any Person if such proposed assignment follows the occurrence of an Event of Default, or (iv) if requested to do so by the Borrower under Section 2.13, provided that only with respect to assignments to an Affiliate of a Lender or another Lender (A) the assigning Lender shall have given at least ten (10) Business Days' prior written notice to the Borrower, the Administrative Agent and the Security Agent of such proposed assignment, together with payment instructions, addresses and related information with respect to the assignee, (B) such proposed assignment would not result in any increase in Taxes or increased cost to the Borrower, (C) any partial assignment of Loan Commitments or Loans under this Section 10.13(b) shall not be less than \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof, and (D) each such assignment by a Lender of its Loans or its Loan Commitment shall be made in such a manner so that the same portion of its Loans and Loan Commitment is assigned to the assignee. With respect to any assignment under this Section 10.13, the Borrower, the Administrative Agent and the Security Agent may continue to deal solely and directly with the assigning Lender in connection with the interest so assigned until the assigning Lender shall have delivered to the Borrower, the Administrative Agent and the Security Agent an Assignment and Acceptance substantially in the form of Exhibit C hereto (an "Assignment and Acceptance") with respect to such assignment from the assigning Lender.

(c) Subject to Section 8.10, from and after the date that the Administrative Agent notifies the assigning Lender and the Borrower that it has received an executed Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender hereunder and under the other Financing Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the assignee, and any reference to the assigning Lender hereunder or under the other Financing Documents shall thereafter refer to such Lender and to the assignee to the extent of their respective interests, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Financing Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Financing Documents; provided that any Lender that assigns all of its Loan Commitment and Loans hereunder in accordance with Section 10.13 shall continue to have the benefit of indemnification provisions under this Agreement to the extent any indemnification relates to facts which occurred while it was a Lender (including Sections 2.8, 2.10, 2.11, 10.1 and 10.2), which shall survive as to such assigning Lender.

(d) Any Lender (the "Originating Lender") may, at its own cost, at any time after the initial Borrowing has occurred, sell to one or more commercial bank, financial institution, trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets which is not an Affiliate of the Borrower, a Competitor or an Affiliate of a Competitor (a "Participant") participating interests in its Loan; provided, however, that (i) the Originating Lender's obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) the Borrower and the Administrative Agent shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender's rights and obligations under this Agreement and the other Financing Documents, (iv) any such sale of participating interest shall not result in any increase in Taxes or increased cost to the Borrower or Guarantors, and (v) no Lender shall transfer or grant any participating interest under which the Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Financing Document. In the case of any such participation, the Participant shall not have any rights or claims under this Agreement or any of the other Financing Documents (the Participant's rights against the Originating Lender in respect of such participation to be those set forth in the agreement executed by the Originating Lender in favor of the Participant relating thereto) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation.

(e) Notwithstanding any other provision contained in this Agreement or any other Financing Document to the contrary, any Lender may pledge or assign as collateral security all or any portion of the Loans held by it, provided that (i) the pledge or assignment as collateral security, its enforcement and payment thereunder would not result in any increased costs or Taxes on the Borrower or the Guarantors, and (ii) any payment in respect of such assigned Loans made by the Borrower to or for the account of the assigning or pledging Lender in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect to such assigned Loan to the extent of such payment. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Financing Documents or changes its Applicable Lending Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to a permitted assignee or Lender acting through its new Applicable Lending Office under Section 2.8 or Section 2.10, then the permitted assignee or Lender acting through its new Applicable Lending Office is only entitled to receive payment under those Sections to the same extent as the assigning Lender or Lender acting through its previous Applicable Lending Office would have been if the assignment, transfer or change had not occurred.

(g) The Borrower shall not assign or otherwise transfer any of its rights and obligations under this Agreement or any other Financing Document without the prior written consent of the Administrative Agent (acting on the instructions of all Lenders).

10.14. Survival.

All indemnities set forth herein, including, without limitation, Section 10.2, shall survive the execution and delivery of this Agreement and the making and repayment of the Loans. In addition, each representation and warranty made or deemed to be made pursuant hereto shall survive the making of such representation and warranty (except for those representations or warranties that are made as of a specific date or that refer to a specific date or period of time), and no Lender shall be deemed to have waived, by reason of making any extension of credit, any Default or Event of Default which may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that such Lender may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such extension of credit was made.

10.15. WAIVER OF JURY TRIAL.

EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF, UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY RELATING HERETO OR THERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE FINANCING PARTIES TO ENTER INTO THIS AGREEMENT.

10.16. Right of Set-off.

In addition to any rights now or hereafter granted under applicable Law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default, each Lender is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any

kind to the Borrower or to any other Person (except for the notice referred to in the last sentence of this Section 10.16, any such notice being hereby expressly waived by the Borrower), to set off and to appropriate and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender (including without limitation by branches and agencies wherever located), to or for the account of the Borrower against any obligations of the Borrower to such Lender now or hereafter existing under this Agreement or any of the other Financing Documents, regardless of whether any such deposit or other obligation is then due and payable or is in the same currency or is booked or otherwise payable at the same office as the obligation against which it is set off and regardless of whether such Lender shall have made any demand for payment under this Agreement or any of the other Financing Documents. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender; provided that any failure to give such notice shall invalidate such set-off and application.

10.17. Severability.

Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof and without affecting the validity or enforceability of any provision in any other jurisdiction.

10.18. Domicile of Loans.

Subject to Section 10.13, each Lender may transfer and carry its Loan at, to or for the account of any office, Subsidiary or Affiliate of such Lender.

10.19. Limitation of Recourse.

There shall be full recourse to the Borrower and to all of its assets for the liabilities of the Borrower under this Agreement and the other Financing Documents, and in no event shall any employee, officer, director, advisor, consultant, agent or representative of the Borrower or the Guarantors, be personally liable or obligated for such liabilities and obligations of the Borrower or the Guarantors, as the case may be. Nothing contained herein shall affect or diminish any rights of any Person against any other Person for such other Person's fraud, willful misrepresentation, gross negligence or willful misconduct.

10.20. Governing Law; Submission to Jurisdiction.

(a) THIS AGREEMENT AND EACH OF THE OTHER FINANCING DOCUMENTS (UNLESS SUCH DOCUMENT EXPRESSLY STATES OTHERWISE THEREIN) AND ANY CLAIMS, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT (EXCEPT, AS TO ANY OTHER FINANCING DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF (OTHER THAN SECTION 5-1401 OF THE NEW YORK GENERAL OBLIGATIONS LAW).

(b) Each party hereto hereby submits to the non-exclusive jurisdiction of the United States District Court for the Southern District of New York and of any New York State court sitting in New York City for the purposes of all legal proceedings arising out of or relating to this Agreement or the transactions contemplated hereby. Each Obligor hereby irrevocably waives, to the fullest extent permitted by applicable Law, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum. Each Obligor hereby irrevocably appoints CT Corporation (the "Process Agent"), with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent to receive on its behalf and on behalf of its Property, service of copies of the summons and complaint and any other process that may be served in any such action or proceeding. Service upon

the Process Agent shall be deemed to be personal service on the Borrower or the relevant Guarantor, as the case may be, and shall be legal and binding upon the Borrower or such Guarantor, as the case may be, for all purposes notwithstanding any failure to mail copies of such legal process to the Borrower or the relevant Guarantor, as the case may be, or any failure on the part of the Borrower or the relevant Guarantor, as the case may be, to receive the same. Nothing herein shall affect the right to serve process in any other manner permitted by applicable Law or any right to bring legal action or proceedings in any other competent jurisdiction. Each Obligor further agrees that the aforesaid courts of the State of New York and of the United States of America for the Southern District of New York shall have exclusive jurisdiction with respect to any claim or counterclaim of the Borrower or the Guarantors based upon the assertion that the rate of interest charged by or under this Agreement or under the other Financing Documents is usurious. To the extent permitted by applicable Law, each Obligor further irrevocably agrees to the service of process of any of the aforementioned courts in any suit, action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, return receipt requested, to the Borrower or the Guarantors, as the case may be, at the address referenced in Section 10.3, such service to be effective upon the date indicated on the postal receipt returned from the Borrower or the Guarantors, as the case may be. Nothing in this Agreement or in any other Financing Document shall affect any right that a Financing Party may otherwise have to bring any action or proceeding relating to this Agreement or any other Financing Document against the Borrower or any other Obligor or its Properties in the courts of any jurisdiction.

(c) Each Obligor agrees that it will at all times continuously maintain an agent to receive service of process in the State of New York on behalf of itself and its Properties, and, in the event that for any reason the agent mentioned above shall not serve as agent for an Obligor to receive service of process in the State of New York on its behalf, the relevant Obligor shall promptly appoint a successor reasonably satisfactory to the Administrative Agent so to serve, advise the Administrative Agent thereof, and deliver to the Administrative Agent evidence in writing of the successor agent's acceptance of such appointment. The foregoing provisions constitute, among other things, a special arrangement for service among the parties to this Agreement for the purposes of 28 U.S.C. § 1608.

(d) To the extent any Obligor may, in any action or proceeding arising out of or relating to any of the Financing Documents brought in Mexico or elsewhere, be entitled under any applicable Law to require or claim that any Financing Party post security for costs or take similar action, each Obligor hereby irrevocably waives and agrees, to the extent permitted by law, not to claim the benefit of such entitlement.

10.21. Complete Agreement.

THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS REPRESENT THE FINAL AND COMPLETE AGREEMENT OF THE PARTIES HERETO, AND ALL PRIOR NEGOTIATIONS, REPRESENTATIONS, UNDERSTANDINGS, WRITINGS AND STATEMENTS OF ANY NATURE ARE HEREBY SUPERSEDED IN THEIR ENTIRETY BY THE TERMS OF THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS.

10.22. English Language.

This Agreement and all other Financing Documents shall be in the English language except for any Security Documents required by the laws of Mexico to be in the Spanish language. In the event of any discrepancy between the English version and the Spanish version of the Asset Pledge or the DSRA Pledge, the Spanish version shall prevail. All documents, certificates, reports or notices (including without limitation the Original Financial Statements and any other financial statements required hereunder) to be delivered or communications to be given or made by any party hereto pursuant to the terms of this Agreement or any other Financing Document shall be in the English language or, if originally written in another language, shall be accompanied by an accurate English translation upon which the parties hereto shall have the right to rely for all purposes of this Agreement and the other Financing Documents.

10.23. Confidentiality.

(a) Subject to the provisions of clause (b) of this Section 10.23, each Financing Party agrees that it will maintain confidentiality and will not disclose without the prior consent of the Borrower (other than, on a need-to-know basis only, to its employees, auditors, advisors or counsel or to another Financing Party if such Financing Party or such Financing Party's holding or parent company in its sole discretion determines that any such party should have access to such information, provided such Persons shall be subject to the provisions of this Section 10.23 to the same extent as such Financing Party) any information with respect to Borrower or any of its Subsidiaries or businesses which is now or in the future furnished pursuant to this Agreement or any other Financing Document, provided that any Financing Party may disclose any such information (i) as has become generally available to the public other than by virtue of a breach of this Section 10.23 by the respective Financing Party, (ii) as may be strictly required or appropriate in any report, statement or testimony submitted to any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Financing Party or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (iii) as may be strictly required or appropriate in respect to any summons or subpoena in connection with any litigation, (iv) in order to comply with any law, order, regulation or ruling applicable to such Financing Party, (v) to the Administrative Agent, (vi) to any direct or indirect contractual counterparty in any swap, hedge or similar agreement (or to any such contractual counterparty's professional advisor), so long as such contractual counterparty (or such professional advisor) agrees to be bound by the provisions of this Section 10.23 and (vii) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any Loan Commitment or any interest therein by such Financing Party, provided that such prospective transferee agrees to be bound by the confidentiality provisions contained in this Section 10.23.

(b) Each Obligor hereby acknowledges and agrees that each Financing Party may, on a need-to-know basis only, share with any of its Affiliates, and such Affiliates may share with such Financing Party, any information related to the Borrower, the Guarantors or any of their respective Subsidiaries (including, without limitation, any non-public customer information regarding the creditworthiness of the Borrower, the Guarantors and their respective Subsidiaries), provided that such Persons shall be subject to the provisions of this Section 10.23 to the same extent as such Financing Party.

10.24. Independence of this Agreement from Supply Agreements .

The liability of the Borrower or the Guarantors to make payments to any Lender under this Agreement shall be in no way conditional upon the due performance by the Supplier of the terms of the Supply Agreements or any related contract nor affected by any dispute under or enforceability of the Supply Agreements or any related contract or any claim which the Borrower or the Guarantors may have or consider that it has against the Supplier as aforesaid for any reason whatsoever. A Lender shall not be under any obligation to enquire into the adequacy or enforceability of the Supply Agreements or any related contract or as to whether any default, dispute or non-performance has arisen thereunder. Each Obligor further acknowledges that the Lenders have made no representation or warranty whatsoever with respect to the Supply Agreements or the performance by the Supplier of its obligations thereunder.

* * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

Comunicaciones Nextel de México, S.A. de C.V., as Borrower

Notice Address:

Paseo de los Tamarindos No. 90, piso 29 Col. Bosques de las Lomas 05120 Mexico, D.F. Mexico Attention: General Counsel Telephone No.: (011 52 55) 4115-3651 Facsimile No.: (011 52 55) 1018-4010 (Ext. 3651)

with a copy to:

NII Holdings, Inc.
1875 Explorer Street, suite 1000 Reston, VA 20190 Attention: Chief Commercial Counsel Facsimile No: +703 390 7170

By: /s/ Juan Enrich Urrea
Chief Financial Officer

By: /s/ Antonio Graza
VP and General Counsel

The Guarantors:

TELETRANSPORTES INTEGRALES S. DE R.L. DE C.V. INVERSIONES NEXTEL DE MEXICO S.A. DE C.V.
NII TELECOM S. DE R.L. DE C.V.
SERVICIOS DE RADIOCOMUNICACION MOVIL DE MEXICO S.A. DE C.V. OPERADORA DE COMUNICACIONES S.A. DE C.V.
NII DIGITAL S. DE R.L. DE C.V.

DELTA COMUNICACIONES DIGITALES S.A. DE C.V. Notice Address for all Guarantors:

Paseo de los Tamarindos No. 90, piso 29 Col. Bosques de las Lomas 05120 Mexico, D.F. Mexico Attention: General Counsel Telephone No.: (011 52 55) 4115-3651 Facsimile No.: (011 52 55) 1018-4010 (Ext. 3651)

with a copy to:

NII Holdings, Inc.

1875 Explorer Street, suite 1000 Reston, VA 20190 Attention: Chief Commercial Counsel Facsimile No: +703 390 7170

On behalf of the Guarantors

By: /s/ Juan Enrich Urrea
Chief Financial Officer

By: /s/ Antonio Graza
VP and General Counsel

CHINA DEVELOPMENT BANK CORPORATION, as Lender

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road Shenzhen 518031, China Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725

By: /s/ Wang Weideng
General Manager

CHINA DEVELOPMENT BANK CORPORATION, as Administrative Agent

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road, Shenzhen 518031, P.R. China.
Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725

By:/s/ Wang Weideng
General Manager

CHINA DEVELOPMENT BANK CORPORATION, as Arranger

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road, Shenzhen 518031, P.R. China.
Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725

By:/s/ Wang Weideng
General Manager

DEFINED TERMS AND RULES OF INTERPRETATION

1. Defined Terms.

“Administrative Agent” shall mean China Development Bank Corporation, acting in its capacity as agent for the Lenders pursuant to this Agreement. “Agent” shall mean the Administrative Agent or the Security Agent.

“Affected Interest Period” shall have the meaning provided in Section 2.11 of this Agreement.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person.

“Agent-Related Persons” shall mean each Administrative Agent and any successor Administrative Agent appointed pursuant to Section 8.9 of this Agreement, together with their respective officers, directors, employees, representatives, attorneys, agents and Affiliates.

“Agreement” shall have the meaning provided in the preamble of this Agreement.

“Applicable Lending Office” shall mean, for each Lender, the “Lending Office” of such Lender (or of an Affiliate thereof) designated in Annex II to this Agreement or such other office of such Lender (or an Affiliate thereof) as such Lender may from time to time specify to the Administrative Agent and the Borrower by written notice in accordance with the terms hereof as the office by which its Loans are to be made and maintained.

“Arranger” shall mean China Development Bank Corporation.

“Asset Pledge” shall mean the first ranking non-possessory pledge over assets agreement entered into on or about the Signing Date between the Pledgors and the Security Agent, in its capacity as *Acreeedor Prendario* thereunder in relation to the pledge of all of the Pledged Assets.

“Assignment and Acceptance” shall have the meaning provided in Section 10.13(b) of this Agreement.

“Attorney Costs” shall mean all reasonable and duly documented fees and disbursements of any law firm or other external counsel of the Lenders.

“Authorized Officer” shall mean, with respect to any Person, any Person who is duly authorized to represent and to obligate that Person in accordance with the Charter Documents of that Person.

“Availability Period” shall mean the period from and including the Signing Date to and including the Final Availability Date.

“Available Loan Commitments” shall mean, at any time and in respect of any Lender, such Lender’s Loan Commitment minus:

- (a) the amount of its participation in any Loans outstanding under this Agreement; and
- (b) in relation to any proposed Loan under this Agreement, the amount of its participation in any Loans that are due to be made under this Agreement on or before the proposed Disbursement Date.

“Bankruptcy Law” shall mean the laws, regulations, decrees and rules related to bankruptcy in Mexico and any other Law of any jurisdiction relating to bankruptcy, insolvency, liquidation, reorganization, moratorium, winding-up or composition or readjustment of debts or any similar Law.

“Borrower” shall have the meaning provided in the first paragraph of this Agreement.

“Borrowing” shall mean the borrowing of Loans from the Lenders on a given date having the same Interest Period.

“Break Costs” shall mean the amount (if any) by which (a) the interest (excluding the applicable Margin) that a Lender should have received for the period from the date of receipt of all or any part of its Loan or any sum due and payable by the Borrower under any Financing Document but unpaid to the last day of the current Interest Period in respect of such Loan or sum, had the principal amount of such Loan or sum received been paid on the last day of that Interest Period exceeds (b) the amount which such Lender would be able to obtain by placing an amount equal to the principal amount of such Loan or sum received or recovered by it on deposit with a leading bank in the London interbank market for a period starting on the London Banking Day following such receipt of recovery and ending on the last day of the current Interest Period.

“Business Day” shall mean any day except Saturday, Sunday and any day which shall be in New York City, Beijing or Mexico City, a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in any such city.

“Business Plan” shall mean the Borrower’s business plan provided pursuant to Section 3.1(l) and as updated from time to time pursuant to Section 5.1(l).

“Calculation Date” shall mean June 30 and December 31 of each calendar

“Change of Control” shall mean (i) when the Borrower ceases, directly or indirectly, to control any of the Guarantors or (ii) when the Parent ceases, directly or indirectly, to control the Borrower. For purposes of this definition, “control” shall mean, with respect to a Person, (i) the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise, and (ii) the ownership (directly or indirectly) of 51% of the entire issued and outstanding share capital of such Person.

“Charter Documents” shall mean, with respect to any Person, the by-laws, or articles of incorporation or association, or incorporation deed, or other similar document of such Person.

“China” shall mean the People’s Republic of China (for purposes of this Agreement, not including Taiwan and the Special Administrative Regions of Hong Kong and Macau).

“Chinese Content” shall mean goods and services rendered by entities located in China as certified by the certificate of country of origin of such goods and services. For purposes of this Agreement, it shall be understood that services paid by the Borrower or its Subsidiaries to the Supplier shall be deemed Chinese Content.

“Closing Date” shall mean the date upon which the conditions precedent set forth in Section 3.1 of this Agreement have been satisfied (or waived by the Administrative Agent).

“Code” shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

“Commitment Fee” shall have the meaning provided in Section 6.8(c) of this Agreement.

“Competitor” shall mean a Person other than the Borrower and its Affiliates who is engaged in the telecommunications business (including without limitation the delivery or distribution of wireless telecommunications services (including voice, data or video services) and the acquisition, holding or exploitation of any license relating to the delivery of such wireless telecommunications services) and related activities and services.

“Compliance Certificate” shall mean the certificate of the Borrower substantially in the form attached hereto as Exhibit E.

“Consolidated Cash Balance” shall mean, with respect to the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Mexico GAAP), (i) cash, including Pesos or Dollars, (ii) investment in short term deposits in banks, other similar financial institutions or corporate entities, each of which is investment grade, or subsidiaries or affiliates of such banks or financial one year from the date of deposit including, but not limited to, investments in bank fixed deposits and other bank instruments), (iii) deposits in Acceptable Entities and investments in treasury bills and securities issued by a governmental authority including the Government of Mexico; (iv) any readily marketable debt or equity security that is customarily traded on electronic trading systems or any national or international securities exchange, valued at the most recently available trading price for such security, and for any such security denominated in a currency other than Dollars or Pesos, converted into Dollars or Pesos at the exchange rate noted by a national or international financial institution; (v) repurchase obligations with Acceptable Entities or other creditworthy financial institutions, in each case with a term of not more than seven days for underlying securities of the types described in clauses (ii) and (iv) above and (vi) investment grade commercial paper maturing within one year after the date of acquisition.

“Consolidated EBITDA” shall mean, for any period, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Mexico GAAP), the sum of the following: (a) Consolidated Operating Income plus (b) to the extent deducted in determining Consolidated Operating Income, the sum of (i) all amounts properly charged for depreciation of Fixed Property and amortization of Intangible Property for such period on the consolidated books of the Borrower and its Consolidated Subsidiaries, plus (ii) Consolidated Interest Expense for such period, plus (iii) income tax expense, plus (iv) all other non-cash expenses, minus (c) non-cash gains, to the extent included in determining Consolidated Operating Income.

“Consolidated Indebtedness” shall mean, as at any date, the sum of the aggregate outstanding principal amount of all Indebtedness of the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Mexico GAAP).

“Consolidated Interest Expense” shall mean, for any period, the sum, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Mexico GAAP), of all interest in respect of Indebtedness accrued or capitalized during such period (whether or not actually paid during such period).

“Consolidated Leverage Ratio” shall mean, with respect to the Borrower, the ratio of its Net Debt to its Consolidated EBITDA.

“Consolidated Operating Income” shall mean, for any period, the net income (or net loss) of the Borrower and its Consolidated Subsidiaries for such period (determined on a consolidated basis without duplication in accordance with Mexico GAAP).

“Consolidated Subsidiary” shall mean, with respect to the Borrower or a Guarantor, each Subsidiary of the Borrower or such Guarantor, as the case may be, (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of the Borrower or such Guarantor, as the case may be, in accordance with Mexico GAAP.

“Control” the possession, directly or indirectly, of the power to direct or cause the direction of the

management or policies of a Person, whether through the ability to exercise voting or management power, by contract or otherwise. “ Controlling” and “Controlled” have meanings correlative thereto.

“Default” shall mean any event or circumstance which with notice under the Financing Documents or lapse of time or both would become an Event of Default.

“Default Interest” shall have the meaning provided in Section 2.6(b) of this Agreement.

“Delaware” shall mean the State of Delaware of the United States.

“Disbursement” shall mean disbursement of the Loans pursuant to this Agreement.

“Disbursement Date” shall mean any date on which a Disbursement is made.

“Dollars” or “US\$” and the sign “\$” shall each mean freely transferable, lawful money of the United States.

“DSRA” shall mean the debt service reserve account established and maintained by the Borrower with the Security Agent with the account number 7003628567 and all monies standing to the credit of such account together with all rights and interests in relation thereto.

“DSRA Pledge” shall mean the first ranking non-possessory pledge agreement entered into on or about the Signing Date between the Borrower and the Security Agent in respect of the pledge over the DSRA.

“Environmental Claim” shall mean, with respect to any Person, (i) any notice, claim, administrative, regulatory or judicial or equitable action, suit, Lien, judgment or demand by any other Person or (ii) any other written communication by any Governmental Authority, in either case alleging or asserting such Person's liability for investigatory costs, cleanup costs, consultants' fees, governmental response costs, damages to natural resources (including, without limitation, wetlands, wildlife, aquatic and terrestrial species and vegetation) or other Property, property damages, personal injuries, fines or penalties arising out of, based on or resulting from (x) the presence, or Release into the environment, of any Hazardous Material at any location, whether or not owned by such Person or (y) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law or Governmental Approval issued under any Environmental Law.

“Environmental Laws” shall mean any and all Laws, now or hereafter in effect, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, human health or safety, or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or toxic or hazardous substances or wastes into the environment including, without limitation, ambient air, surface water, groundwater, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or toxic or hazardous substances or wastes.

“ERISA” shall mean the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the Signing Date and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

“Equity Interest” shall mean, at any time, any right or interest in the capital of the Borrower, whether owned directly or indirectly.

“Event of Default” shall have the meaning provided in Section 7.1 of this Agreement.

“Existing Facility” shall mean the US\$296,900,000 facility granted to the Borrower pursuant to that certain amended and restated credit agreement dated June 27, 2006, by and among the Borrower as borrower, the financial institutions parties thereto as lenders, Citibank N.A., as administrative agent, Citigroup Global Markets Inc., as bookrunner and lead arranger, Scotiabank Inverlat, S.A., Institución de Banca Múltiple, Grupo Financiero, as bookrunner and syndication agent and ABN Amro Bank N.V., as bookrunner and documentation agent.

“Expropriation Event” shall mean (i) any condemnation, nationalization, seizure or expropriation by a Governmental Authority of all or a substantial portion of the Property of the Borrower or of its share capital, (ii) any assumption by a Governmental Authority of control of all or a substantial portion of the Property or business operations of the Borrower or of its share capital, or (iii) any taking of any action by a Governmental Authority for the dissolution or disestablishment of the Borrower.

“Fee Letter” shall mean any letter or letters between the Borrower and the Arrangers and the Administrative Agent dated of even date hereof, setting out certain reasonable and duly documented fees and expenses payable by the Borrower in connection with the Financing Documents and the consummation of the transactions contemplated therein.

“Final Availability Date” shall mean the date falling thirty six (36) months from the Signing Date.

“Financing Documents” shall mean, collectively, this Agreement, the Guaranty, the Shareholder Undertaking, the Security Documents, the Fee Letter, each Notice of Borrowing, and the Sinosure Insurance.

“Financing Parties” shall mean, collectively, the Administrative Agent, the Security Agent, the Arranger and the Lenders.

“Fixed Property” shall mean the fixed assets as reflected in its consolidated financial statements.

“Foreign Pension Plan” shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States primarily for the benefit of employees residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA, or to the extent applicable, subject to Subchapter D of the Code.

“Forms” shall have the meaning provided in Section 2.8(b) of this Agreement.

“Governmental Approval” shall mean any authorization, consent, approval, license, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, publication, notice to, declaration of or with, or registration by or with, any Governmental Authority, including the Licenses.

“Governmental Authority” shall mean any government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial or administrative body, domestic or foreign, federal, state or local having jurisdiction over the matter or matters in question, including, without limitation, those in Mexico and the United States.

“Group Chart” shall mean the organization chart of the Guarantors and the Borrower and their respective Subsidiaries (including the Consolidated Subsidiaries) that shows the direct and indirect relationship among the Guarantors, the Consolidated Subsidiaries and the Borrower (including current name, jurisdiction of incorporation and/or establishment and a list of shareholders).

“Guarantors” shall mean those entities listed in Annex III, as updated from time to time to reflect any transaction permitted pursuant to Section 5.13, and a “Guarantor” shall mean any of them.

“Guaranty” shall mean the guaranty of the Guarantors pursuant to Section 9.

“Guaranteed Obligations” shall mean the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal and interest on all Loans made to the Borrower under this Agreement, together with all the other obligations, indebtedness and liabilities (including, without limitation, indemnities, fees and interest (including any interest accruing after the commencement of any bankruptcy, insolvency, receivership or similar proceeding at the rate provided for herein, whether or not such interest is an allowed claim in any such proceeding) thereon) of the Borrower to the Financing Parties now existing or hereafter incurred under, arising out of or in connection with this Agreement and each other Financing Document to which the Borrower is a party and the due performance and compliance by the Borrower with all the terms, conditions and agreements contained in this Agreement and in each such other Financing Document.

“Hazardous Material” shall mean any substance that is regulated or could lead to liability under any Environmental Law, including, but not limited to, any petroleum or petroleum product, asbestos in any form that is or could become friable, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls (PCB’s), hazardous waste, hazardous material, hazardous substance, toxic substance, contaminant or pollutant, as defined or regulated as such under, any applicable Environmental Law.

“Indebtedness” shall mean, with respect to a Person, any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent of such Person for or in respect of (i) amounts borrowed or raised under any loan or credit facility; (ii) the amount of any deferred purchase price of property or services (other than trade payables not overdue by more than ninety (90) days incurred in the ordinary course of business); (iii) all obligations under or in respect of letters of credit or bankers’ acceptances if issued in connection with a transaction in the nature of a borrowing or raising of finance; (iv) all obligations under or evidenced by bonds, debentures, notes or other similar instruments; (v) leases or hire purchase contracts, which would in accordance with Mexico GAAP be treated as finance or capital leases; (vi) any other financial transaction having the effect of a borrowing or giving rise to an obligation on the part of such Person to purchase Indebtedness of another Person or provide collateral in respect thereof; or (vii) the net exposure under any hedging agreements.

“Indemnified Liabilities” shall have the meaning provided in Section of this Agreement.

“Indemnified Person” shall have the meaning provided in Section 10.2(a) of this Agreement.

“Intangible Property” shall mean the intangible assets as reflected in its consolidated financial statements.

“Intellectual Property” shall mean any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, inventions, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered and the benefit of all applications and rights to use such assets.

“Interest Determination Date” shall mean, for the purposes of calculating LIBOR, the second London Banking Day prior to the commencement of any Interest Period relating to such Loan unless market practice differs in the London interbank market in which case the Interest Determination Date will be determined by the Administrative Agent in accordance with market practice in the London interbank market (and if quotations would normally be given by leading banks in the London interbank market on more than one day, the Interest Determination Date will be the last of those days).

“Interest Payment Date” shall mean each April 10 and October 10 before the Loan Maturity Date,

except that if any such date is not a Business Day, such Interest Payment Date shall fall on the immediately succeeding Business Day.

“Interest Period” shall have the meaning provided in Section 2.7 of this Agreement.

“Investment” in any Person shall mean, without duplication: (i) the acquisition (whether for cash, securities, other Property, services or otherwise) or holding of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of such Person, or any agreement to make any such acquisition or to make any capital contribution to such Person; or (ii) the making of any deposit with, or advance, loan or other extension of credit to, such Person.

“Land” shall mean any site upon which the Telecommunications Networks have been or will be installed (including in connection with the Project), together with any fixtures and civil works constructed thereon and any other easements, licenses and other real property rights and interests required in respect thereof.

“Law” shall mean, with respect to any Person (i) any statute, law, regulation, ordinance, rule, judgment, order, decree, permit, concession, grant, franchise, license or other governmental restriction or any official interpretation or administration of any of the foregoing by any Governmental Authority (including, without limitation, Governmental Approvals) and (ii) any directive, guideline, policy, requirement or any similar form of decision of or determination by any Governmental Authority which is binding on such Person, in each case, whether now or hereafter in effect (including, without limitation, in each case, any Environmental Law).

“Lender” shall mean each Lender named on Annex I to this Agreement and any assignee thereof pursuant to Section 10.13 of this Agreement.

“LIBOR” shall mean, with respect to each Interest Period in respect of a Loan, the Screen Rate. If for any reason such rate is not available, the term “LIBOR” shall mean, for any Loan for any Interest Period therefor, the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%) as supplied to the Administrative Agent at its request quoted by the Reference Banks to leading banks in the London interbank market at approximately 11:00 a.m. (London time) on the Interest Determination Date for deposits in Dollars and for a term comparable to such Interest Period.

“Licenses” shall mean, the licenses to install, operate and exploit a public telecommunications network and to use the following frequency bands: 1740 - 1755 MHz for the inferior segment and 2140-2155 MHz for the superior segment within the Mexican territory granted by the Federal Government of Mexico through the Ministry of Communications and Transports to NII Digital S. de R.L. de C.V. on October 1, 2010.

“License Proceedings” shall mean the administrative and/or judicial proceedings described in Annex IV and any other proceeding by or before any Governmental Authority in order to challenge in any matter the granting of the Licenses notified to the Administrative Agent pursuant to Section 5.2 (a).

“Lien” shall mean, with respect to any Property of any Person, any mortgage, pledge, lien, security interest, charge, or other encumbrance of any kind, or any other type of preferential arrangement (including title transfer and retention arrangements) that has substantially the same practical effect as a security interest.

“Loan” or “Loans” shall have the meaning provided in Section 2.1(a) of this Agreement.

“Loan Commitments” shall mean, with respect of each Lender named on Annex I to this Agreement, the amount set opposite its name in Annex I and, with respect to any other Lender, the amount of any Loan Commitment it acquires, to the extent not cancelled, transferred or reduced under this Agreement.

“Loan Maturity Date” shall mean the date falling ten (10) years from the Signing Date except that if such date is not a Business Day, then the Loan Maturity Date shall be the Business Day immediately preceding

the date falling ten (10) years from the Signing Date.

“London Banking Day” shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in London, England.

“Margin” shall mean:

(a) prior to the Sinosure Effective Date, two point eight percent (2.8%) per annum (as adjusted from time to time pursuant to the proviso below), and

(b) on and after the Sinosure Effective Date, one point six percent (1.6%) per annum (as adjusted from time to time pursuant to the proviso below),

provided that, if, at any time prior to the Final Availability Date, any of the Equity Interests becomes subject to a Lien (other than in favor of the Financing Parties in respect of the Loans), the foregoing rates, as applicable, shall be increased from the date of creation of such Lien until the earlier to occur of the Final Availability Date and the date of unconditional and irrevocable discharge or release of such Lien as follows: (x) by zero point one percent (0.1%) if the Equity Interests subject to such Lien are less than ten percent (10%) of the aggregate Equity Interests, (y) by zero point two percent (0.2%) if the Equity Interests subject to such Lien are ten percent (10%) or more but less than twenty five percent (25%) of the aggregate Equity Interests and (z) by zero point three percent (0.3%) if the Equity Interests subject to such Lien are twenty five percent (25%) or more but less than or equal to forty nine percent (49%) of the aggregate Equity Interests.

“Margin Stock” shall mean margin stock within the meaning of Regulation U and Regulation X.

shall mean the Master Services Agreement effective as of November 12, 2010 and Huawei Technologies de Mexico, S.A. de C.V. in respect of the provision of certain civil and construction works and services and goods for the implementation of the Project.

“Master Supply Agreement” shall mean the Master Supply Agreement effective as of December 20, 2010 between the Parent and Huawei Technologies de Mexico, S.A. de C.V. in respect of the delivery of telecommunications infrastructure equipment and goods for the implementation of the Project.

“Material Adverse Effect” shall mean a material adverse effect on (i) the business, operations, condition (financial or otherwise) or Property of the Borrower or the Property of the Obligors taken as a whole, (ii) the ability of the Borrower, or the Guarantors taken as a whole, to timely perform any of its obligations under any of the Transaction Documents to which it is a party, (iii) the legality, validity or enforceability of any material provision of any Transaction Document, or (iv) any material rights and remedies of the Financing Parties under any of the Financing Documents.

“Material Indebtedness” shall mean, with respect to any Obligor, any of its Indebtedness that individually (or in the aggregate if it arises out of a series of related transactions or obligations) exceeds US\$50,000,000 (or its equivalent in other currencies) at any time.

“Mexico” shall mean the United Mexican States.

“Mexico GAAP” shall mean the generally accepted accounting principles in Mexico.

“Money Laundering” shall mean, (i) the conversion or transfer of property, knowing it is derived from a criminal offense, for the purpose of concealing or disguising its illegal origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of its actions, (ii) the concealment or

disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property knowing that it is derived from a criminal offense, or (iii) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offense.

“Necessary Governmental Approval” shall have the meaning provided in Section 4.7(a) of this Agreement.

“Negotiation Period” shall have the meaning provided in Section 2.11 of this Agreement.

“Net Debt” shall mean, with respect to the Borrower, its Consolidated Indebtedness minus its Consolidated Cash Balance.

“No Liens’ Certificates” means (i) a no lien certificate (*certificado de libertad de gravámenes*) regarding the commercial folio (*folio mercantile*) or equivalent of the Borrower and the Guarantors, issued by the Public Registry of the Property and Commerce (*Registro Público de la Propiedad y del Comercio*) of the social domicile of the Borrower and the Guarantor; and (ii) a no lien certificate or equivalent of the Borrower and the Guarantors, issued by the Movable Property Registry (*Registro Único de Garantías Mobiliarias*).

“Non-Chinese Content” shall mean goods and services rendered by entities located outside of China and which goods and services did not originate in whole or in part (as a matter of law or otherwise) in China.

“Non-Sinore Credit Agreement” shall mean the US\$187,500,000 term loan credit agreement entered into on or about the Signing Date between the Borrower and China Development Bank Corporation as lender in respect of the Project.

“Notice of Borrowing” shall have the meaning provided in Section 2.2 of this Agreement.

“Notice Office” shall mean the office of the Administrative Agent located at the address indicated below its signature or such other office, telephone or facsimile number as the Administrative Agent may hereafter designate in writing as such to each of the other parties to this Agreement.

“Officer’s Certificate” shall mean, (i) with respect to the Borrower, an officer’s certificate signed by an Authorized Officer of the Borrower and (ii) with respect to each Guarantor, an officer’s certificate signed by an Authorized Officer of such Guarantor.

“Obligors” shall mean the Borrower and each of the Guarantors.

“Original Financial Statements” shall mean the audited consolidated financial statements of the Borrower, as audited by a reputable Mexican accounting firm to ensure compliance with Mexico GAAP, in each case, as at and for the fiscal year ended on December 31, 2010.

“Parent” shall mean NII HOLDINGS INC., a holding company organized and existing under the laws of Delaware.

“Payment Office” shall mean the office of the Administrative Agent located at the address below its signature or such other office as each such Administrative Agent may hereafter designate in writing as such to each of the other parties to this Agreement.

“Permitted Business” shall mean the telecommunications business including any business conducted or proposed to be conducted (as described in the Parent’s filings with the U.S. Securities and Exchange Commission) by the Borrower and its Subsidiaries on the Signing Date (which include, without limitation, the delivery or distribution of wireless telecommunications services (including voice, data or video services) and the acquisition, holding or exploitation of any license relating to the delivery of such wireless telecommunications services) and related, ancillary

or complimentary businesses, activities and services.

“Permitted Disposals” shall mean, with respect to any Obligor’s assets (excluding the Licenses):

- (a) disposals on arm’s length terms in the ordinary course of trading of the disposing entity;
- (b) disposals of assets in exchange for other assets comparable or superior in type, value and quality;

(c) disposals of assets which are worn out, obsolete or have been replaced;

- (d) disposals arising under Section 5.13(a);

disposals with the consent of the Administrative Agent;

- (e) disposals arising pursuant to a Permitted Sale Leaseback Transaction;
- (f) disposals among the Obligors on arm’s length terms;

(g) disposals (on arm’s length terms) of the licenses to install, operate and exploit a public telecommunications network and to use the following frequency bands: 1900-1905 MHz for the inferior segment and 1980-1985 for the superior segment within the States of Nuevo León, Tamaulipas and Coahuila, excluding the municipalities of Torreon, Francisco I. Madero, Matamoros, San Pedro and Viesca located in the State of Coahuila, Mexico, granted by the Federal Government of Mexico through the Ministry of Communications and Transports to NII Digital S. de R.L. de C.V. on October 1, 2010; and

(h) any other disposals of assets transacted on arm’s length terms provided that the aggregate amount received by the Borrower in respect of such disposals does not exceed US\$20,000,000 (or its equivalent in other currencies) in any twelve (12) month period.

“Permitted Liens” shall mean, with respect to any of the Obligors,

- (a) the Transaction Lien;

(b) Liens for taxes, assessments and governmental charges or levies on such Obligor that are not yet delinquent or due or which are being contested in good faith by appropriate actions or proceedings, provided that adequate reserves with respect thereto are maintained in accordance with Mexico GAAP on the books of such Obligor;

(c) Liens arising by operation of law in the ordinary course of business and not for borrowed money securing obligations that are not overdue for a period of more than thirty (30) days;

(d) Liens incurred in connection with workers’ compensation claims, unemployment insurance, social security benefits and similar legislation or to secure public or statutory obligations;

(e) Liens in favor of any Governmental Authority of Mexico arising from the bidding or acquisition of radio spectrum licenses that are necessary, complementary or ancillary for the Borrower's telecommunication business to the extent required by applicable laws or applicable auction rules and regulations;

(f) Liens on any Fixed Property or Intangible Property (excluding the Licenses, the Pledged Assets except as otherwise expressly permitted under the Asset Pledge and the DSRA except as otherwise expressly permitted under the DSRA Pledge) acquired after the Signing Date;

(g) easements, rights-of-way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its intended purposes;

(h) Liens in favor of any other Obligor;

(i) Liens to secure the performance of bids, tenders or other contracts (other than contracts for any Indebtedness) to the extent required in the ordinary course of business;

(j) Liens on any other Property of the Obligor provided that such Liens are also created in favor of the Security Agent (for the benefit of the Financing Parties) on a *pari passu* basis; and

(k) Liens on Property existing as of the Signing Date (excluding the Licenses) other than the Properties subject to Liens pursuant to items (a) to (j) above the aggregate book value of which (determined as of such determination date) is, at any time, no more than the greater of (i) US\$300,000,000 less the book value of such Properties (existing as of the Signing Date) subject to Permitted Sale Leaseback Transactions and (ii) (A) 10% of the difference between the Total Assets and the aggregate book value of Properties subject to Liens pursuant to items (a), (f), (i) and (j) above minus (B) the book value of such Properties (existing as of the Signing Date) subject to the Permitted Sale Leaseback Transactions.

"Permitted Related Party Transactions" shall mean:

(a) transactions between the Borrower and an Affiliate of the Borrower for the provision of intercompany services and licensing agreements, provided that such intercompany agreements (i) are on an arms' length basis, (ii) comply with, if any, the conditions for related party transactions adopted by the board of directors or equivalent corporate governing body of the Borrower and the relevant Affiliate;

(b) a Permitted Disposal;

(c) a merger permitted under Section 5.13(a); and

(d) the payment of dividends and share redemptions in accordance with Section 5.24.

"Permitted Sale Leaseback Transaction" shall mean a transaction or arrangement (or a series of transactions or arrangements) pursuant to which the Borrower and/or any of its Subsidiaries sells or otherwise transfers for value its Telecommunications Towers, and as part of such transaction, thereafter rents or leases such Telecommunications Towers, provided that (i) the obligations under any such sale and leaseback transaction shall be deemed a Consolidated Indebtedness of the Borrower; and (ii) any such sale and leaseback transaction shall not be permitted upon the occurrence and continuation of a Default or an Event of Default.

"Person" shall mean any individual, corporation, limited liability company, company, voluntary association, partnership, joint venture, trust, or other enterprises or unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

“Pesos” or “pesos” shall mean the lawful currency of Mexico.

“Principal Payment Dates” shall mean, collectively, the first Interest Payment Date immediately following the expiry of the Availability Period and thereafter, each next succeeding Interest Payment Date; provided that the last Principal Payment Date shall be the Loan Maturity Date.

“Pledged Assets” shall have the meaning given to the term “*Bienes Pignorados*” in the Asset Pledge, being all fixed assets of the Pledgors procured under the Purchase Orders which are financed by the Loans hereunder or the loans under the Non-Sinonure Credit Agreement.

“Pledgors” shall mean NII DIGITAL S. DE R.L. DE C.V. and any other Obligor which becomes a Pledgor (*Deudor Prendario*) pursuant to and in accordance with the Asset Pledge.

“Process Agent” shall have the meaning provided in Section 10.20(b) of this Agreement.

“Project” shall have the meaning provided in the first recital of this Agreement.

“Property” shall mean any property, Licenses, assets of any kind whatsoever, whether present or future, whether real, personal or mixed and whether tangible or intangible, and any right or interest therein.

“Purchase Order” shall mean a purchase order issued by the Borrower at any time in accordance with any of the Supply Agreements for financing hereunder.

“Rate Determination Notice” shall have the meaning provided in Section 2.11 of this Agreement.

“Reference Banks” shall mean the principal office in London of Bank of China, Citibank N.A. and Barclays Bank PLC or such other banks as may be appointed by the Administrative Agent from time to time (acting on the instructions of the Required Lenders) in consultation with the Borrower.

“Register” shall have the meaning provided in Section 8.10 of this Agreement.

“Regulation U” shall mean Regulation U of the Board of Governors of the Federal Reserve system (or any successor).

“Regulation X” shall mean Regulation X of the Board of Governors of the Federal Reserve system (or any successor).

“Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Hazardous Material, but excluding (i) emissions from the engine exhaust of a motor vehicle and (ii) the normal application of fertilizer).

“Repeating Representations” shall mean each of the representations, warranties or agreements set out in Sections 4.1, 4.2, 4.5, 4.8, 4.9(a), 4.12, 4.15, 4.19, 4.24, 4.25 and 4.26.

“Required Lenders” shall mean the Lenders holding at least sixty six and two thirds (662/3%) of the aggregate outstanding principal amount of the Loans or, if no Loans have been made, at least sixty six and two thirds (662/3%) of the Loan Commitments.

“Scheduled Principal Payments” shall mean the scheduled amounts payable in respect of the principal of the Loans pursuant to Section 6.1 of this Agreement.

“Screen Rate” shall mean, with respect to each Interest Period in respect of a Loan, the British Bankers’ Association Interest Settlement Rate for Dollars for a term comparable to such Interest Period, displayed on page LIBOR01 of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Administrative Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Lender.

“Security Agent” shall mean HSBC Mexico, S.A., acting in its capacity as security agent for the Lenders pursuant to the Security Sharing Agreement, including any successors, permitted assigns and permitted transferees of HSBC México, S.A. as appointed under the Security Sharing Agreement.

“Security Documents” shall mean the Asset Pledge, the DSRA Pledge and any other document designated as a Security Document by the Financing Parties.

“Security Sharing Agreement” shall mean the security sharing and collateral agency agreement entered into on or about the Signing Date among the Administrative Agent, the Security Agent and the lenders parties thereto in respect of the *pari passu* sharing of the Pledged Assets under the Asset Pledge.

“Shareholder Undertaking” shall mean the undertaking entered into on or about the Signing Date between, among others, the Parent and the Administrative Agent.

“Signing Date” shall have the meaning provided in the preamble of this Agreement.

“Sinosure Effective Date” shall mean the date on which the Sinosure Insurance is in full force and effect with the Lenders designated as the sole loss payees thereunder and all cost and premium in relation to the Sinosure Insurance have been unconditionally and irrevocably paid in full.

“Sinosure Insurance” shall mean the commercial and political risk coverage insurance policy issued by the China Export and Credit Insurance Corporation in relation to this Agreement.

“Subsidiary” shall mean, in relation to any Person, any other Person, (i) which is controlled, directly or indirectly, by the first mentioned Person; (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first mentioned Person; or (iii) which is a Subsidiary of another Subsidiary of the first mentioned Person, and for purposes of this definition, a Person shall be treated as being controlled by another if that other Person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

“Substitute Basis” shall have the meaning provided in Section 2.11 of this Agreement.

“Suppliers” shall mean (i) Huawei Technologies Co. Ltd. and (ii) Huawei Technologies de México, S. A. de C.V., being at all times prior to the first Principal Payment Date, a Subsidiary of Huawei Technologies Co. Ltd., and their respective subsidiaries (each a “Supplier”).

“Supplier’s Certificate” shall mean the certificate issued by the Supplier substantially in the form of Exhibit D hereto.

“Supply Agreements” shall mean collectively and indistinctively the Master Services Agreement and the Master Supply Agreement.

“Taking” shall mean any circumstance or event, or series of circumstances or events (including an Expropriation Event), in consequence of which the Project or any portion thereof shall be condemned, nationalized, seized, compulsorily acquired or otherwise expropriated by any Governmental Authority under power of eminent domain or otherwise. The term “Taken” shall have a correlative meaning.

“Taxes” shall have the meaning provided in Section 2.8(a) of this Agreement.

“Tax Benefit” shall have the meaning provided in Section 2.8(c) of this

“Telecommunications Networks” shall mean the 3G telecommunications networks being deployed and/or to be deployed by the Borrower or its Affiliates in Mexico.

“Telecommunications Towers” means telecommunications towers and related equipment necessary for the operation of the Telecommunications Networks, including, without limitation, real property and/or ground leases, licenses, permits, authorizations or other applicable governmental approvals, and certain warranty rights; but excluding certain wireless telecommunications equipment.

“Total Assets” shall mean the aggregate amount of assets as reflected in its most recent financial statements delivered pursuant to Section 5.1.

“Total Liabilities” shall mean the aggregate outstanding principal amount of all Indebtedness as reflected in its most recent financial statements delivered pursuant to Section 5.1.

“Total Net Worth” shall mean Total Assets minus Total Liabilities.

“Transaction Documents” shall mean, collectively, the Financing Documents, the Non-Sinosure Credit Agreement and the Supply Agreements.

“Transaction Lien” shall mean the Liens created or expressed to be created in favor of the Security Agent (for the benefit of the Financing Parties) pursuant to the Security Documents.

“United States” and “U.S.” shall each mean the United States of America. “VAT” shall mean value added taxes and any other tax of a similar nature.

2. Rules of Interpretation. In each Financing Document, unless otherwise indicated:

(a) each reference to, and the definition of, any document (including any Financing Document) shall be deemed to refer to such document as it may be amended, supplemented, revised or modified from time to time in accordance with its terms and, to the extent applicable, the terms of this Agreement;

(b) each reference to a Law or Governmental Approval shall be deemed to refer to such Law or Governmental Approval as the same may be amended, supplemented or otherwise modified from time to time;

(c) any reference to a Person in any capacity includes a reference to its permitted successors and assigns in such capacity and, in the case of any Governmental Authority, any Person succeeding to any of its functions and capacities;

(d) references to days shall refer to calendar days unless Business Days are specified; references to weeks, months or years shall be to calendar weeks, months or years, respectively;

(e) all references to a “Section,” “Appendix,” “Annex,” “Schedule” or “Exhibit” are to a Section of such Financing Document or to an Appendix, Annex, Schedule or Exhibit attached thereto;

(f) the table of contents and Section headings and other captions therein are for the purpose of

reference only and do not affect the interpretation of such Financing Document;

(g) defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders;

(h) the words “hereof”, “herein” and “hereunder”, and words of similar import, when used in any Financing Document, shall refer to such Financing Document as a whole and not to any particular provision of such Financing Document;

(i) the words “include,” “includes” and “including” are deemed to be followed by the phrase “without limitation”;

(j) where the terms of any Financing Document require that the approval, opinion, consent or other input of any party be obtained, such requirement shall be deemed satisfied only where the requisite approval, opinion, consent or other input is given by or on behalf of the relevant party in writing;

(k) all references to the “Administrative Agent”, the “Arranger”, the “Security Agent”, any “Financing Party” or any “Lender” shall be construed so as to include its successors, permitted assigns and permitted delegates; and

(l) any reference to a document shall be deemed to include all exhibits, annexes, appendices and schedules thereto.

CREDIT AGREEMENT

among

NEXTEL TELECOMUNICAÇÕES LTDA.
as Borrower

THE GUARANTORS SIGNATORIES HERETO
as Guarantors

CHINA DEVELOPMENT BANK CORPORATION
as Lender

CHINA DEVELOPMENT BANK CORPORATION
as Administrative Agent

and

CHINA DEVELOPMENT BANK CORPORATION
as Arranger

Dated as of April 20, 2012

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APPENDICES:

Appendix A Defined Terms and Rules of Interpretation

EXHIBITS:

- Exhibit A Form of Notice of Borrowing
 - Exhibit B-1 Form of Process Agent Letter
 - Exhibit B-2 Form of Irrevocable Power of Attorney to Process Agent
 - Exhibit C Form of Assignment and Acceptance
 - Exhibit D Form of Supplier's Certificate
 - Exhibit E Form of Compliance Certificate
 - Exhibit F Form of Note
-

CREDIT AGREEMENT (this “Agreement”), dated as of April 11, 2012 (“Signing Date”), among (i) NEXTEL TELECOMUNICAÇÕES LTDA., a limited liability company (*sociedade limitada*) organized and existing under the laws of Brazil (the “Borrower”), (ii) the parties listed in Annex III (the “Guarantors”) and (iii) CHINA DEVELOPMENT BANK CORPORATION as Arranger (the “Arranger”), Administrative Agent (the “Administrative Agent”) and Lender (the “Lender”).

WITNESSETH:

WHEREAS, the Borrower intends to acquire equipment and related services from the Suppliers for the build-out and deployment of the telecommunications networks being deployed or to be deployed by the Borrower or its Affiliates in Brazil (the “Telecommunications Networks”), through purchases to be made pursuant to the Master Supply Agreement (the “Project”);

WHEREAS, in order to finance the acquisition of such equipment and related services from the Suppliers for the Project, the Borrower has requested the Lender to provide the credit facility described herein and the Lender is willing to provide the credit facility described herein upon the terms and conditions herein set forth;

WHEREAS, each Guarantor is a Subsidiary of the Borrower and each Guarantor acknowledges that it will, directly or indirectly, derive substantial benefit from the making of the Loans; and

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter contained, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND RULES OF INTERPRETATION.

1.1 Defined Terms.

Except as otherwise expressly provided herein, capitalized terms used in this Agreement and its Appendices, Annexes and Exhibits shall have the respective meanings assigned to such terms in Appendix A attached hereto.

1.2 Rules of Interpretation.

Except as otherwise expressly provided herein, the rules of interpretation set forth in Appendix A hereto shall apply to this Agreement.

1.3 Accounting Principles.

Except as otherwise provided in this Agreement, all computations and determinations as to financial matters, and all financial statements to be delivered under this Agreement, shall be made or prepared in accordance with Brazilian GAAP (including principles of consolidation where appropriate) applied on a consistent basis (except to the extent approved or required by the independent public accountants certifying such statements and disclosed therein).

SECTION 2. AMOUNTS AND TERMS OF CREDIT FACILITY.

2.1 The Loans.

(a) Subject to and upon the terms and conditions set forth herein, each Lender severally agrees to make, during the Availability Period, loans (each, a “Loan” and, collectively, the “Loans”) to the Borrower, which Loans shall (i) be made and maintained in Dollars, (ii) not exceed for any Lender, in aggregate principal amount, that amount which equals the Loan Commitment of such Lender, (iii) mature on the Loan Maturity Date, and (iv)

only be applied towards the reimbursement of payments of (A) up to ninety percent (90%) of the amounts paid by the Borrower under Purchase Orders and (B) up to five percent (5%) of the amounts paid by the Borrower under the Sinasure Purchase Orders.

(b) The Loans are available only on the terms and conditions specified hereunder, and once repaid, in whole or in part, at maturity or by prepayment, may not be reborrowed in whole or in part.

2.2 Notice of Borrowing.

(a) Whenever the Borrower desires to make a Borrowing hereunder, it shall give the Administrative Agent at its Notice Office at least five (5) Business Days' prior written notice; provided, that any such notice shall be deemed to have been given on a certain day only if given before 11:00 a.m. (Beijing time) on such day, and if any such notice is received after 11:00 a.m. (Beijing time) on a certain day, such notice shall be deemed to have been given on the following day. Each such notice (a "Notice of Borrowing") shall be irrevocable and shall be given by the Borrower substantially in the form of Exhibit A attached hereto, appropriately completed to specify, *inter alia*: (i) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (ii) the proposed date of such Borrowing (which shall be a Business Day) and (iii) the account details of the Borrower, as applicable. The Administrative Agent shall promptly give each Lender at least one (1) Business Day's prior written notice of the proposed Borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

(b) The Borrower shall not be entitled to deliver more than one (1) Notice of Borrowing in each calendar month and each Notice of Borrowing shall only request one (1) Loan.

2.3 Pro Rata Borrowings: Availability.

(a) Each Borrowing shall be incurred ratably among the Lenders based upon the amount of each Lender's Loan Commitment. It is agreed that no Lender shall be responsible for any default by any other Lender of its obligation to make a Loan hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder regardless of the failure of any other Lender to make a Loan hereunder.

(b) The Loan Commitment of each Lender shall be made available by such Lender during the Availability Period; provided, that in no event shall any Loans be available after the Final Availability Date.

2.4 Disbursement of Funds.

Subject to the terms and conditions hereof, no later than 5:00 p.m. (New York time) on the date specified in each Notice of Borrowing, each Lender will make available, through such Lender's Applicable Lending Office, its *pro rata* portion of the aggregate amount of the Loans requested to be made on such date, in Dollars and in immediately available funds at the Payment Office of the Administrative Agent, and the Administrative Agent will pay the aggregate of the amounts so made available by the Lenders directly to the bank account of the Borrower as specified by the Borrower in the Notice of Borrowing. Unless the Administrative Agent shall have been notified by any Lender prior to the applicable date of the Borrowing that such Lender does not intend to make available to the Administrative Agent such Lender's portion of the Borrowing on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent shall, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender on demand. The Administrative Agent shall also be entitled to recover on demand from such Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to the cost to the Administrative Agent of acquiring overnight federal funds at the then applicable rate. Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to make a Loan hereunder or to prejudice any rights which the Borrower may have against any Lender as a result of any failure by such Lender to make Loans hereunder.

2.5 Evidence of Obligations.

(a) Each Lender will maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender as a result of the Loans of such Lender, including the amounts of principal, interest and other amounts payable and paid to such Lender from time to time under this Agreement. Absent manifest error, the entries made by each Lender pursuant to the foregoing sentence shall constitute prima facie evidence, of the existence and amounts of the Loans and other obligations therein recorded; provided, however, that the failure of any Lender to maintain such account or accounts shall not in any manner affect the obligations of the Borrower to repay or pay the Loan made by such Lender, accrued interest thereon and the other obligations of the Borrower to such Lender hereunder in accordance with the terms of this Agreement. Each Lender will advise the Borrower of the outstanding Indebtedness hereunder to such Lender upon written request therefor.

(b) If so requested after the Closing Date, by any Lender by written notice to the Borrower (with a copy to the Administrative Agent), the Borrower and the Guarantors (as guarantors under each Note (*avalistas*)) will, promptly following the end of the Availability Period, execute and deliver to such Lender, a non-negotiable Note in the form of Exhibit F attached hereto, evidencing the value of (i) the then outstanding aggregate principal amount or amounts of such Lender, together with (ii) the total interest payable by such Lender during the subsequent Interest Period to evidence the Loans of such Lender (each, an “Original Note” and, collectively, the “Original Notes”). With respect to any Lender that has received an Original Note, commencing at the end of the first Interest Period following the end of the Availability Period and at the end of each subsequent Interest Period, the Borrower shall promptly execute and deliver to the relevant Lender a Note evidencing the value of (i) the then outstanding aggregate principal amount or amounts of such Lender, together with (ii) the total interest payable by such Lender during the subsequent Interest Period to evidence the Loans of such Lender (each, a “Replacement Note” and, collectively, the “Replacement Notes”, and together with the Original Notes, the “Notes” and each, a “Note”). Following receipt of each Replacement Note, the applicable Lender shall promptly return the corresponding Original Note or previously issued Replacement Note such that at no point will any Lender be in the possession of more than one Note.

(c) Notwithstanding anything to the contrary contained above in this Section 2.5 or elsewhere in this Agreement, no failure of any Lender to request or obtain a Note evidencing its Loans to the Borrower shall affect or in any manner impair the obligations of the Borrower to pay the Loans (and all related Obligations) incurred by the Borrower which would otherwise be evidenced thereby in accordance with the requirements of this Agreement, and shall not in any way affect the security or guaranties therefor provided pursuant to the various Financing Documents.

2.6 Interest.

(a) The Borrower agrees to pay interest in respect of the unpaid and outstanding principal amount of each Loan from its Disbursement Date until the maturity of such Loan (whether by acceleration or otherwise), at a rate *per annum* which shall, during each Interest Period applicable thereto, be equal to the sum of (i) LIBOR in effect for such Interest Period and (ii) the applicable Margin.

(b) Overdue principal, interest and any other amount under or in connection with this Agreement shall bear interest (by way of liquidated damages and not as penalty) at a rate which is equal to the sum of (i) LIBOR in effect from time to time, (ii) the applicable Margin, and (iii) two per cent (2%) *per annum*, with such default interest (“Default Interest”) to be payable on demand.

(c) Accrued (and theretofore unpaid) interest shall be payable on each Interest Payment Date and, in respect of each Loan, on the date of any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) or, after such maturity, on demand. Notwithstanding the foregoing, Default Interest payable in accordance with Section 2.6(b) shall be payable as provided therein.

(d) On each Interest Determination Date, the Administrative Agent shall determine the LIBOR for

the applicable Interest Period to be applicable to the Loans or to any portion thereof and shall promptly notify the Borrower and the Lenders thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

2.7 Interest Periods.

The interest period (an "Interest Period") applicable to all Loans shall be a six (6) month period; provided, however, that:

(a) all Loans comprising the same Borrowing shall have the same Interest Periods;

(b) the initial Interest Period for any Loan shall commence on the Disbursement Date of such Loan and end on (but not include) the next succeeding Interest Payment Date, and each Interest Period occurring thereafter in respect of such Loan shall commence on (and include) an Interest Payment Date and end on (but not include) the next succeeding Interest Payment Date;

(c) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(d) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day; and

(e) any Interest Period that would otherwise extend beyond the Loan Maturity Date shall instead end on the Loan Maturity Date.

2.8 Net Payments.

(a) All payments (including, without limitation, any fees, commissions or expenses paid by the Borrower to any Financing Parties) made by the Borrower hereunder or under any other Financing Document will be made without setoff, counterclaim or other similar defense. All such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, in the case of any Lender, any tax imposed on or measured by the net income, revenue, or gross receipts of such Lender pursuant to the laws of the jurisdiction in which it is organized or the jurisdiction in which the principal office or Applicable Lending Office of such Lender is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Taxes"). If any Taxes are so levied or imposed, the Borrower agrees to pay such additional amounts as may be necessary so that the net amount received by the relevant Financing Party hereunder or under any other Financing Document, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Financing Document as if the corresponding deduction or withholding had not been made. The Borrower will furnish to the Administrative Agent within thirty (30) days after the date of the payment of any Taxes due pursuant to applicable law evidence of such payment in form and substance reasonably satisfactory to the Administrative Agent. The Borrower agrees to indemnify and hold harmless each Lender, and reimburse such Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender.

(b) Each Lender and the Administrative Agent agree to complete in good faith and execute and deliver to the Borrower, in a timely manner, such form, certificates, information or documentation relating to such Lender or Administrative Agent to establish the extent to which any payments to such Lender or Administrative Agent are exempt from, or are entitled to a reduction of withholding or deduction of any Taxes (collectively, the "Forms"). Notwithstanding anything to the contrary herein, neither any Lender nor the Administrative Agent shall be required to provide any Forms pursuant to this Section 2.8(b) unless (i) such Forms are required by law as a condition to, or evidence of entitlement to, relief or exemption in whole or in part from any Taxes, (ii) such Lender

or the Administrative Agent is legally entitled to complete, execute and deliver such Forms and (iii) the Borrower shall have timely provided to such Lender or the Administrative Agent a written notice requesting that such Lender or the Administrative Agent execute and deliver such Forms together with the Forms and the official instructions thereto, if any.

(c) If the Borrower pays any additional amount under this Section 2.8 to a Lender and such Lender determines in its sole discretion that it has actually received or realized in connection therewith any refund or any reduction of, or credit against, its Tax liabilities in or with respect to the taxable year in which the additional amount is paid (a “Tax Benefit”), such Lender shall pay to the Borrower an amount that the Lender shall, in good faith, determine is equal to the net benefit, after tax, which was obtained by the Lender in such year as a consequence of such Tax Benefit; provided, however, that (i) any Lender may determine, in its sole discretion consistent with the policies of such Lender, whether to seek a Tax Benefit; (ii) nothing in this Section 2.8(c) shall require any Lender to disclose any confidential information to the Borrower (including, without limitation, its tax returns); and (iii) no Lender shall be required to pay any amounts pursuant to this Section 2.8(c) at any time when a Default or Event of Default exists.

(d) Notwithstanding anything to the contrary, the Borrower shall not be required pursuant to this Section 2.8 to pay any additional amount to, or to indemnify, any Lender or the Administrative Agent, as the case may be, to the extent that such Lender or the Administrative Agent becomes subject to Taxes subsequent to the Closing Date (or, if later, the date such Lender or Administrative Agent becomes a party to this Agreement) as a result of a change in the jurisdiction of organization of such Lender or Administrative Agent or a change in the location of the Applicable Lending Office of such Lender, except to the extent that any such change is requested or required in writing by the Borrower.

2.9 Illegality.

If, on or after the date hereof, the introduction of any Law, or any change in any Law, or in the official interpretation or administration of any Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Lender to make or to maintain its participation in a Loan, then:

(a) that Lender shall promptly provide written notice thereof to the Borrower through the Administrative Agent, setting out the relevant circumstances;

(b) on written notice thereof, any obligation of that Lender to make such Loan shall be suspended and the Loan Commitment of that Lender shall be immediately cancelled;

(c) the Borrower agrees to take all reasonable steps to obtain, as quickly as possible after receipt of such Lender’s request for prepayment pursuant to this Section 2.9, any Governmental Approvals then required in connection with such prepayment; and

(d) the Borrower shall repay that Lender’s participation in the Loans made to the Borrower on the Interest Payment Date immediately occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the written notice delivered to the Borrower through the Administrative Agent (being no earlier than (i) the last day of any applicable grace period permitted by law, or (ii) twenty (20) Business Days after the delivery date of the written notice from the Lender, whichever occurs later) without any Break Cost, premium, penalty or fee of any nature.

2.10 Increased Costs and Reduction of Return.

(a) Subject to Section 10.13(f), if any Lender shall have determined, in good faith (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto), at any time that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with respect to any Loan (other than any increased cost or reduction in the amount received or receivable resulting from

the imposition of or a change in any tax imposed on or measured by the net income, revenue, or gross receipts or similar charges or otherwise compensated for Taxes under Section 2.8) because of any change in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the official interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, and including the introduction, after the Signing Date, of any new law or governmental rule, regulation, order, guideline or request, then, and in any such event, the Borrower shall pay to such Lender, within thirty (30) days of written demand therefor, such additional reasonable and duly documented amounts as shall be required to compensate such Lender for such increased costs or reductions in amounts received or receivable hereunder; provided, however, that before making any such demand each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender (a written notice by such Lender as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Lender, shall, absent manifest error, be final and conclusive and binding on all parties hereto).

(b) If a Lender requests compensation under this Section 2.10 or if the Borrower is required to pay additional amounts to any Lender under Section 2.8 as a result of any internal reorganization of such Lender, then such Lender shall, in good faith consultation with the Borrower, take commercially reasonable steps to mitigate any circumstances giving rise to the gross-up under Section 2.8 or the indemnification under this Section 2.10, failing which, the Borrower shall be entitled to designate a Replacement Lender under Section 2.13. A Lender need not take any such steps if such Lender determines, in its reasonable opinion, that to do so would be materially prejudicial to it (it being understood that it is not prejudicial to the Lender to bear costs that the Borrower is willing to reimburse).

2.11 Inability to Determine Rates.

If, on or prior to the first day of any Interest Period (an “Affected Interest Period”): (a) the Administrative Agent determines that, by reason of circumstances affecting the London interbank market, LIBOR cannot be determined pursuant to the definition thereof; or (b) the Required Lenders determine and notify the Administrative Agent that the relevant rate of interest referred to in the definition of “LIBOR” upon the basis of which the rate of interest for Loans for such Affected Interest Period is to be determined will not be adequate to cover the cost to such Lenders of making or maintaining its Disbursements for such Affected Interest Period; or (c) the Screen Rate is not available or the Screen Rate is zero or negative and none or only one of the Reference Banks supplies a rate to the Administrative Agent to determine LIBOR for the relevant Interest Period, the Administrative Agent shall give notice thereof (a “Rate Determination Notice”) to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given, during the thirty (30) day period following such Rate Determination Notice (the “Negotiation Period”) the Administrative Agent and the Borrower shall negotiate in good faith with a view to agreeing upon a substitute interest rate basis (having the written approval of all Lenders) for the Disbursements that shall reflect the cost to the Lenders of funding their Disbursements from alternative sources (a “Substitute Basis”), and if such Substitute Basis is so agreed upon during the Negotiation Period, such Substitute Basis shall apply in lieu of LIBOR to all Interest Periods commencing on or after the first day of the Affected Interest Period, until the circumstances giving rise to such notice have ceased to apply. During the Negotiation Period, the Lenders are not obliged to fund any Disbursement unless and until a Substitute Basis is agreed upon. If a Substitute Basis is not agreed upon during the Negotiation Period, each Lender shall, subject to compliance with applicable Brazilian laws and regulations, determine (and shall certify from time to time in a certificate delivered by such Lender to the Administrative Agent setting forth in reasonable detail the basis of the computation of such amount) the rate basis reflecting the cost to such Lender of funding its Loans for the Interest Period commencing on or after the first day of the Affected Interest Period, until the circumstances giving rise to such notice have ceased to apply, and such rate basis shall be binding upon the Borrower and such Lender and shall apply in lieu of LIBOR, as applicable, for the relevant Interest Period.

2.12 Survival.

The agreements and obligations of the Borrower in Sections 2.8, 2.10 and 2.11 shall survive the payment of the Loans and all other obligations under the Financing Documents.

2.13 Replacement Lender.

(a) If at any time the Borrower becomes obliged to prepay any amount in accordance with Section 2.9 or pay any compensation under Section 2.10 to any Lender, then the Borrower shall have the right, at its sole expense and effort and provided that no Default or Event of Default then exists or would exist after giving effect to such replacement, on ten (10) Business Days prior written notice to the Administrative Agent and such Lender, to replace such Lender by requiring such Lender to (and such Lender shall) assign and delegate, without recourse, pursuant to Section 10.13 all (and not part only) of its rights and obligations under this Agreement to a Lender or another bank or financial institution (a “Replacement Lender”) selected by the Borrower for a purchase price in cash payable at the time of assignment equal to the outstanding principal amount of such Lender’s participation in the outstanding Loans and all accrued interest, fees, and other amounts payable in relation thereto under the Financing Documents. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

(b) The replacement of a Lender pursuant to this Section 2.13 shall be subject to the following conditions: (i) all obligations of the Borrower then owing to the replaced Lender (other than those specifically described in paragraph (a) above in respect of which the assignment purchase price has been paid but including all amounts, if any, owing under any Financing Document) to be paid in full to such replaced Lender concurrently with such replacement; (ii) the Borrower shall have no right to replace the Administrative Agent or Security Agent; (iii) neither the Administrative Agent nor the Lender shall have any obligation to the Borrower to find a Replacement Lender; and (iv) in no event shall the Lender replaced under this Section 2.13 be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Financing Documents.

(c) The Replacement Lender shall enter into the Assignment and Acceptance pursuant to Section 10.13 pursuant to which the Replacement Lender shall acquire all of the Available Loan Commitments and outstanding Loans of the replaced Lender. Upon receipt by the replaced Lender of all amounts required to be paid to it pursuant to this Section 2.13, the Administrative Agent shall be entitled (but not obligated) and is authorized (which authorization is coupled with an interest) to execute the Assignment and Acceptance on behalf of such replaced Lender and any such Assignment and Acceptance so executed by the Administrative Agent, and the Replacement Lender shall be effective for purposes of this Section 2.13 and Section 10.13. Upon the execution of the Assignment and Acceptance, the payment of amounts referred to in paragraphs (a) and (b) above, recordation of the assignment on the Register by the Administrative Agent pursuant to Section 8.10, the Replacement Lender shall become a Lender hereunder and the replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 2.8, 2.9, 2.10, 2.11, 10.1, 10.2), which shall survive as to such replaced Lender.

2.14 Matters applicable to All Requests for Compensation.

Notwithstanding anything herein to the contrary, with respect to any Lender’s claim for compensation under any of Sections 2.8, 2.9, and 2.10, the Borrower shall not be required to compensate any Lender pursuant to Sections 2.8, 2.9, or 2.10 for any amounts incurred more than two-hundred seventy (270) days prior to the date that such Lender notifies the Borrower of the event that gives rise to the claim; provided that, if the circumstances giving rise to such claim have retroactive effect, then such two-hundred seventy (270) day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 3. CONDITIONS PRECEDENT.

3.1 Conditions to Initial Disbursement of Loans.

The obligation of any Lender to make its initial Loan shall be subject to the following conditions precedent that the Administrative Agent shall have received, or shall have waived receipt of, each of which shall be in form and substance satisfactory to the Administrative Agent (acting on the instructions of all Lenders), and the other

conditions set forth below shall have been satisfied or waived by the Administrative Agent (acting on the instructions of all Lenders):

(a) Transaction Documents.

(i) Each of the Transaction Documents (other than the Fiduciary Assignment and the Notes) shall have been executed and delivered by each party thereto. The Lender and the Administrative Agent shall have received (A) an original of each Transaction Document duly executed by all parties thereto, and (B) a copy of each other Transaction Document. The Borrower and each Guarantor shall, pursuant to a power of attorney, execute this Agreement at the offices of Linklaters LLP, located at 1345 Avenue of the Americas, New York, New York 10105, United States of America.

(ii) The Fiduciary Assignment shall have been (A) duly authorized and executed by each party thereto, (B) registered with the Registry of Titles and Deeds (*Cartório de Registro de Títulos e Documentos*) of the City of São Paulo, and (C) in all aspects perfected to provide the first-ranking priority Lien intended to be provided therein and all fees and costs and expenses in relation thereto have been duly paid or discharged.

(iii) An original of each of the Financing Documents executed outside of Brazil shall be duly notarized by a notary public licensed as such under the law of the place of execution, and the signature of such notary public to be authenticated by a competent consular official of Brazil.

(iv) The Administrative Agent shall have received an original of this Agreement (A) duly notarized, (B) legalized with the competent Brazilian consulate at the place of execution, (C) sworn translated into Portuguese by a sworn translator registered with the Board of Commerce (*Junta Comercial*) and (D) registered with the Registry of Titles and Deeds (*Cartório de Registro de Títulos e Documentos*) of the city in which the Borrower is headquartered.

(v) The Administrative Agent shall have received an original of the Collateral Agency Agreement (A) duly executed by all parties thereto, (B) duly notarized, (C) legalized with the competent Brazilian consulate at the place of execution, (D) sworn translated into Portuguese by a sworn translator registered with the Board of Commerce (*Junta Comercial*) and (E) registered with the Registry of Titles and Deeds (*Cartório de Registro de Títulos e Documentos*) of the city in which the Security Agent is headquartered.

(b) Charter Documents. The Administrative Agent shall have received the following documents, each certified as indicated below:

(i) a certified copy of each Charter Document (including the articles of incorporation and current by-laws (*contrato social* and *estatuto social*) of each Obligor, as in effect on the Closing Date, registered with the applicable Board of Commerce (*Junta Comercial*) and, in respect of the Borrower, the most recently available certificate from the relevant Governmental Authority at the federal level and state level, each as to the good standing of and payment of taxes by the Borrower, including the (A) *Certidão Negativa de Débito - CND* or *Certidão Positiva de Débito com Efeitos de Negativa - CPD-EN*, issued through the Internet by *Secretaria da Receita Federal do Brasil*, and (B) *Certidão Conjunta Negativa de Débitos relativos a Tributos Federais e à Dívida Ativa da União* or *Certidão Conjunta Positiva com Efeitos de Negativa de Débitos relativos a Tributos Federais e à Dívida Ativa da União*, issued through the Internet by *Secretaria da Receita Federal* and *Procuradoria-Geral da Fazenda Nacional*;

(ii) an Officer's Certificate of the Borrower dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of the Charter Documents of the Borrower, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or other equivalent body) of the Borrower duly registered with São Paulo's Board of Commerce (*Junta Comercial do Estado do São Paulo*), (1) approving the transactions contemplated by the Financing Documents, (2)

authorizing the execution, delivery and performance of the Financing Documents to which the Borrower is or is intended to be a party, and approving the terms, conditions and transactions contemplated under such Financing Documents and (3) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by the Borrower under such Financing Documents (including, without limitation, the Notice of Borrowing) and dispatch all documents and notices to be signed and/or dispatched by the Borrower under or in connection with the Financing Documents, and that such resolutions have not been amended, supplemented or otherwise modified and are in full force and effect, (C) that the execution, delivery and performance of the Master Supply Agreement and the terms, conditions and transactions contemplated under such Master Supply Agreement have been duly approved and authorized by the board of directors (or other equivalent body), as the case may be, of the Borrower, (D) as to the name, incumbency and specimen signature of each officer of the Borrower (identified as per clause (B)(3) above) executing the Financing Documents to which the Borrower is intended to be a party and each other document to be delivered by the Borrower from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from the Borrower) and (E) the good standing of the Borrower;

(iii) an Officer's Certificate of each Guarantor, dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of its Charter Documents, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by its board of directors (or a committee of the board of directors or other equivalent body), as the case may be, (1) approving the giving of the Guaranty, (2) authorizing the execution, delivery and performance of the Financing Documents to which it is a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (3) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by it under such Financing Documents and dispatch all documents and notices to be signed and/or dispatched by it under or in connection with the Financing Documents, and that such resolutions have not been amended, supplemented or otherwise modified and are in full force and effect, (C) that the execution, delivery and performance of the Master Supply Agreement has been duly approved and authorized, (D) as to the name, incumbency and specimen signature of each of its officer (identified as per clause (B)(3) above) executing the Financing Documents to which it is a party and each other document to be delivered by it from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from it) and (E) the good standing of such Guarantor; and

(iv) an Officer's Certificate of the Parent, dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of its Charter Documents, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by its board of directors (or a committee of the board of directors or other equivalent body), as the case may be, (1) authorizing the execution, delivery and performance of the Financing Documents to which it is a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (2) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by it under such Financing Documents and dispatch all documents and notices to be signed and/or dispatched by it under or in connection with the Financing Documents, and that such resolutions have not been amended, supplemented or otherwise modified and are in full force and effect, (C) that the execution, delivery and performance of the Master Supply Agreement by the Parent and the terms, conditions and transactions contemplated under the Master Supply Agreement have been duly approved and authorized, (D) as to the name, incumbency and specimen signature of each of its officer (identified as per clause (B)(2) above) executing the Financing Documents to which it is a party and each other document to be delivered by it from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from it) and (E) the good standing of the Parent.

(c) Governmental Approvals.

(i) The Administrative Agent shall have received originals (or copies certified by an Authorized Officer of the Borrower to be true and complete copies) of all the agreements under which the Licenses have been granted and the amendments to such agreements duly executed by ANATEL or any formal act issued by ANATEL evidencing the transfer of the Licenses from Nextel Serviços de Telecomunicações Ltda. to the Borrower.

(ii) There shall have been no change or proposed change in any applicable Law, and no issuance of any order, writ, injunction or decree of any Governmental Authority or arbitral tribunal, which, in either such case, could reasonably be expected to result in a Material Adverse Effect.

(d) Borrower's Certificate. The Administrative Agent shall have received an Officer's Certificate of the Borrower, dated the Closing Date, to the effect that: (i) any borrowing or similar limit binding on the Borrower will not be breached as a result of the Borrower borrowing Loans up to the Total Loan Commitment and (ii) the copy of each document delivered by or on behalf of it pursuant to this Section 3.1 is a true, correct and complete copy of its original, and, except as delivered pursuant to Section 3.1(a), there are no agreements, side letters or other documents to which the Borrower is a party which have the effect of modifying or supplementing in any respect any of the respective rights or obligations of the Borrower or the Suppliers under any of the Transaction Documents to which the Borrower or the Suppliers are a party.

(e) Guarantor's Certificate. The Administrative Agent shall have received an Officer's Certificate of each Guarantor, dated the Closing Date, to the effect that (i) any guaranteeing or similar limit binding on it will not be breached as a result of its guaranteeing Loans up to the Total Loan Commitment and (ii) the copy of each document delivered by or on behalf of it pursuant to this Section 3.1 is a true, correct and complete copy of its original, and, except as delivered pursuant to Section 3.1(a), there are no agreements, side letters or other documents to which it is a party which have the effect of modifying or supplementing in any respect any of the respective rights or obligations of it under any of the Transaction Documents to which it is a party.

(f) Financial Information. The Administrative Agent shall have received copies of the Original Financial Statements together with a certificate from the chief financial officer, treasurer or financial controller of the Borrower, dated the Closing Date, to the effect that, to the best of such officer's knowledge, no event or change has occurred since the date of such financial statements that could reasonably be expected to result in a Material Adverse Effect.

(g) Process Agent. The Administrative Agent shall have received (i) a copy of a letter from CT Corporation System unconditionally accepting its appointment as process agent in New York for each Obligor, in substantially the form of Exhibit B-1 attached hereto or in the form provided and customarily adopted by CT Corporation System, (ii) a copy of the relevant public instrument formalizing the irrevocable and irreversible power of attorney duly granted by each Obligor in favor of CT Corporation System, in terms satisfactory to the Administrative Agent and in accordance with applicable laws, notably for service of process under Brazilian law, in the form of Exhibit B-2 attached hereto and (iii) evidence that all payment due and payable to CT Corporation System by each Obligor have been duly paid or discharged.

(h) Legal Opinions. The Administrative Agent shall have received a copy of each of the following legal opinions, which legal opinions shall be dated the Closing Date and addressed to each Financing Party:

(i) a legal opinion of White & Case LLP, New York counsel to the Administrative Agent and the Lender, as to matters of enforceability of the Financing Documents under New York law, in form and substance satisfactory to each Financing Party;

(ii) a legal opinion of Dias Carneiro Advogados, Brazilian counsel to the Administrative Agent and the Lender, as to matters of execution, delivery, and performance with respect to each Obligor in form and substance satisfactory to each Financing Party; and

(iii) a legal opinion of Morris James LLP, Delaware counsel to the Administrative Agent and the Lender, as to matters of good standing, execution, delivery, and performance with respect to the Parent in form

and substance satisfactory to each Financing Party.

(i) Supplier Documentation. The Administrative Agent shall have received each of the following:

(i) written confirmation from the Suppliers addressed to the Administrative Agent (for the benefit of all Financing Parties) certifying that (A) all Authorizations required or advisable in China and any other applicable jurisdiction in connection with the Master Supply Agreement have been obtained and are in full force and effect and (B) it shall provide the Administrative Agent with such additional information and documentation and certification as it may reasonably request from time to time in connection with the Transaction Documents;

(ii) written confirmation signed by the Suppliers and the Borrower confirming that (A) the effective date of the Master Supply Agreement has occurred, (B) the Master Supply Agreement is in full force and effect and constitutes the valid, legal and binding obligations of the parties thereto and (C) there has been no material breach of the Master Supply Agreement; and

(iii) a list, certified by an Authorized Officer of the Suppliers, as to the name, incumbency and specimen signature of each person authorized to sign certificates, confirmations and undertakings required hereunder (including all Supplier Certificates) and any other document that the Suppliers may present to the Administrative Agent or the Lenders from time to time (and for all purposes of this Agreement the Administrative Agent shall be entitled to rely on the information provided pursuant to the foregoing and on any further such letter notifying the Administrative Agent of the names and specimen signatures of persons so authorized) accompanied by the Suppliers' undertaking to update information therein contained in the event of any changes.

(j) Group Chart; Business Plan. The Administrative Agent shall have received a copy of the Group Chart and the Borrower's most updated Business Plan.

(k) Master Supply Agreement. The Administrative Agent shall have received a copy of the Master Supply Agreement certified by Authorized Officers of the Suppliers as a true, complete and accurate copy of its original.

(l) Release Agreement. The Administrative Agent shall have received a copy of the Release Agreement, together with all attachments thereto, certified by an Authorized Officer of the Borrower as a true, complete and accurate copy of its original.

(m) Foreign Exchange Registration. The Borrower shall have registered the Total Loan Commitment, and the fees, expenses and commissions expressly referred to in the Financing Documents, as applicable, within the ROF with the Central Bank.

(n) Evidence of Civil and Construction Work. The Administrative Agent shall have received evidence satisfactory to the Administrative Agent that the Borrower has paid through its own funds at least fifty-million US Dollars (US\$50,000,000) (or its equivalent in other currencies) for the civil and construction work related to the construction by the Borrower of the Telecommunications Networks in Brazil for the period from January 2011 to the Closing Date.

(o) Fees. The Financing Parties shall have received all fees and expenses required to be paid or reimbursed under the Fee Letter and the Administrative Agent shall have received evidence that any stamp or similar taxes accrued or payable in connection with the transactions contemplated hereby, and that are payable by the Borrower in accordance with the Financing Documents, have been unconditionally and irrevocably paid in full.

(p) Foreign Corrupt Practices Act. The Administrative Agent shall have received an Officer's Certificate of the Borrower and an Officer's Certificate of each Guarantor, each dated the Closing Date, stating that, to the best of its knowledge, neither it nor any of its officers, directors, employees, agents or Affiliates, acting on its behalf, has taken any action in connection with the Project or the transactions contemplated herein that violates the Foreign Corrupt Practices Act of the United States, if applicable, or any similar Law in Brazil or any other jurisdiction, if applicable.

(q) Others. All corporate and other proceedings, and all documents, instruments and other legal matters in connection with the transactions contemplated by this Agreement and the other Transaction Documents

shall be reasonably satisfactory in form and substance to the Administrative Agent.

3.2 Initial and Subsequent Loans.

The obligation of any Lender to make its initial Loan or any subsequent Loan on any Disbursement Date shall be subject to the following conditions precedent unless such condition is waived by the Administrative Agent (acting on the instructions of all Lenders):

(a) Notice of Borrowing. Prior to the making of each Loan, the Administrative Agent shall have received the Notice of Borrowing pursuant to and in compliance with Section 2.2 in respect of the Borrowing.

(b) Purchase Orders and Sinosure Purchase Orders. The Administrative Agent shall have received a list of invoice(s) issued in respect of the Purchase Order(s) and/or Sinosure Purchase Order(s) being financed by the relevant Loan, satisfactory in form and substance to the Administrative Agent.

(c) Supplier's Certificate. The Administrative Agent shall have received a Supplier's Certificate in respect of a Loan.

(d) Representations and Warranties. In relation to any Disbursement on the Closing Date, all the representations and warranties of the Obligors contained in Section 4 hereof shall be true and correct in all material respects, or, in relation to any Disbursement after the Closing Date, the Repeating Representations shall be true and correct in all material respects on and as of such Disbursement Date as if made on and as of such date and, in each case, will remain true and correct in all material respects immediately after the Disbursement except for those representations and warranties that refer to a particular date or period.

(e) No Default. No Default or Event of Default shall have occurred and be continuing or would occur as a result of any Disbursement.

(f) Compliance Certificate. The Administrative Agent shall have received a certificate signed by an Authorized Officer of the Borrower in form and substance satisfactory to the Administrative Agent confirming compliance by the Borrower with the financial covenants set out in Section 5.22 on the basis of the Borrower's most recent consolidated financial statements delivered pursuant to Sections 5.1(a) and 5.1(b).

(g) Expenses. The Borrower shall have paid or arranged for the payment when due (including, to the extent permitted, arrangement for payment out of Disbursements) of all expenses and other charges payable by it on or prior to such Disbursement Date under this Agreement or under any other Financing Document.

(h) Material Adverse Effect. There has been no Material Adverse Effect or any disruption in the international or domestic markets which could be reasonably expected to have a Material Adverse Effect.

SECTION 4. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Lenders to enter into this Agreement and to make the Loans, each Obligor makes the following representations, warranties and agreements (only in respect of itself and any of its Subsidiaries) as of the Signing Date and the Closing Date, and makes the Repeating Representations (only in respect of itself and any of its Subsidiaries) as of the date of each Notice of Borrowing, each Disbursement Date and each Interest Payment Date, in each case by reference to the facts and circumstances then existing, except that the reference in Section 4.4 to Original Financial Statements shall, after the delivery of the Original Financial Statements, be deemed to be a reference to the most recent financial statements delivered pursuant to Section 5.1:

4.1 Organization.

Each Obligor is (i) duly organized, validly existing and in good standing under the laws of Brazil, and (ii) duly authorized and qualified to do business and is in good standing in its jurisdiction of incorporation and in jurisdictions in which the conduct of its business requires it to so qualify, except in the case of clause (ii), to the extent that failure to do so, could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Each Obligor has the requisite corporate power and authority to own or lease and operate its Properties, to

carry on its business, to borrow money and to execute, deliver and perform each Transaction Document to which it is or will be a party.

4.2 Authority and Consents.

(a) The execution, delivery and performance by each Obligor of each Transaction Document to which it is or will be a party, and the transactions contemplated by the Transaction Documents: (i) have been duly authorized by all necessary corporate action; (ii) will not breach, contravene, violate, conflict with or constitute a default under (A) any of its Charter Documents, (B) any applicable Law or (C) any contract, loan, agreement, indenture, mortgage, lease or other instrument to which it is a party or by which it or any of its Properties may be bound or affected, including all Governmental Approvals, except in the case of clauses (B) and (C) above, to the extent that such breach, contravention, violation or other conflict or default could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; and (iii) will not result in or require the creation or imposition of any Lien upon or with respect to any of its Properties other than a Permitted Lien.

(b) Each Transaction Document (other than the Fiduciary Assignment and the Notes) to which an Obligor is a party (i) has been duly executed and delivered by such Obligor and (ii) when executed and delivered by each of the other parties thereto will be the legal, valid and binding obligation of such Obligor and the Parent, as the case may be, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by insolvency, moratorium, bankruptcy or similar laws affecting the enforcement of creditors' rights generally.

(c) The Fiduciary Assignment (i) has been duly executed and delivered by the Fiduciary Assignor and (ii) upon satisfaction of the conditions precedent set forth in Sections 3.1(a)(ii) and 3.1(a)(iii), if applicable, will be the legal, valid and binding obligation of such Obligor, as the case may be, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by insolvency, moratorium, bankruptcy or similar laws affecting the enforcement of creditors' rights generally.

(d) Each Note to which an Obligor will be a party will, when executed and delivered by each of the parties thereto, be the legal, valid and binding obligation of such Obligor, as the case may be, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by insolvency, moratorium, bankruptcy or similar laws affecting the enforcement of creditors' rights generally.

(e) All authorizations required to make the Transaction Documents to which an Obligor is a party admissible in evidence in its jurisdiction of incorporation have been obtained or effected and are in full force and effect.

4.3 Governing Law and Enforcement.

(a) The choice of governing law of the Financing Documents will be recognized and enforced in the relevant jurisdictions.

(b) Any judgment obtained in relation to a Financing Document in the jurisdiction of the governing law of that Financing Document will be recognized and enforced in the relevant jurisdictions; provided that, for the purposes of enforcing a final judgment of a foreign court in Brazil, (i) such judgment is obtained in compliance with the legal requirements of the jurisdiction of the court rendering such judgment; (ii) process in the action has been served personally to the parties to the suit or to their duly appointed attorney(s) in fact/agents; (iii) such judgment does not contravene Brazilian public order, sovereignty or morality (as provided by article 17 of the Law of Introduction to the rules of Brazilian Law (*Lei de Introdução às normas do Direito Brasileiro*)) and is not contrary to a previous and final judgment (*res judicata*) handed down in Brazil concerning the same parties and in relation to a claim with identical object; (iv) such judgment is final in the jurisdiction where obtained and not subject to appeal (*res judicata*); and (v) the documents relating to the judgment rendered shall have been legalized with the competent Brazilian consulate in the country where it was issued, and sworn translated into Portuguese by a sworn translator registered with the Board of Commerce (*Junta Comercial*) in Brazil.

4.4 Financial Condition.

(a) The Original Financial Statements have been prepared in accordance with Brazilian GAAP and fairly present the financial condition of the Borrower as at such dates and the results of its operations for the periods ended on such dates.

(b) Except as disclosed in the Original Financial Statements or otherwise disclosed to the Administrative Agent in writing prior to the Closing Date, the Borrower has no outstanding material obligations or liabilities, fixed or contingent.

(c) Since the date of the most recent financial statements delivered pursuant to Section 5.1, there has been no event or condition which would have or could reasonably be expected to result in a Material Adverse Effect.

4.5 No Misleading Information.

All documents, reports or other written information provided to a Financing Party by or on behalf of an Obligor under the Financing Documents and the transactions contemplated thereby are accurate and not misleading in any material respect and all projections provided to any Financing Party have been prepared in good faith on the basis of assumptions which were deemed reasonable at the time at which they were prepared and supplied (it being understood that (i) any projections as to any future events are as to future events and are not to be viewed as facts, that such projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrower and the Obligors, that no assurance can be given that any particular projection will be realized and that actual results during the period or periods covered by any such projections may differ significantly from the projected results and such differences may be material and that such projections are not a guarantee of future financial performance and (ii) no representation is made with respect to information of a general economic or general industry nature) and all other written information provided by or on behalf of an Obligor under the Financing Documents was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect. No Obligor is aware of any circumstance that would render the information referred to above materially inaccurate or misleading.

4.6 Litigation: Labor Disputes.

(a) There (i) is no action, suit, bankruptcy proceeding, other legal proceeding, arbitral proceeding, inquiry or investigation pending or, to the best of the Borrower's knowledge, threatened, against it by or before any Governmental Authority or in any arbitral or other forum, nor any order, decree or judgment in effect, pending, or, to the best of the Borrower's knowledge, threatened, that has a reasonable possibility of being adversely determined and if adversely determined, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; and (ii) are no ongoing, or, to the best knowledge of the Borrower, currently threatened, strikes, slowdowns or work stoppages by the employees of the Borrower that could reasonably be expected to result in a Material Adverse Effect.

(b) There is no action, suit, other legal proceeding, arbitral proceeding, inquiry or investigation pending or, to the best of each Guarantor's knowledge, threatened, against it by or before any Governmental Authority or in any arbitral or other forum, nor any order, decree or judgment in effect, pending, or, to the best of each Guarantor's knowledge, threatened, that has a reasonable possibility of being adversely determined and if adversely determined, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.7 Governmental Approvals.

(a) All Governmental Approvals (including the Licenses) (i) necessary in connection with (A) the legality, validity and binding effect or enforceability or (B) the due execution and delivery of, and performance by each Obligor of its obligations and the exercise of its rights under, the Financing Documents to which it is party or any transaction contemplated by the Financing Documents and (ii) materially necessary in connection with the

performance by each of the Borrower and the Parent of its obligations and the exercise of its rights under the Master Supply Agreement to which they are a party (collectively, the “Necessary Governmental Approvals”), have been duly obtained or made, were validly issued, are in full force and effect, are final, are held in the name of any Obligor, and are free from conditions or requirements the compliance with which could reasonably be expected to result in a Material Adverse Effect or which any Obligor does not reasonably expect to be able to satisfy, in each case except for (w) the registration of the schedules of payment (*esquema de pagamentos*) within the ROF with the Central Bank to enable any Obligor to make remittances from Brazil in order to effect payment of scheduled principal and interest with respect to the Financing Documents to which it is a party (the “Schedule of Payments”) and the fees, expenses and commissions that are not expressly referred to in the Financing Documents, (x) any further special authorization from, or notice to, as the case may be, the Central Bank that will enable any Obligor to make payments that are specifically covered by the ROF and the Schedule of Payments on a date which is after the 120th day from the original scheduled due date of such payment and (y) any further special authorization from the Central Bank to enable any Obligor to make remittances from Brazil to make payments contemplated in the Financing Documents to which it is a party not specifically covered by the ROF and the Schedule of Payments; provided, however, that in order to ensure the admission of the Financing Documents before the public agencies and courts in Brazil, the signatures of the legal representatives of the parties who executed the Financing Documents outside of Brazil must be (A) duly notarized, (B) legalized with the competent Brazilian consulate at the place of execution, (C) sworn translated into Portuguese by a sworn translator registered with the Board of Commerce (*Junta Comercial*) and (D) registered with the Registry of Titles and Deeds (*Cartório de Registro de Títulos e Documentos*) of the city in which the Borrower is headquartered. No event has occurred that could reasonably be expected to (A) result in the revocation, termination or adverse modification of any such Necessary Governmental Approval or (B) materially and adversely affect any rights of any Obligor under any such Necessary Governmental Approval.

(b) The information set forth in each application submitted by or on behalf of an Obligor in connection with each Necessary Governmental Approval and in all correspondence sent by or on behalf of an Obligor in respect of each such application was accurate and complete in all material respects at the time of the corresponding filing.

4.8 Use of Proceeds.

(a) The proceeds of the Loans will be used solely towards the reimbursement of (i) up to ninety percent (90%) of the amounts paid by the Borrower under Purchase Orders and (ii) up to five percent (5%) of the amounts paid by the Borrower under the Sinore Purchase Orders.

(b) Neither the Borrower nor any other Fiduciary Assignor is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of any Loan will be used to purchase or carry any Margin Stock.

(c) Neither the making or guaranteeing of any Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation U or Regulation X.

4.9 Employee Benefit Plans.

(a) None of the Obligors or any of their respective Subsidiaries has incurred any material obligations in connection with the termination, withdrawal from, or payment of benefits under any Foreign Pension Plan. All material contributions and/or withholdings required to be made by the Borrower and its Subsidiaries with respect to a Foreign Pension Plan, if applicable, have been made.

(b) None of the Obligors or any of their respective Subsidiaries has ever maintained or contributed to, or had any obligation to contribute to (or borne any liability with respect to) any “employee benefit plan,” within the meaning of Section 3(3) of ERISA and subject to ERISA.

4.10 Taxes.

(a) Each Obligor has filed or caused to be filed all Tax returns that are required to be filed by it and

has paid or caused to be paid all Taxes shown to be due and payable by it on such returns or on any assessment received by it, except to the extent that any such Taxes are being diligently contested in good faith and by proper proceedings and as to which adequate accounting reserves have been provided. There is no action, suit, proceeding, investigation, audit or claim now pending, to the best knowledge of each Obligor, that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) No liability for any tax will be incurred by any Obligor as a result of the execution, delivery or performance of this Agreement or any other Financing Document or the consummation of the transactions contemplated hereby or thereby except for withholding tax as may be imposed on the remittance of payment of interest, fees, commissions and other expenses from Brazil under the Laws of Brazil.

4.11 No Filing or Stamp Taxes.

Under the Laws of Brazil, it is not necessary (i) that the Financing Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction except as otherwise expressly provided for in the Financing Documents or by Brazilian courts or (ii) that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Financing Documents or the transactions contemplated by the Financing Documents other than such stamp, registration, notarial and other similar Taxes or fees which have already been paid or discharged or to be paid or discharged as contemplated with the Financing Documents; provided that certain judicial fees may be due.

4.12 Investment Company Act.

The Borrower has not taken any action that could result in the Borrower falling within the definition of, and the Borrower is not, an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

4.13 Regulation.

The relevant Obligor has made all declarations and filings with and possesses all Governmental Approvals, that are necessary (i) to give effect to the Financing Documents and (ii) for the relevant Obligor to operate its business of offering telecommunications services in Brazil and engage in all activities as is currently engaged by the relevant Obligor, including without limitation all concession agreements between the relevant Obligor with ANATEL, and the relevant Obligor has not received notice or has knowledge of any limitation, restriction, requirement (including, without limitation, any ANATEL or other requirement related to the provision of any telecommunications services in any area in which the relevant Obligor operates), revocation or modification (actual, pending or, to the best knowledge of the relevant Obligor, threatened) of any such Governmental Approval that could reasonably be expected to result in a Material Adverse Effect.

4.14 Environmental Matters.

(a) Each Obligor has complied and is now complying in all material respects with (i) all Environmental Laws applicable to the Project and (ii) the requirements of any Governmental Approvals issued under such Environmental Laws with respect to the Project.

(b) There are no facts, circumstances, conditions or occurrences regarding the Project that, to the knowledge of the Borrower (after due inquiry), could reasonably be anticipated to form the basis of an Environmental Claim against the Project, the Borrower or any of its Subsidiaries which, if adversely determined, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) There are no past, pending, or, to the best knowledge of the Borrower, threatened, Environmental Claims against the Borrower or any of its Subsidiaries or the Project which, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

This Section 4.14 sets forth the sole representations and warranties of the Borrower and other Obligors

with respect to environmental, health and safety matters, including with respect to Environmental Laws, Environmental Claims and Hazardous Materials.

4.15 No Default.

No Default has occurred and is continuing.

4.16 Compliance with Laws.

None of the Obligor is in violation of any Law, Necessary Governmental Approval or its Charter Documents the violation of which has, or could reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

4.17 Liens.

(a) No Lien exists over any of the Licenses.

(b) Except for Liens arising under item (a)(i) of the definition of "Permitted Liens", no Liens exist over any of the Fiduciary Assigned Assets.

(c) Except for the Permitted Liens, no Liens exist over any of the other Properties of any Obligor.

(d) There are no Transaction Liens.

All liens granted, and any collateral pledged, in each case, under or pursuant to the Share Pledge Agreement have been unconditionally and irrevocably released prior to the Signing Date pursuant to the Release Agreement.

4.18 Intellectual Property.

The Borrower (i) is the sole legal and beneficial owner of or has licensed to it all the Intellectual Property which is material in the context of its business and which is required by it to carry on its business as it is being conducted, except where failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; (ii) to its knowledge, does not, in carrying on its businesses, infringe any Intellectual Property of any third party which has or could reasonably be expected to result in a Material Adverse Effect; and (iii) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it.

4.19 Good Title.

(a) Each Obligor has a good, valid and marketable title to, or valid leases or licenses of, and all appropriate authorizations to use, the Properties necessary in all material respects to carry on the business as presently conducted, except for minor defects which do not materially interfere with its ability to conduct its business or to utilize such Properties.

(b) All Fiduciary Assigned Assets are legally and beneficially owned by the Fiduciary Assignors.

4.20 Ranking.

(a) The rights and claims of the Financing Parties against any of the Obligor under the Financing Documents rank:

(i) *pari passu* in right of payment with all present and future senior unsecured unsubordinated indebtedness of such Obligor;

(ii) senior in right of payment and upon liquidation to the Subordinated Restricted Intercompany Indebtedness in accordance with the Subordination Agreement; and

(iii) senior in right of payment to any Obligor's present and future senior unsecured indebtedness to the extent of the value of the Fiduciary Assigned Assets securing the rights and claims of the Financing Parties, except, in each case, to the indebtedness of creditors whose rights and claims are mandatorily preferred by Brazilian laws of general application to companies.

(b) The Liens arising under item (a)(i) of the definition of "Permitted Liens" have or will have first ranking priority and are not subject to any prior ranking or *pari passu* ranking Lien.

4.21 Group Chart.

The Group Chart delivered to the Administrative Agent hereunder is true, complete and accurate in all material respects.

4.22 Solvency.

(a) No corporate action, legal proceeding or other procedure or step described in Sections 7.1(e), 7.1(g), 7.1(h) or creditors' process described in Section 7.1(l) has been taken or, to the knowledge of the Borrower, threatened in relation to it.

(b) No corporate action, legal proceeding or other procedure or step described in Sections 7.1(e), 7.1(g), 7.1(h) or creditors' process described in Section 7.1(l) has been taken or, to the knowledge of any Guarantor, threatened in relation to such Guarantor.

4.23 No Adverse Consequences.

(a) It is not necessary under the laws of its relevant jurisdictions, (i) in order to enable any Financing Party to enforce its rights under any Financing Document, or (ii) by reason of the execution of any Financing Document or the performance by it of any of its obligations under any Financing Document, that any Financing Party should be licensed, qualified or otherwise entitled to carry on business in any of its relevant jurisdictions.

(b) No Financing Party is or will be deemed to be resident, domiciled or carrying on business in its relevant jurisdictions by reason only of the execution, performance and/or enforcement of any Financing Document.

4.24 Immunity.

Each Obligor is subject to civil and commercial law with respect to its obligations under the Financing Documents to which it is party, and the execution, delivery and performance of the Financing Documents by it constitute private and commercial acts rather than public or governmental acts. No Obligor nor any of its respective Properties has any immunity from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment, set-off, execution of a judgment or from any other legal process with respect to the obligations of each Obligor under the Financing Documents.

4.25 Availability and Transfer of Foreign Currency.

(a) There are no registrations or requirements that limit the availability or transfer of foreign exchange for the purpose of the performance by an Obligor of its obligations under this Agreement or any other Transaction Document to which it is a party, including, without limitation, the payment in Dollars of all sums due thereunder.

(b) No change in Law, nor any change in the official interpretation or administration of any Law, has occurred that could adversely impact (a) the ability of the Borrower to maintain Dollar accounts outside of Brazil and to transfer amounts from and outside of Brazil as necessary to meet its obligations under the Transaction

Documents; and (b) the ability of an Obligor to use Dollars as necessary to perform all of its obligations under the Transaction Documents, including the making of payments in Dollars to the Financing Parties contemplated in the Financing Documents, unless such impact could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.26 Trading with the Enemy Act.

Each Obligor represents and warrants to the Financing Parties that none of the execution, delivery and performance of this Agreement nor any of the other Financing Documents, nor, to the best of their knowledge (after due inquiry), the use of the proceeds of the Loans made hereunder, will violate the Trading with the Enemy Act, as amended from time to time, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended from time to time) or any enabling legislation or executive order relating thereto.

SECTION 5. COVENANTS.

Each of the Obligors, as applicable, covenants and agrees with each of the Lenders that, so long as any Loan Commitment or any Loan or any other obligation is outstanding and until payment in full of all amounts payable by the Borrower under the Financing Documents:

5.1 Financial Statements and Other Information.

The Borrower shall deliver or cause to be delivered to the Administrative Agent:

(a) Annual Financial Statements. As soon as available and in any event within one-hundred twenty (120) days after the end of each fiscal year of the Borrower, a copy of the audited consolidated annual financial statements (including statements of income, retained earnings and cash flow) of the Borrower, audited by an independent and reputable certified public Brazilian accountant of recognized international standing to ensure compliance with Brazilian GAAP;

(b) Semi-annual Financial Statements. As soon as available and in any event within sixty (60) days after the end of each fiscal half-year of the Borrower, a copy of its unaudited consolidated semi-annual financial statements (including statements of income, retained earnings and cash flow);

(c) Certificate. Together with each set of financial statements delivered pursuant to Section 5.1(a) or 5.1(b) above, a certificate of the chief financial officer, treasurer or financial controller of the Borrower certifying that (i) the financial statements are true and complete and fairly represents the consolidated financial conditions of the Borrower at the date such financial statements were drawn up and are prepared in accordance with Brazilian GAAP and (ii) no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing what action has been taken and is proposed to be taken with respect thereto);

(d) Financial Ratio. Together with each set of financial statements delivered pursuant to Section 5.1(a) or 5.1(b) above, (i) a detailed calculation of the financial ratios set forth in Section 5.22 as tested as of the Calculation Date immediately falling prior to the delivery of such financial statements for the period of twelve (12) months ending on such Calculation Date, certified by the chief financial officer, treasurer or financial controller of the Borrower, and (ii) a Compliance Certificate;

(e) Defaults.

(i) Promptly after any officer or director of an Obligor obtains knowledge that any Default or Event of Default has occurred, a written notice of such event describing the same in reasonable detail satisfactory to the Administrative Agent and, together with such notice, a description in reasonable detail of what action has been taken and is proposed to be taken with respect thereto;

(ii) Promptly after any officer or director of an Obligor obtains knowledge that an event of default (howsoever described) has occurred under any Material Indebtedness and/or that any of its Indebtedness has been accelerated by holder(s) of such Indebtedness as a result of an event of default (howsoever described) under such Indebtedness, a written notice describing the same in detail;

(f) Documents to Shareholders. Promptly after dispatch to the shareholders or creditors of the Borrower, all material documents dispatched by the Borrower to its shareholders generally (or any class of them) or to its creditors generally (or any class of them), to the extent such disclosure would not cause a breach of any confidentiality undertaking binding on the Borrower or non-compliance of any applicable Laws;

(g) "Know Your Client". Promptly upon the request of the Administrative Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent in order for the Financing Parties to carry out and be satisfied they have complied with all necessary "know your client" or other similar checks under all applicable Laws pursuant to the transactions contemplated in the Financing Documents;

(h) Capital and Organizational Structure. As soon as available, upon any change in the Borrower's share capital and any material change to the Group Chart involving the Borrower or any Guarantor, details of such change;

(i) Notices. Promptly after delivery or receipt thereof, a copy of each material notice, demand or other communication given or received by the Borrower pursuant to or relating to any of the Transaction Documents (including all requests for amendments or waivers) or pursuant to or relating to any Necessary Governmental Approval;

(j) Authorized Signatory. Promptly after any change to any person specified as an authorized signatory of the Borrower or a Guarantor in the resolutions delivered pursuant to Section 3.1(b), details of such change and the specimen signatures of any new authorized signatory;

(k) Business Plan. Promptly after a new or materially updated Business Plan becomes available, such new or updated Business Plan;

(l) Mergers and Disposals. Details of any proposed mergers by an Obligor or a disposal of an Obligor, in each case, as permitted under Section 5.13, at least thirty (30) days prior to the proposed completion date of such merger or such disposal; and

(m) Other Information. From time to time such other information regarding the financial condition, operations, business or prospects of the Obligors as may be reasonably requested by the Administrative Agent or the Security Agent.

5.2 Other Notices.

Each Obligor shall promptly, but in any event no later than fifteen (15) Business Days, after any officer or director obtains actual knowledge thereof, give to the Administrative Agent notice of:

(a) any pending or threatened application or proceeding by or before any Governmental Authority for the purpose of revoking, terminating, withdrawing, suspending, modifying in an adverse manner or withholding any Necessary Governmental Approval held by or issued to it which, if adversely determined, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(b) any litigation, investigation or proceeding (including any request by any Person for arbitration proceeding) affecting it, a Consolidated Subsidiary or the Project or in which injunctive, declaratory or similar relief is requested which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) any (i) Taking, or (ii) other casualty, damage or loss to any Property of the Borrower, whether or not insured, through fire, theft, other hazard or casualty, in excess of twenty-million US Dollars (US\$20,000,000) (or its equivalent in other currencies) (either in a single event or a series of events in any twelve (12) month period);

and

(d) any other event, circumstance, development or condition which could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.3 Maintenance of Existence; Conduct of Business.

Each Obligor shall (i) take all actions to maintain all material rights, privileges, titles to property, franchises and the like necessary in the normal conduct of its business, activities or operations and (ii) comply with all of its contractual obligations if failure to so comply could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.4 Compliance with Laws.

Each Obligor shall conduct its business in compliance with all applicable requirements of Law, including all relevant Governmental Approvals and Environmental Laws, except where any failure to comply could not, individually or in the aggregate, result in a Material Adverse Effect, and except that it may contest by appropriate proceedings conducted in good faith the validity or application of any such requirement of Law, so long as (a) none of the Financing Parties would be subject to any criminal liability for failure to comply therewith, and (b) all proceedings to enforce such requirement of Law against the Financing Parties shall have been duly stayed.

5.5 Payment of Taxes.

Each Obligor shall duly pay and discharge before they become overdue (a) all taxes, assessments and other governmental charges or levies imposed upon it or its Property, income or profits, (b) all utility and other governmental charges incurred in the ownership, operation, maintenance, use, occupancy and upkeep of its business, (c) all fees, duties and charges payable in connection with the stamp taxes as set forth in Section 4.11 and (d) all lawful claims and obligations that, if unpaid, might result in the imposition of a Lien upon its Property (except for any Liens arising under tax related proceedings described in item (a)(ii) and (b)(ii) of the definition of "Permitted Liens"), except where a failure to make such payment or discharge, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; provided, however, that an Obligor shall contest in good faith any such tax, assessment, charge, levy, claim or obligation, in which case, it may permit the tax, assessment, charge, levy, claim or obligation to remain unpaid during any period, including appeals, when it is in good faith contesting the same by proper proceedings, so long as (i) adequate reserves as required under Brazilian GAAP shall have been established and (ii) the contested claim is stayed within the applicable statutory terms.

5.6 Accounting and Financial Management.

Each of the Borrower and any other Fiduciary Assignor shall (a) maintain reasonably adequate management information and cost control systems, and (b) maintain a system of accounting in which full and correct entries shall be made of all of its financial transactions and assets and business in accordance with Brazilian GAAP. In the event that the Borrower or any other Fiduciary Assignor replaces its existing auditors for any reason, the Borrower or such Fiduciary Assignor shall appoint and maintain as auditors another firm of independent public accountants, which firm shall be internationally recognized.

5.7 Governmental Approvals.

Each Obligor shall: (i) from time to time obtain and maintain, and comply with, all Necessary Governmental Approvals as shall now or hereafter be required under applicable Laws and (ii) intervene in and contest any proceeding which seeks or may reasonably be expected, to rescind, terminate, modify in an adverse manner or suspend any Necessary Governmental Approval and, if reasonably requested by the Required Lenders, appeal any such rescission, termination, adverse modification or suspension in the manner and to the full extent permitted by applicable Law (provided that the obligations of each Obligor under this Section 5.7 shall not in any way limit or impair the rights or remedies of the Financing Parties under any Financing Document directly or indirectly arising as

a result of any such rescission, termination, modification or suspension), except to the extent that the failure to take any of the actions above could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.8 Maintenance of Properties, Books and Intellectual Property.

Each of the Borrower and any other Fiduciary Assignor shall (i) maintain in good working order and condition (ordinary wear and tear excepted) all of its Properties necessary in the conduct of its business, (ii) maintain updated books and records in accordance with good business practice of companies carrying on the same or substantially similar business and applicable Laws and (iii) shall preserve and maintain ownership of or the right to use all Intellectual Property and other rights with respect thereto which are necessary for the operation of its business unless the absence of which could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.9 Insurances.

The Borrower shall maintain or cause to be maintained in full force and effect at all times on and after the Signing Date and continuing throughout the term of this Agreement, at its own costs insurance coverage on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business with reputable insurance companies or underwriters except where the failure to maintain such insurance coverage could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.10 Pension Plans.

Each of the Borrower, its Subsidiaries and the Guarantors, as applicable, shall maintain each pension or retirement plan or scheme or any similar plans in substantial compliance with the terms and the requirements thereof and in compliance with all applicable Laws.

5.11 Access.

No more than two (2) times during each fiscal year of the Borrower or at any time and from time to time after the occurrence of a Default or an Event of Default, upon at least ten (10) Business Days prior written notice, the Borrower shall permit the Administrative Agent, Security Agent and/or accountants or other professional advisers and delegates of the Administrative Agent, free access at all reasonable times (during normal business hours) to the premises and Properties of the Borrower or any of the Guarantors to (a) inspect and make copies and extracts from the books, accounts and records of the Borrower and its Subsidiaries; (b) view the premises of the Borrower and its Subsidiaries and (c) meet and discuss with senior management employees of the Borrower; provided, however, that all costs and expenses associated with such visits and inspections upon the occurrence and continuation of a Default or an Event of Default shall be for the account of the Borrower.

5.12 Limitation on Liens.

(a) Subject to paragraph (b) of this Section 5.12, except for the Permitted Liens, none of the Obligors shall, directly or indirectly, create, incur, assume or suffer to exist any Lien upon any of its Property, whether now owned or hereafter acquired.

(b) None of the Obligors shall, directly or indirectly, create, incur, assume or suffer to exist any Lien upon (i) any of the Fiduciary Assigned Assets, whether now owned or hereafter acquired under the Master Supply Agreement, except for any Lien arising under item (a) of the definition of "Permitted Liens", or (ii) any of the Licenses.

(c) In the event an Obligor creates a Lien over any of its Property as permitted under item (b)(x) of the definition of "Permitted Lien", such Obligor shall, take all actions and execute all documents necessary to ensure that such Lien is also created in favor of the Security Agent (for the benefit of the Financing Parties) on a *pari passu* basis.

5.13 Merger; Disposals.

(a) No Obligor shall consent to, enter into or become a party to any merger, consolidation (*incorporação*), including share merger (*incorporação de ações*), transformation of the corporate form (*transformação*) (unless such change results in the Obligor being transformed into a *sociedade anônima*), spin-off (*cisão*), liquidation, consolidation (*fusão*), amalgamation or sell, lease, transfer or otherwise dispose of any substantial part of its properties or, any of its properties essential to the conduct of its business or operations (“Transfer of Establishment”) (*transferência de estabelecimento*) without the prior written consent of the Administrative Agent unless such merger, consolidation (*incorporação*), including share merger (*incorporação de ações*), transformation of the corporate form (*transformação*), Transfer of Establishment spin-off (*cisão*), liquidation, consolidation (*fusão*) or amalgamation is between or among (i) the Borrower and any Subsidiary of the Borrower and the Borrower is the surviving entity; (ii) the Guarantors and the assets of any merged or consolidated Guarantor shall remain with the surviving Guarantor, (iii) the Subsidiaries of the Borrower that are not Guarantors, or (iv) the Borrower and any Person (other than a Guarantor or a Subsidiary) and the Borrower is the surviving entity, (v) a Guarantor and any Person (other than the Borrower or another Guarantor) and such Guarantor is the surviving entity, and in each case, (A) when no Default or Event of Default is continuing or would occur as a result of such merger, consolidation or amalgamation, (B) such merger, consolidation or amalgamation would not result in a Change of Control and (C) the Borrower has complied and will continue to comply with the financial ratios under Section 5.22.

(b) Subject to paragraph (c) below, none of the Obligors shall, either in a single transaction or a series of transactions, and whether voluntarily or involuntarily, sell, transfer, grant, lease or otherwise dispose of all or substantially all of its Properties except for the Permitted Disposals.

(c) Notwithstanding anything to the contrary herein or in any other Financing Document, no Obligor shall, in a single transaction or a series of transactions, and whether voluntarily or involuntarily, sell, transfer, grant, lease or otherwise dispose of (i) any of the Fiduciary Assigned Assets except as otherwise expressly permitted under, and in accordance with the terms of, the Fiduciary Assignment or (ii) any of the Licenses.

5.14 Change of Business.

The Borrower shall (a) maintain its chief place of business in Brazil and maintain the office where it keeps its records concerning the Financing Documents at such location and (b) not engage in any business other than the Permitted Business.

5.15 Amendment of Charter Documents.

None of the Obligors shall amend, vary, novate, supplement, supersede, waive, exercise any discretion under, or terminate any term of (or agree to any of the foregoing) its Charter Documents, except where any of such actions could not reasonably be expected to result in a Material Adverse Effect.

5.16 Master Supply Agreement.

The Borrower shall not, without the prior written consent of the Administrative Agent, (i) amend, vary, novate, supplement, supersede, waive or terminate any term of the Master Supply Agreement or any other document delivered to the Administrative Agent pursuant to Section 3.1 except to the extent that such amendment, variation, novation, supplement, superseding, waiver or termination could not have or could not, individually or in the aggregate, be reasonably expected to result in a Material Adverse Effect and the Administrative Agent has been promptly notified, (ii) agree to or permit the cancellation, suspension or termination of the Master Supply Agreement (other than termination in accordance with its terms) or (iii) sell, assign or otherwise dispose of any part of its interest in the Master Supply Agreement.

5.17 Transactions with Affiliates.

Except for the Permitted Related Party Transactions, the Borrower shall not directly or indirectly (a) make any Investment in or payment to an Affiliate of the Borrower (other than to a Subsidiary of the Borrower); (b) transfer, sell, lease, assign or otherwise dispose of any Property to an Affiliate of the Borrower (except pursuant to a Permitted Disposal); (c) purchase or acquire Property from an Affiliate of the Borrower (except as permitted under Section 5.13); or (d) enter into any other transaction or arrangement directly or indirectly with or for the benefit of an Affiliate of the Borrower, unless any such transaction is (i) in the ordinary course of the Borrower's (and such Affiliate's) business, and (ii) upon fair and reasonable terms no less favorable to the Borrower than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

5.18 Fiscal Year.

The Borrower's fiscal year shall end on December 31 of each calendar year.

5.19 Environmental Compliance.

Each Obligor shall:

(a) comply with all Environmental Laws applicable to the Project, obtain and maintain any Governmental Approvals required pursuant to such applicable Environmental Laws, and take all reasonable steps in anticipation of known or expected future changes to or obligations under applicable Environmental Laws or any related Governmental Approvals except for any such non-compliance or failure to act which could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(b) inform the Administrative Agent in writing as soon as reasonably practicable upon becoming aware of:

(i) any Environmental Claim which has been commenced or (to the best of the Borrower's knowledge and belief) is threatened against it, or

(ii) any facts or circumstances which will or could reasonably be expected to result in any Environmental Claim being commenced or threatened against the Borrower, in the case of each of the foregoing clauses (i) or (ii) where such Environmental Claim has or could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.20 Certain Agreements.

No Obligor shall enter into any agreement or undertaking (except for the Financing Documents and as contemplated therein and except pursuant to any agreement approved by the Required Lender for the refinancing of any of the Loans) restricting, or purporting to restrict, the ability of such Obligor to amend this Agreement or any other Financing Document without the consent of the Administrative Agent.

5.21 Ranking.

(a) Each of the Obligors shall ensure that the rights and claims of the Financing Parties against any of the Obligors under the Financing Documents at all times rank:

(i) *pari passu* in right of payment with all present and future senior unsecured unsubordinated indebtedness of such Obligor;

(ii) senior in right of payment and upon liquidation to the Subordinated Restricted Intercompany Indebtedness in accordance with the Subordination Agreement; provided, for the avoidance of doubt, any payment on any Subordinated Restricted Intercompany Indebtedness allowed pursuant to Section 5.25(b), shall not constitute a breach of this clause 5.21(a)(ii); and

(iii) senior in right of payment to any Obligor's present and future senior unsecured indebtedness to the extent of the value of the Fiduciary Assigned Assets securing the rights and claims of the Financing Parties, except, in each case, to the indebtedness of creditors whose rights and claims are mandatorily preferred by Brazilian laws of general application to companies.

(b) Each of the Obligors shall ensure that the Transaction Liens shall have first ranking priority and shall not be subject to any prior ranking or *pari passu* ranking Lien, except for Liens described in items (b)(ii), (iii) and (iv) of the definition of "Permitted Liens".

5.22 Financial Ratio.

The Borrower shall maintain (i) a Net Debt to Consolidated EBITDA ratio of no greater than 2.5 to 1.0, (ii) a Net Debt to Total Net Worth ratio of no greater than 2.0 to 1.0, and (iii) a Consolidated EBITDA to Consolidated Interest Expense ratio of no less than 3.0 to 1.0, in any case, as tested as of the Calculation Date immediately falling prior to the delivery of each set of financial statements under Sections 5.1(a) and 5.1(b) for the period of twelve (12) months ending on such Calculation Date.

5.23 Registration.

Subject to Section 5.29 hereof, each Fiduciary Assignor shall take or cause to be taken all actions required to maintain, preserve and protect the Liens arising under item (a)(i) of the definition of "Permitted Liens" including causing the Fiduciary Assignment and all amendments or supplements thereto, to be promptly recorded, registered and filed and at all times to be kept recorded, registered and filed in Brazil, and will execute and file statements and cause to be executed and filed statements, all in manner and in places and at times as are prescribed in this Agreement or in the Fiduciary Assignment and as may be required by the laws of Brazil, fully to preserve and protect the rights of the Financing Parties under this Agreement and the Fiduciary Assignment.

5.24 Dividends and Share Redemption.

The Borrower shall not:

(a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its Equity Interest (or any class of its Equity Interest);

(b) repay or distribute any dividend or share premium reserve, or return any amounts paid-in by its shareholders as capital advances;
or

(c) redeem, repurchase, defease, retire or repay any of its Equity Interest or resolve to do so;

(i) no Default is continuing or would occur immediately after the making of any such payment;

(ii) the Borrower has complied and will continue to comply, on a *pro forma* basis, with the financial ratios under Section 5.22; and

(iii) in any given fiscal year, all payments required to be paid under this Agreement to the Financing Parties for such fiscal year have been irrevocably and unconditionally paid.

5.25 Incremental Indebtedness and Subordinated Restricted Intercompany Indebtedness.

(a) The Borrower shall not, and shall not permit any of the Guarantors to, directly or indirectly, contract, create, incur, assume or suffer to exist any Indebtedness (other than the Indebtedness under the Financing Documents), unless:

(i) no Default or Event of Default then exists or would result therefrom; and

(ii) the Borrower has complied and will continue to comply, on a *pro forma* basis, after the incurrence thereof, with the financial ratios under Section 5.22.

(b) No Obligor nor its Subsidiaries, shall pay, or cause to be paid, any Subordinated Restricted Intercompany Indebtedness without the prior written consent of the Administrative Agent and the Sinosure Administrative Agent (which consent shall not be unreasonably withheld, delayed or conditioned).

5.26 Guarantees or Indemnities.

The Borrower shall not incur or allow to remain outstanding any guarantee or indemnity in respect of any obligation of any person other than its Subsidiaries.

5.27 [Reserved].

5.28 Registration of Schedule of Payments.

The Borrower shall:

(a) within five (5) Business Days after each Disbursement Date register within the ROF with the Central Bank the Schedules of Payments, or any other document or equivalent approval that may replace it, to enable the Borrower and/or each Guarantor, as the case may be, to make remittances from Brazil in order to effect payment of scheduled principal and interest with respect to the Financing Documents to which it is a party and the fees, expenses and commissions expressly referred to in the Financing Documents to which it is a party;

(b) promptly obtain, if and when necessary, any further special authorization from, or give notice to, as the case may be, the Central Bank to enable each Obligor to:

(i) make payments that are specifically covered by the ROF and the Schedule of Payments on a date which is after the 120th day from the original scheduled due date of such payment;

(ii) make remittances from Brazil to make payments contemplated in the Financing Documents to which it is a party not specifically covered by the ROF and the Schedule of Payments; and

(iii) make payments of the post-default rate contemplated under the Financing Documents to which it is a party at a rate per annum in excess of 2% over the otherwise applicable interest rate.

5.29 Notarization.

The Borrower shall, within thirty (30) days after receipt by the Borrower from the Administrative Agent of the original notarized and legalized in the Brazilian consulate signature pages of any Financing Document executed after the Signing Date, with the signatures of the parties to such Financing Document signing outside Brazil, deliver to the Administrative Agent:

(a) a translation of the Financing Documents executed in English into Portuguese by a public sworn translator; and

(b) evidence of registration thereof with the competent Registry of Deeds and Documents (*Cartório de Registro de Titulos e Documentos*) in Brazil and receipt of the certificates of registration thereof, for the enforcement thereof in any competent Brazilian court; provided, that the Borrower may not deliver a Notice of Borrowing requesting for Disbursement(s) subsequent to the first Disbursement unless the Administrative Agent shall have received the documents and evidence listed in this Section 5.29 in form and substance satisfactory to the Administrative Agent.

5.30 Further Assurances.

(a) Each of the Obligors shall promptly and duly execute and deliver to the Administrative Agent or Security Agent such documents and assurances to take such further action as the Administrative Agent may from time to time reasonably request in order to (i) carry out more effectively the intent and purpose of the Financing Documents; (ii) correct any material defect or error that may be discovered in the execution, acknowledgment, filing or recordation of any Financing Document or other document or instrument relating to the Fiduciary Assigned Assets; (iii) perfect the Lien created or intended to be created under or evidenced by the Security Documents and (iv) establish, protect and perfect the rights and remedies created or intended to be created in favor of the Financing Parties pursuant to the Financing Documents.

(b) The Borrower shall, at the request of the Security Agent, take all such action as may be necessary (including making all filings and registration) for the purpose of the creation, perfection, protection or maintenance of any Lien conferred or intended to be conferred on the Security Agent or the Financing Parties by or pursuant to the Financing Documents.

5.31 Powers of Attorney. The Borrower shall from time to time, procure that each Fiduciary Assignor shall renew any power of attorney granted pursuant to any Financing Document in order to ensure that at all times such power of attorney is valid and effective under Applicable Law.

SECTION 6. PAYMENT PROVISIONS; FEES.

6.1 Repayment of Principal. The Borrower shall repay the aggregate principal amount of the Loans outstanding on each Principal Payment Date in fifteen (15) equal semi-annual installments commencing on the first Interest Payment Date following the expiry of the Availability Period.

6.2 Voluntary Prepayments. The Borrower may prepay the Loans, in whole or in part, subject to Break Costs if such prepayment is not made on an Interest Payment Date but otherwise without prepayment fees or other penalties, at any time, on the following terms and conditions: (i) the Borrower shall give the Administrative Agent at the Notice Office at least fifteen (15) Business Days' prior written irrevocable notice (or such shorter period as the Administrative Agent, in its sole and absolute discretion, may agree to) (which notice the Administrative Agent shall promptly transmit to each of the Lenders), of its intent to prepay the Loans, the aggregate principal amount of the proposed prepayment and the specific Borrowing or Borrowings pursuant to which such prepayment is to be made; (ii) such prepayment shall be in an aggregate principal amount of at least \$5,000,000 (or a higher integral multiple of \$1,000,000 or the remaining principal outstanding); (iii) each prepayment of Loans pursuant to this Section 6.2 shall be applied to reduce the Scheduled Principal Payments in inverse chronological order of their due dates; (iv) each prepayment of Loans shall be made with accrued interest on the amount prepaid; (v) the Borrower shall have also prepaid an amount under the Sinasure Credit Agreement *pro rata* to the amount prepaid hereunder; and (vi) the Borrower shall have provided reasonable assurances to the Administrative Agent that the prepayment does not violate any applicable Law of Brazil or any interpretation thereof by any Governmental Authority.

6.3 Mandatory Prepayments.

Upon the occurrence of any of the following events, the Borrower shall make mandatory prepayments of the Loans as follows:

(a) Change of Control. If a Change of Control occurs;

(b) Unlawfulness. If (i) it is or becomes unlawful for the Borrower or any Material Subsidiary to perform any of its obligations under any Financing Document to which it is a party, (ii) any Financing Document, or

any provision of any Financing Document, shall at any time for any reason cease to be valid and binding or in full force and effect or any party thereto (other than a Financing Party) shall so assert in writing, unless, in relation to a provision of a Financing Document only, such cessation could not reasonably be expected to result in a Material Adverse Effect, (iii) the choice of governing law of the Financing Documents ceases to be recognized and enforced in the relevant jurisdictions or any judgment obtained in relation to a Financing Document in the jurisdiction of the governing law of that Financing Document will not be recognized or enforced in the relevant jurisdiction, (iv) any Financing Document, or any provision of any Financing Document, shall be declared to be null and void, unless, in relation to a provision of a Financing Document only, such declaration could not reasonably be expected to result in a Material Adverse Effect, (v) any of the Security Documents, the Liens arising under item (a)(i) of the definition of "Permitted Liens" or the Transaction Lien ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Financing Party) to be ineffective or ceases to confer upon the Financing Parties the priority ranking intended to be conferred, or (vi) the Borrower or any of the Guarantors shall deny that it has any further liability or obligation under any Financing Document;

(c) Cessation of Business. If the Borrower or any other Fiduciary Assignor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business as is currently conducted or ceases to exist as an operating company whose primary business is the Permitted Business;

(d) Necessary Governmental Approvals. If a License or any other Necessary Governmental Approval is terminated, suspended, revoked, withdrawn, modified, withheld or becomes invalid or shall cease to be in full force and effect and such termination, suspension, revocation, withdrawal, modification, withholding, invalidation or cessation could reasonably be expected to result in a Material Adverse Effect or if any proceeding is commenced to revoke, terminate, withdraw, suspend, modify in an adverse manner or withhold such Necessary Governmental Approval and such proceeding could reasonably be expected to result in a Material Adverse Effect and is not terminated or discharged within 120 days of its commencement;

(e) Project. If there is an abandonment, loss or destruction of the Project or any of the Telecommunications Networks which could reasonably be expected to result in a Material Adverse Effect;

(f) Nationalization. If the authority of any Obligor to conduct its business is cancelled or wholly or substantially curtailed by any seizure, nationalization, expropriation, intervention, restriction, compulsory acquisition or other action by or on behalf of any Governmental Authority and which cancellation, seizure, nationalization, expropriation, intervention, restriction, compulsory acquisition or other action has or could reasonably be expected to result in a Material Adverse Effect;

(g) Moratorium. If any Governmental Authority or central bank of Brazil declares a moratorium on external indebtedness and such moratorium has or could reasonably be expected to result in a Material Adverse Effect;

(h) Material Adverse Effect. If any event, condition or circumstance shall exist or shall have occurred which has or could reasonably be expected to result in a Material Adverse Effect; or

(i) Change in Law. If any change in or the withdrawal or modification of any Law shall occur, including the imposition of applicable foreign exchange control regulations, that could reasonably be expected to result in a Material Adverse Effect; then, and in any such event, and at any time thereafter, the Administrative Agent may, at the instructions of the Required Lenders, immediately cancel each Lender's Loan Commitment and declare each Lender's participation in all outstanding Loans due and payable and the Borrower shall immediately, without any Break Cost, premium, fee or penalty of any nature, prepay all outstanding Loans together with accrued interest and all other amounts accrued under the Financing Documents. Each prepayment of Loans made pursuant to this Section 6.3 shall be applied to reduce the remaining Scheduled Principal Payments on a *pro rata* basis; provided that the Borrower shall also prepay an amount under the Sinosure Credit Agreement *pro rata* to the amount prepaid in accordance with this Section 6.3.

6.4 Loan Maturity Date.

Notwithstanding anything to the contrary which may be contained in this Agreement, the outstanding

principal amount of any Loans shall be repaid in full on the Loan Maturity Date.

6.5 Voluntary Cancellation.

The Borrower may cancel the Available Loan Commitments; provided that (i) the Borrower shall give the Administrative Agent not less than ten (10) Business Days' prior notice, (ii) any cancellation shall be in a minimum amount of five million US Dollars (US\$5,000,000) or, if less, the aggregate Available Loan Commitments of the Lenders, (iii) any cancellation shall reduce the Available Loan Commitments of the Lenders ratably and (iv) the Borrower shall have also cancelled an amount under the Sinasure Credit Agreement *pro rata* to the amount cancelled hereunder.

6.6 Method and Place of Payment.

Except as specifically provided in this Section 6.6, all payments under this Agreement shall be made to the Administrative Agent for the account of the Lender or Lenders entitled thereto not later than 5:00 p.m. (New York time) on the date when due and shall be made in Dollars in immediately available funds to the following account:

INTERMEDIARY BANK: Bank of China, New York Branch SWIFT BIC: BKCHUS33 ACCOUNT BANK: CHINA DEVELOPMENT BANK

No29, Fuchengmenwai Street, Xicheng District, Beijing, P.R.China

SWIFT BIC: SDBCCNBJ A/C NO: 01000129 BENEFICIARY: China Development Bank Shenzhen Branch SWIFT BIC: SDBCCNBJSZH REFERENCE: Principal, Interest and Fees for Nextel Brazil

or to such other account(s) as the Administrative Agent shall designate to the Borrower in writing no later than five (5) Business Days prior to the due date for payment. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension. For the avoidance of doubt, all payments under this Agreement are considered made to the Administrative Agent for the account of the Lender or Lender entitled thereto if, and only if, such payments are credited into the account(s) stated in the first sentence of this Section 6.6 in the manner set out therein.

6.7 Computations.

All computations of interest and other amounts payable hereunder shall be made on the basis of a 360-day year and the actual number of days elapsed.

6.8 Fees.

(a) The Borrower agrees to pay to the Arranger, for its account, fees and expenses in the amounts and manner set out in the Fee Letter.

(b) The Borrower agrees to pay to the Administrative Agent, for its account, fees and expenses in the amounts and manner set out in the Fee Letter.

(c) The Borrower agrees to pay to the Security Agent, for its account, fees and expenses in the amounts and manner agreed between it and the Security Agent.

(d) The Borrower agrees to pay to the Administrative Agent, in Dollars, for the account of each Lender (in each case, *pro rata*, according to such Lender's Loan Commitment), a commitment fee ("Commitment Fee") in respect of its Loan Commitment at the rate of 0.20% per annum and calculated on the daily balance of the amount of the Available Loan Commitments from time to time during the Availability Period, such fee to be payable

in arrears, upon prior receipt of the corresponding invoice, with the first payment being made on the Signing Date and subsequently semi-annually on each Interest Payment Date during the Availability Period and on the last day of the Availability Period, or if earlier, on the day on which Available Loan Commitments are reduced to zero (through cancellation, utilization or otherwise).

6.9 Application of Payments; Sharing.

(a) Subject to the provisions of this Section 6.9, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any obligations of the Borrower hereunder, it shall distribute such payment to the Lender *pro rata* based upon their respective shares, if any, of the obligations with respect to which such payment was received.

(b) The Lender agrees that, if it should receive any amount hereunder (whether by voluntary payment, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Financing Documents, or otherwise), which, in any such case, is in excess of its ratable share of payments on account of the obligations obtained by all Lender, then such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lender an interest in the obligations of the Borrower to such Lender in such amount as shall result in a proportional participation by all the Lender in such amount; provided, however, that if all or any portion of such excess amount is thereafter recovered from such Lender, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

SECTION 7. EVENTS OF DEFAULT AND REMEDIES.

7.1 Events of Default.

The occurrence of any of the following events or circumstances shall constitute an "Event of Default" hereunder:

(a) Non-Payment. An Obligor shall fail to pay within three (3) Business Days of when due any principal or interest payable or any other amount payable pursuant to this Agreement or any other Financing Document, in each case when the same becomes or shall be declared to be due and payable (whether prior to its stated maturity or otherwise); or

(b) Cross-Default. (i) An Obligor shall default in the payment when due of any principal of or interest on the loans borrowed under the Sinasure Credit Agreement or any of its other Material Indebtedness beyond any originally applicable period of grace specified therein; (ii) any Material Indebtedness becomes due and payable or repayable prior to the stated maturity thereof by reason of an event of default (howsoever described) and otherwise than at the option of such Obligor; (iii) any guarantee, indemnity or other contingent liability given or owing by an Obligor in respect of any Material Indebtedness is not honored when due or called and any originally applicable grace period in respect thereof has expired; or (iv) a breach or default (howsoever described) occurs under any other Material Indebtedness of an Obligor, and, as a result of such breach or default, such Material Indebtedness becomes accelerated or repayable prior to its scheduled maturity date; or

(c) Misrepresentation. Any representation, warranty or certification made or deemed to be repeated by an Obligor in respect of itself in this Agreement, any other Financing Document, or in any notice or other certificate, agreement, document, financial statement or other statement delivered pursuant hereto or thereto, shall prove to have been false or misleading in any material respect when made; or

(d) Breach of Other Obligations. (i) The Borrower shall fail to comply with any term, covenant or provision set forth in the Financing Documents (other than those referred to in Sections 7.1(a) to (c) above) or (ii) any of the Guarantors shall fail to comply with any term, covenant or provision set forth in the Financing Documents (other than those referred to in Sections 7.1(a) to 7.1(c) above), and in any such event described under clauses (i) and (ii) above, such failure to comply shall remain uncured for a period of more than thirty (30) days after the relevant Guarantor or the Borrower, as the case may be, has knowledge thereof or notice thereof is given to such Guarantor or the Borrower, as applicable; or

(e) Insolvency. The Borrower or any Material Subsidiary (i) shall admit its inability to, or be unable to, pay its debts as such debts become due, (ii) is, or is deemed for the purposes of any Law to be, unable to pay its debts as such debts become due, (iii) suspends making payments on its debts or announces an intention to do so, (iv) by reason of actual or anticipated insolvency, begins negotiations with creditors generally for the rescheduling of any of its Indebtedness; or

(f) Moratorium. A moratorium is declared with respect to any Material Indebtedness of an Obligor and the moratorium remains undismissed for a period of more than thirty (30) days (for the avoidance of doubt, the ending of such moratorium will not remedy any Event of Default caused by such moratorium); or

(g) Voluntary Insolvency Proceedings. The Borrower or any Material Subsidiary shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under or file a petition to take advantage of any Bankruptcy Law (as now or hereafter in effect), (iv) take any corporate action for the purpose of effecting any of the foregoing or (v) take any action under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iv) hereof; or

(h) Involuntary Insolvency Proceedings (Borrower). A proceeding or case shall be commenced against the Borrower, without its application or consent, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or a substantial part of its Property or (iii) similar relief in respect of it under any Bankruptcy Law, and such proceeding or case is undismissed or unstayed within 120 days of its commencement; or an order, judgment or decree approving or ordering any of the foregoing shall be entered and is unstayed and in effect within 120 days of such order, judgment or decree; or an order for relief against the Borrower shall be entered in an involuntary case under any Bankruptcy Law; or any proceeding or action shall be commenced under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iii) hereof and such order for relief, proceeding or action is undismissed or unstayed within 120 days of its commencement; or

(i) Involuntary Insolvency Proceedings (Guarantors). A proceeding or case shall be commenced against a Guarantor, without its application or consent, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or a substantial part of its Property or (iii) similar relief in respect of it under any Bankruptcy Law, and such proceeding or case has or could reasonably be expected to result in a Material Adverse Effect; or an order, judgment or decree approving or ordering any of the foregoing shall be entered; or an order for relief against a Guarantor shall be entered in an involuntary case under any Bankruptcy Law; or any proceeding or action shall be commenced under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iii) hereof and in each case, such order, judgment, decree, proceeding or action has or could reasonably be expected to result in a Material Adverse Effect; or

(j) Final Judgment. Any amount in excess of fifty-million US Dollars (US\$50,000,000) (or its equivalent in other currencies) (individually or in the aggregate)

(to the extent not paid, and not covered by, independent third-party insurance as to which the insurer has been notified of such judgment or order and does not dispute coverage) under any final, non-appealable judgment or judgments rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against an Obligor is unpaid, not vacated, bonded off or discharged within sixty (60) days of the rendering of such judgment or judgments; or

(k) Termination, Dissolution or Liquidation. The Borrower or any of the Guarantors shall be dissolved or liquidated (as a matter of law or otherwise) unless such dissolution or liquidation resulted from a transaction permitted under Section 5.13; or

(l) Creditors' Process. An attachment, sequestration, distress, execution or analogous event affects all or part of the Properties of an Obligor and such process has or could reasonably be expected to result in a Material Adverse Effect; or

(m) Repudiation. The Borrower or any of the Guarantors (or any other relevant party) rescinds or

purports to rescind or repudiates or purports to repudiate a Financing Document; or

(n) Master Supply Agreement. The Borrower or the Parent is in breach under or default of the Master Supply Agreement which breach or default has or could reasonably be expected to result in a Material Adverse Effect; or

(o) Shareholder Undertaking. There has been a breach under or default of the Shareholder Undertaking which breach or default has or could reasonably be expected to result in a Material Adverse Effect; or

(p) Subordination Agreement. If any Subordinated Restricted Intercompany Indebtedness is outstanding (i) Obligor or any Non-Obligor Affiliate rescinds or purports to rescind or repudiates or purports to repudiate the Subordination Agreement or (ii) any material provision of the Subordination Agreement, or the ability of any Obligor or any Non-Obligor Affiliate to perform any of its obligations under the Subordination Agreement is, or becomes, illegal, unlawful, invalid or unenforceable and a thirty (30) day period has elapsed without (x) all Subordinated Restricted Intercompany Indebtedness being converted into share capital to the Obligors or their Subsidiaries, as applicable, or (y) a new Subordination Agreement, in form and substance satisfactory to the Administrative Agent and the Sinosure Administrative Agent, being executed to cure such illegality, unlawfulness, invalidity or unenforceability; or

(q) Money Laundering. The Borrower or any of the Guarantors is convicted under any applicable law in relation to its participation in (i) corrupt practices, fraudulent practices, collusive practices or coercive practices, including, without limitation, in connection with the procurement or execution of any contract for goods or services, and any such practices violate any applicable Laws; (ii) Money Laundering or acts in breach of any applicable Law relating to Money Laundering; or (iii) the financing of terrorism in violation of the U.S. foreign asset control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended from time to time).

7.2 Acceleration.

(a) If any Event of Default shall occur, then the Administrative Agent (acting at the direction of the Required Lenders) may, by notice to the Borrower, (A) declare the Loan Commitment of each Lender to be terminated, whereupon the Loan Commitment of each Lender shall immediately terminate and/or (B) declare the Loans, all accrued and unpaid interest thereon and all other amounts owing to the Lenders under the Financing Documents to be due and payable, whereupon the same shall become immediately due and payable and/or (C) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Financing Documents.

(b) Except as expressly provided above in this Section 7.2, presentment, demand, protest and all other notices and other formalities of any kind are hereby expressly waived by the Borrower.

SECTION 8. THE ADMINISTRATIVE AGENT.

8.1 Appointment and Authorization.

(a) Each Lender providing a Loan hereby irrevocably (subject to Section 8.9) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement, the Collateral Agency Agreement and each Financing Document to which it is a party and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement, the Collateral Agency Agreement or any Financing Document, together with such powers as are reasonably incidental thereto.

(b) Each Lender authorizes the Administrative Agent to execute, deliver and perform each of the Financing Documents to which the Administrative Agent is or is intended to be a party and the Collateral Agency Agreement for the benefit of the Lenders and each Lender agrees to be bound by all of the agreements of the Administrative Agent contained in the Financing Documents and the Collateral Agency Agreement.

(c) Notwithstanding any provision to the contrary contained elsewhere in this Agreement, the Collateral Agency Agreement or in any Financing Document, the Administrative Agent shall not have any duties or

responsibilities except those expressly set forth herein, in the Financing Documents and in the Collateral Agency Agreement, and the Administrative Agent shall not have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement, the Collateral Agency Agreement or any Financing Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "Administrative Agent" in this Agreement with reference to the Administrative Agent, is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only a relationship between independent contracting parties.

8.2 Delegation of Duties.

(a) The Administrative Agent may execute any of its duties under this Agreement, the Collateral Agency Agreement or any Financing Document by or through agents, employees or attorneys-in-fact.

(b) The Administrative Agent shall be entitled to advice of counsel concerning all matters pertaining to its duties.

8.3 Liability of the Administrative Agent.

The Administrative Agent or any of its Agent-Related Persons shall not (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement, the Collateral Agency Agreement or any Transaction Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Financing Parties or any other Person for any recital, statement, representation or warranty made by the Borrower or any officer thereof, contained in this Agreement, the Collateral Agency Agreement or in any Transaction Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent or any of its Agent-Related Persons under or in connection with, this Agreement, the Collateral Agency Agreement or any Transaction Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the Collateral Agency Agreement or any Transaction Document, or for any failure of the Borrower or any other party to any Transaction Document or the Collateral Agency Agreement to perform its obligations hereunder or thereunder. The Administrative Agent or any of its Agent-Related Persons shall not be under any obligation to any Financing Party to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, any Transaction Document or the Collateral Agency Agreement, or to inspect the properties, books or records of the Borrower.

8.4 Reliance by the Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement, the Collateral Agency Agreement or any Financing Document (a) if such action would, in the opinion of the Administrative Agent (upon consultation with counsel), be contrary to applicable Law or the terms of any Financing Document or the Collateral Agency Agreement, (b) if such action is not specifically provided for in the Financing Documents to which the Administrative Agent is a party or the Collateral Agency Agreement, and it shall not have received such advice or concurrence of the Required Lenders as it deems appropriate, (c) if in connection with the taking of any such action that would constitute the making of a payment due under any Financing Document or the Collateral Agency Agreement, it shall not first have received from any or all of the other Financing Parties funds equal to the amount of such payment, or (d) unless, if it so requests, the Administrative Agent shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall, in all cases, be fully protected in acting, or in refraining from acting, under this Agreement,

the Collateral Agency Agreement or any Financing Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Financing Parties.

8.5 Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "Notice of Default." If the Administrative Agent receives any such notice of the occurrence of a Default or an Event of Default, it shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with this Section 8; provided, however, that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lenders.

8.6 Credit Decision.

Each Lender acknowledges that the Administrative Agent or any of its Agent-Related Persons has not made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent or any of its Agent-Related Persons to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any of its Agent-Related Persons and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, Property, financial and other condition and creditworthiness of the Borrower, the Project, and all applicable Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any of its Agent-Related Persons and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, the Collateral Agency Agreement and the Financing Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the Project. Except for notices, reports and other documents expressly required pursuant to any Financing Document or the Collateral Agency Agreement to be furnished to the Lenders by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Project or of the Borrower which may come into the possession of the Administrative Agent or any of its Agent-Related Persons.

8.7 Indemnification of Administrative Agent.

(a) Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Administrative Agent and its Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), *pro rata* in accordance with the aggregate principal amount of the Loans held by such Lender, from and against any and all Indemnified Liabilities; provided, however, that no Lender shall be liable for the payment to the Administrative Agent or its Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct.

(b) Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share as provided above of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, the Collateral Agency Agreement, any

Financing Document or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower.

(c) The undertakings of the Lenders in this Section 8.7 shall survive the payment of all obligations hereunder and the resignation or replacement of the Administrative Agent.

8.8 Administrative Agent in Individual Capacity.

The Administrative Agent and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower or its Affiliates as though the Administrative Agent were not the Administrative Agent hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, the Administrative Agent or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Affiliates) and acknowledge that the Administrative Agent shall be under no obligation to provide such information to them. The Administrative Agent which is also a Lender hereunder shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent, and the terms “Lender” and “Lenders” shall include the Administrative Agent in its individual capacity.

8.9 Successor Administrative Agent.

(a) Subject to the appointment and acceptance of a successor as provided below, the Administrative Agent may resign at any time by giving notice thereof to the Lenders, the Borrower and the Guarantors, and the Administrative Agent may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right (subject to prior consultation with the Borrower and the Guarantors) to appoint a successor to the resigning Administrative Agent or removed Administrative Agent. If no successor Administrative Agent shall have been appointed by the Required Lenders, and shall have accepted such appointment within thirty (30) days after the resigning Administrative Agent’s giving of notice of resignation or the giving of any notice of removal of the Administrative Agent, then the resigning Administrative Agent or Administrative Agent being removed, as the case may be, may appoint its successor. Upon the acceptance of its appointment as a successor Administrative Agent hereunder, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of such resigning or removed Administrative Agent, and such resigning Administrative Agent or removed Administrative Agent shall be discharged from its duties and obligations hereunder. The resignation or removal of the Administrative Agent and the appointment of a successor Administrative Agent shall in no way affect any rights and obligations of the Borrower and the Guarantors under the Financing Documents (including, without limitation, any increased costs, fees or taxes).

(b) After the Administrative Agent’s resignation or removal, the provisions of this Section 8 and of Sections 10.1 and 10.2 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Administrative Agent.

8.10 Registry.

The Borrower hereby designates the Administrative Agent, and the Administrative Agent agrees, to serve as the Borrower’s agent, solely for purposes of this Section 8.10, to maintain a register at one of its offices in China (the “Register”) on which it will record the Loan Commitment from time to time of each of the Lenders, the Loans made by each of the Lenders and each repayment in respect of the principal amount of the Loans of each Lender. Failure to make any such recordation or any error in such recordation shall not affect the Borrower’s obligations in respect of such Loans. With respect to any Lender, the transfer of the Loan Commitment of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Loan Commitment shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Loan Commitment and Loan, and prior to such recordation all amounts owing to the transferor with respect to such Loan Commitment and Loan shall remain owing to the transferor. The registration of an assignment or transfer of all or part

of any Loan Commitment and Loan shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Acceptance pursuant to Section 10.13.

SECTION 9. GUARANTY.

9.1 Guaranty.

In order to induce the Administrative Agent, the Arranger and the Lenders to enter into this Agreement and to extend credit hereunder, and in recognition of the direct and indirect benefits to be received by the Guarantors from the proceeds of the Loans, each of the Guarantors hereby agrees with the Financing Parties as follows: each Guarantor hereby unconditionally, absolutely and irrevocably, jointly and severally, guarantees as primary obligors and not merely as surety the full and prompt payment when due, whether upon maturity, acceleration or otherwise, of any and all of the Guaranteed Obligations. If any or all of the Guaranteed Obligations becomes due and payable hereunder, each Guarantor, unconditionally, absolutely and irrevocably, jointly and severally, promises to pay such Guaranteed Obligations to the Administrative Agent and/or the other Financing Parties, on demand, together with any and all expenses which may be incurred by the Administrative Agent and the other Financing Parties in collecting any of the Guaranteed Obligations. If claim is ever made upon any Financing Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its Property, then and in such event each Guarantor agrees that any such judgment, decree or order shall be binding upon the Guarantors, notwithstanding any revocation of this Guaranty or other instrument evidencing any liability of the Borrower, and the Guarantors shall be and remain jointly and severally liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee. For purposes of this Guaranty, each Guarantor expressly and irrevocably waives any order, excusion and division benefits they may have under any applicable jurisdiction.

9.2 Bankruptcy.

Additionally, the Guarantors unconditionally and irrevocably, jointly and severally, guarantee the payment of any and all of the Guaranteed Obligations to the Financing Parties upon the occurrence of any of the events specified in Sections 7.1(e), 7.1(g) and 7.1(h), and irrevocably and unconditionally promise to pay such Guaranteed Obligations to the Financing Parties, on demand by the Administrative Agent (acting on the instructions of the Required Lenders).

9.3 Nature of Liability.

The liability of each Guarantor hereunder is primary, absolute and unconditional, joint and several, exclusive and independent of any security for or other guaranty of the Guaranteed Obligations, whether executed by such Guarantor, any other Guarantor or guarantor or by any other party, and the liability of each Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a Guarantor, guarantor or of any other party as to the Guaranteed Obligations, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, (e) the failure of the Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty or (f) any payment made to any Financing Party on the Guaranteed Obligations which any such Financing Party repays to the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, or (g) any action or inaction by the Financing Parties as contemplated in Section 9.5, or (h) any invalidity, irregularity or enforceability of all or any part of the Guaranteed Obligations or of any security therefor.

9.4 Independent Obligation.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other guarantor, the Borrower or any other party or the Borrower, and a separate action or actions may be brought and prosecuted against any of the Guarantors whether or not action is brought against any other Guarantor, any other guarantor or any other party or the Borrower and whether or not any other Guarantor, guarantor, any other party or the Borrower be joined in any such action or actions. Each Guarantor waives (to the fullest extent permitted by applicable Law) the benefits of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or any Guarantor or other circumstance which operates to toll any statute of limitations as to the Borrower or such other Guarantor shall operate to toll the statute of limitations as to each Guarantor.

9.5 Authorization.

Each of the Guarantors authorizes the Financing Parties without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, but in any event subject to the terms under this Agreement and the Financing Documents, from time to time to:

- (a) upon the occurrence of an Event of Default, sell, exchange, release, impair, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;
- (b) exercise or refrain from exercising any rights against the Borrower, itself or others or otherwise act or refrain from acting;
- (c) release or substitute any one or more endorsers, guarantors, the Borrower, itself or other obligors;
- (d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof;
- (e) apply any sums by whomsoever paid or howsoever realized under or in connection with any Financing Document to the Guaranteed Obligations regardless of what liability or liabilities of the Borrower remain unpaid;
- (f) consent to or waive any breach of, or any act, omission or default under, this Agreement, any other Financing Document or any of the instruments or agreements referred to herein or therein, or otherwise amend, modify or supplement this Agreement, any other Financing Document or any of such other instruments or agreements; and/or
- (g) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of such Guarantor from its liabilities under this Guaranty.

9.6 Reliance.

It is not necessary for any Financing Party to inquire into the capacity or powers of any of the Guarantors or any of its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on their behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9.7 Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require any Financing Party to (i) proceed against the Borrower, any other Guarantor, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other Guarantor, guarantor or any other party, or (iii) pursue any other remedy in any Financing Party's power whatsoever. The Financing Parties may, at their election, foreclose on any security held by the Administrative Agent or any other Financing Party by one or more judicial or nonjudicial sales (to the extent such sale is permitted)

by applicable law), or exercise any other right or remedy the Financing Parties may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of the Guarantors hereunder except to the extent the Guaranteed Obligations have been paid. Each of the Guarantors waives any defense arising out of any such election by the Financing Parties, even though such election operates to impair or extinguish any of its right of reimbursement or subrogation or other right or remedy against the Borrower or any other party or any security.

(b) Except as otherwise expressly stated under this Agreement or the Financing Documents, each of the Guarantors waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Each of the Guarantors assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which it assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any of the other Financing Parties shall have any duty to advise it of information known to them regarding such circumstances or risks.

(c) Until such time as the Guaranteed Obligations have been paid in full in cash, the Guarantors hereby waive all rights of subrogation which they may at any time otherwise have as a result of this Guaranty (whether contractual, under any Bankruptcy Law, or otherwise) to the claims of the Financing Parties against the Borrower or any other Guarantors of the Guaranteed Obligations and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from the Borrower or any other Guarantors which they may at any time otherwise have as a result of this Guaranty.

(d) Each Guarantor waives any defense based on or arising out of any defense of the Borrower, any other Guarantor, any other guarantor or any other party other than payment in full in cash of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the disability of the Borrower, any Guarantor, any other guarantor of the Guaranteed Obligations or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower, any other Guarantor other than payment in full in cash of the Guaranteed Obligations.

9.8 Acknowledgement.

Each Guarantor hereby acknowledges and agrees that no Financing Party nor any other Person shall be under any obligation to (i) marshal any assets in favor of such Guarantor or in payment of any or all of the liabilities of the Borrower or any other Guarantor under the Financing Documents or the obligation of such Guarantor hereunder or (ii) pursue any other remedy that such Guarantor may or may not be able to pursue itself, any right to which such Guarantor hereby waives.

9.9 Payments.

All payments made by each Guarantor pursuant to this Section 9 shall be made in Dollars and will be made without setoff, counterclaim or other defense (other than that the Guaranteed Obligations have been paid in full) that may at any time be available to or be asserted by the Borrower, such Guarantor or any Person against any Financing Party whether in connection with the Financing Documents or any unrelated transaction, and shall be subject to the provisions of Sections 2.8 and 6.4.

9.10 Continuing Guaranty.

This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of any Financing Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative

and not exclusive of any rights or remedies which any Financing Party would otherwise have. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Financing Party to any other or further action in any circumstances without notice or demand. It is not necessary for any Financing Party to inquire into the capacity or powers of the Borrower or any Guarantor or the officers, directors, partners or agents acting or purporting to act on its or their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9.11 Limitation on Guaranteed Obligations.

Each Guarantor and each Financing Party (by its acceptance of the benefits of this Guaranty) hereby confirms that it is its intention that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of any applicable Law. To effectuate the foregoing intention, each Guarantor and each Financing Party (by its acceptance of the benefits of this Guaranty) hereby irrevocably agrees that the Guaranteed Obligations guaranteed by such Guarantor shall be limited to such amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Guarantor that are relevant under such laws and after giving effect to any rights to contribution pursuant to any agreement providing for an equitable contribution among such Guarantor and the other Guarantors, result in the Guaranteed Obligations of such Guarantor in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

9.12 Maximum Liability.

It is the desire and intent of the Guarantors and the Financing Parties that this Guaranty shall be enforced against the Guarantors to the fullest extent permissible under the applicable Laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of any of the Guarantors under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of such Guarantor's obligations under this Guaranty shall be deemed to be reduced and such Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable Law.

SECTION 10. MISCELLANEOUS.

10.1 Costs and Expenses.

The Borrower shall (or procure that another Obligor will), whether or not the transactions contemplated hereby are consummated and whether or not any of the following are incurred before or after the Closing Date, pay, within five (5) Business Days after demand and the presentation of an invoice, (i) all reasonable and documented costs and expenses incurred by any Financing Party (including Attorney Costs, which Attorney Costs shall not exceed \$200,000) in connection with the preparation, issuance, delivery, filing, recording and administration of the Financing Documents and any other documents which may be delivered in connection herewith or therewith, (ii) any and all amounts which any Financing Party has paid relative to curing any Event of Default resulting from the acts or omissions of the Borrower under this Agreement or any other Financing Document, (iii) the enforcement or preservation of any rights or remedies under this Agreement or any other Financing Document, and (iv) any reasonable and documented costs and expenses related to any amendment, waiver or consent with respect to any provision contained in this Agreement or any other Financing Document. In addition, the Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in Brazil, the United States or China in connection with the execution, delivery, filing and recording of this Agreement or any other Financing Document, or any other document which may be delivered in connection with this Agreement, and agrees to save the Financing Parties harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

10.2 Indemnity.

(a) The Borrower shall pay, indemnify and hold each Financing Party and each of their respective officers, directors, employees, agents, attorneys-in-fact and Affiliates (each, an "Indemnified Person") harmless

from and against any and all liabilities, losses, damages, penalties, claims, actions, judgments, suits, costs, charges, fees (including, without limitation, any judicial fees that may be due) and expenses (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnified Person in any way (i) relating to or arising out of this Agreement or any other Financing Document or any investigation, litigation or proceeding (including any bankruptcy, insolvency, reorganization or other similar proceeding or appellate proceeding) brought relating to or arising out of this Agreement or any other Financing Document, or the use of the proceeds thereof, (ii) resulting from the failure of the Borrower to make on a timely basis any payment when due or to borrow a Loan after a Notice of Borrowing has been delivered, or (iii) resulting from any actual presence or Release of any Hazardous Material or any Environmental Claim relating to the Land or the Project (all the foregoing, collectively, the “Indemnified Liabilities”); provided, that the Borrower shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities arising from the gross negligence or willful misconduct of such Indemnified Person.

(b) Survival; Defense. The obligations in this Section 10.2 shall survive payment of the Loans and all other obligations. All amounts owing under this Section 10.2 shall be paid within thirty (30) days after demand.

(c) Contribution. To the extent that any undertaking in the preceding paragraphs of this Section 10.2 may be unenforceable because it is violative of any applicable Law or public policy, the Borrower will contribute the maximum portion that it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of such undertaking.

(d) Settlement. So long as the Borrower is in compliance with its obligations under this Section 10.2, the Borrower shall not be liable to any Indemnified Person under this Section 10.2 for any settlement made by such Indemnified Person without the Borrower’s consent.

10.3 Notices.

(a) All notices, requests and other communications provided for hereunder shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission or e-mail) and faxed or delivered, to the address, e-mail address or facsimile number specified for notices on the applicable signature page hereof or to such other address as shall be designated by such party in a written notice to the other parties hereto.

(b) All such notices, requests and communications (i) sent by express courier will be effective upon delivery, (ii) transmitted by facsimile will be effective when sent and facsimile confirmation received and (iii) sent by e-mail will be effective upon the sender’s receipt of an acknowledgment from the intended recipient (such as by “return receipt requested” function, as available, return e-mail or other written acknowledgment); provided that if such notice, request or communication or is not sent during normal business hours of the recipient, such notice, request or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Each of the Borrower and the Guarantors acknowledges and agrees that any agreement of the Financing Parties to receive certain notices by telephone, e-mail and facsimile is solely for the convenience and at the request of the Borrower or the Guarantors, as the case may be. The Financing Parties shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower or the relevant Guarantor to give such notice and the Financing Parties shall not have any liability to the Borrower, any Guarantor or other Person on account of any action taken or not taken by any of the Financing Parties in reliance upon such telephonic, e-mail or facsimile notice.

(d) All notices, requests and other communications hereunder and under the other Financing Documents shall be in the English language.

10.4 Benefit of Agreement.

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto. The Borrower may not assign or otherwise transfer any of its rights under this Agreement or any of the other Financing Documents.

10.5 No Waiver; Remedies Cumulative.

No failure or delay on the part of any Financing Party in exercising any right, power, remedy or privilege hereunder or under any other Financing Document and no course of dealing between the Borrower or the Guarantors and any Financing Party shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, remedy or privilege hereunder or under any other Financing Document preclude any other or further exercise thereof or the exercise of any other right, power, remedy or privilege hereunder or thereunder. No notice to or demand on an Obligor in any case shall entitle such Obligor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Financing Party to take any other or further action in any circumstances without notice or demand. All rights, powers, remedies, and privileges, either under this Agreement or any other Financing Document or pursuant to any applicable Law or otherwise afforded to any Financing Party shall be cumulative and not alternative.

10.6 No Third Party Beneficiaries.

The agreement of each Lender to make extensions of credit to the Borrower on the terms and conditions set forth in this Agreement and the other Financing Documents is solely for the benefit of the Borrower and the Guarantors, and no other Person (including any contractor, subcontractor, supplier, worker, carrier, warehouseman, materialman or vendor furnishing supplies, goods or services to or for the benefit of the Borrower or the Project or receiving services from the Project) shall have any rights hereunder against any Financing Party with respect to the Loans, the proceeds thereof or otherwise.

10.7 Reinstatement.

To the extent that any Financing Party receives any payment by or on behalf of the Borrower or a Guarantor, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to the Borrower or such Guarantor or to their respective estate, trustee, receiver, custodian or any other party under any Bankruptcy Law or otherwise, then to the extent of the amount so required to be repaid, the obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included within the obligations as of the date such initial payment, reduction or satisfaction occurred.

10.8 No Immunity.

To the extent that the Borrower or a Guarantor may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to this Agreement or any other Financing Document, to claim for itself or its revenues, assets or Properties any immunity from suit, the jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of judgment, set-off, execution of a judgment or any other legal process, and to the extent that in any such jurisdiction there may be attributed to such Person such an immunity (whether or not claimed), the Borrower and such Guarantor hereby irrevocably agree not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the Law of the applicable jurisdiction.

10.9 Judgment Currency.

This is an international transaction in which the specification of Dollars and payment in China is of the essence, and the obligations of the Borrower or the Guarantors under this Agreement and under the other Financing Documents to make payment to (or for the account of) each Financing Party in Dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency or in another place except to the extent that such tender or recovery results in the effective receipt by such Financing Party in China of the full amount of Dollars payable to such Financing Party under the Financing Documents to which such Financing Party is party. If, for the purpose of obtaining or enforcing judgment in any court, it is necessary to convert a sum due hereunder in Dollars into another currency (for the purposes of this Section 10.9, hereinafter the "judgment currency"), the rate of exchange which shall be applied shall be that at which, in accordance with normal banking procedures, such Financing Party could purchase such Dollars from the London interbank market with the judgment

currency on the Business Day next preceding the day on which such judgment is rendered. The obligation of the Borrower or the Guarantors in respect of any such sum due from it to such Financing Party hereunder (in this Section 10.9 called an “Entitled Person”) shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following the receipt by such Entitled Person of any sum adjudged to be due hereunder in the judgment currency such Entitled Person may in accordance with normal banking procedures purchase and transfer Dollars to Shenzhen, China with the amount of the judgment currency so adjudged to be due; and each of the Borrower and the Guarantors hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify such Entitled Person on demand, in Dollars, for the amount (if any) by which the sum originally due to such Entitled Person in Dollars hereunder exceeds the amount of the Dollars so purchased and transferred.

10.10 The Arranger.

The Arranger shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than the rights to receive reimbursement or payment of costs or expenses incurred by them as provided in Section 10.1, the right to indemnity under Section 10.2 and the right under the Guaranty.

10.11 Counterparts.

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement or any other document or instrument delivered in connection herewith by facsimile transmission or e-mail shall be effective as delivery of a manually executed counterpart of this Agreement or such other document or instrument, as applicable.

10.12 Amendment or Waiver.

(a) No provision of this Agreement or any other Financing Document may be amended, supplemented, modified or waived, except by a written instrument signed by the Required Lenders, the Borrower and the Guarantors (but only if the Borrower and the Guarantors are parties thereto), and, to the extent that its rights or obligations may be affected thereby, the Administrative Agent or the Security Agent. Notwithstanding the foregoing provisions, no such waiver and no such amendment, supplement or modification shall (i) increase the Loan Commitment of any Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Loan Commitment, shall not constitute an increase of the Loan Commitment of any Lender), without the prior written consent of such Lender, (ii) postpone or delay the scheduled final maturity date of any Loan, without the prior written consent of each affected Lender, or postpone or delay any date fixed by this Agreement or any other Financing Document for any payment of principal, interest or fees due to any Lender hereunder or under any other Financing Document, without the prior written consent of such Lender, (iii) reduce the principal of, or the rate of interest specified in any Financing Document on, any Loan of any Lender, without the prior written consent of such Lender, (iv) consent to the assignment or transfer by the Borrower of any of its respective obligations under this Agreement or any other Financing Document, without the prior written consent of each Lender, (v) amend, modify or waive any provision of this Section 10.12 or Section 6.8, 10.1 or 10.2, without the prior written consent of each Lender, or (v) reduce the percentage specified in or otherwise amend the definition of Required Lenders, without the prior written consent of each Lender (it being understood that, with the consent of the Required Lenders, extensions of credit pursuant to this Agreement in addition to those set forth in or contemplated by this Agreement on the Closing Date may be included in the determination of the Required Lenders on substantially the same basis as the extensions of Loans and Loan Commitment are included on the Closing Date).

(b) Any waiver and any amendment, supplement or modification made or entered into in accordance with Section 10.12(a) shall be binding upon the Borrower, the Guarantors, the Administrative Agent, the Lenders, the Arranger and the Security Agent.

10.13 Assignments, Participations, etc.

(a) Subject to Section 10.13(b) below, any Lender may, with the prior consent of the Borrower (which consent shall not be unreasonably withheld or delayed or conditioned, however, it will not be considered unreasonable for the Borrower to withhold consent if any such assignment could have the effect of increasing the Borrower's or any Guarantor's costs under the Financing Documents, due to new or increased Taxes, or otherwise), at any time assign all or any part of its Loan Commitment or Loan and the other rights and obligations of such Lender hereunder and under the other Financing Documents, to another bank or financial institution. Any partial assignment of a Loan Commitment or any Loan under this Section 10.13(a) shall not be less than \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof.

(b) Notwithstanding Section 10.13(a) above, any Lender may, without the prior written consent of the Borrower, assign all or any part of its Loan Commitment or Loan and the other rights and obligations of such Lender hereunder and under the other Financing Documents (i) to an Affiliate of such Lender, (ii) to another Lender, (iii) to any Person if following the occurrence of an Event of Default, or (iv) if requested to do so by the Borrower under Section 2.13; provided that only with respect to assignments to an Affiliate of a Lender or another Lender (A) the assigning Lender shall have given at least ten (10) Business Days' prior written notice to the Borrower, the Administrative Agent and the Security Agent of such proposed assignment, together with payment instructions, addresses and related information with respect to the assignee, (B) such proposed assignment would not result in any increase in Taxes or increased cost to the Borrower, (C) any partial assignment of a Loan Commitment or any Loan under this Section 10.13(b) shall not be less than \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof, and (D) each such assignment by a Lender of its Loans or its Loan Commitment shall be made in such a manner so that the same portion of its Loans and Loan Commitment is assigned to the assignee. With respect to any assignment under this Section 10.13, the Borrower, the Administrative Agent and the Security Agent may continue to deal solely and directly with the assigning Lender in connection with the interest so assigned until the assigning Lender shall have delivered to the Borrower, the Administrative Agent and the Security Agent an Assignment and Acceptance substantially in the form of Exhibit C attached hereto (an "Assignment and Acceptance") with respect to such assignment from the assigning Lender.

(c) Subject to Section 8.10, from and after the date that the Administrative Agent notifies the assigning Lender and the Borrower that it has received an executed Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender hereunder and under the other Financing Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the assignee, and any reference to the assigning Lender hereunder or under the other Financing Documents shall thereafter refer to such Lender and to the assignee to the extent of their respective interests, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Financing Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Financing Documents; provided that any Lender that assigns all of its Loan Commitment and Loans hereunder in accordance with Section 10.13 shall continue to have the benefit of indemnification provisions under this Agreement to the extent any indemnification relates to facts which occurred while it was a Lender (including Sections 2.8, 2.10, 2.11, 10.1 and 10.2), which shall survive as to such assigning Lender.

(d) Any Lender (the "Originating Lender") may, at its own cost, at any time after the initial Borrowing has occurred, sell to one or more commercial bank, financial institution, trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets which is not an Affiliate of the Borrower, a Competitor or an Affiliate of a Competitor (a "Participant") participating interests in its Loan; provided, however, that (i) the Originating Lender's obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) the Borrower and the Administrative Agent shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender's rights and obligations under this Agreement and the other Financing Documents, (iv) any such sale of participating interest shall not result in any increase in Taxes or increased cost to the Borrower or Guarantors, and (v) no Lender shall transfer or grant any participating interest under which the Participant shall have rights to approve any amendment to, or any consent or

waiver with respect to, this Agreement or any other Financing Document. In the case of any such participation, the Participant shall not have any rights or claims under this Agreement or any of the other Financing Documents (the Participant's rights against the Originating Lender in respect of such participation to be those set forth in the agreement executed by the Originating Lender in favor of the Participant relating thereto) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation.

(e) Notwithstanding any other provision contained in this Agreement or any other Financing Document to the contrary, any Lender may pledge or assign as collateral security all or any portion of the Loans held by it; provided that (i) the pledge or assignment as collateral security, its enforcement and payment thereunder would not result in any increased costs or Taxes on the Borrower or the Guarantors, and (ii) any payment in respect of such assigned Loans made by the Borrower to or for the account of the assigning or pledging Lender in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect to such assigned Loan to the extent of such payment. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Financing Documents or changes its Applicable Lending Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to a permitted assignee or Lender acting through its new Applicable Lending Office under Sections 2.8 or 2.10, then the permitted assignee or Lender acting through its new Applicable Lending Office is only entitled to receive payment under those Sections to the same extent as the assigning Lender or Lender acting through its previous Applicable Lending Office would have been if the assignment, transfer or change had not occurred.

(g) Subject to actions permitted under clause 5.2(a) of the Fiduciary Assignment, the Borrower shall not assign or otherwise transfer any of its rights and obligations under this Agreement or any other Financing Document without the prior written consent of the Administrative Agent (acting on the instructions of all Lenders).

10.14 Survival.

All indemnities set forth herein, including, without limitation, Section 10.2, shall survive the execution and delivery of this Agreement and the making and repayment of the Loans. In addition, each representation and warranty made or deemed to be made pursuant hereto shall survive the making of such representation and warranty (except for those representations or warranties that are made as of a specific date or that refer to a specific date or period of time), and no Lender shall be deemed to have waived, by reason of making any extension of credit, any Default or Event of Default which may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that such Lender may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such extension of credit was made.

10.15 WAIVER OF JURY TRIAL

EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY RELATING HERETO OR THERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE FINANCING PARTIES TO ENTER INTO THIS AGREEMENT.

10.16 Right of Set-off.

In addition to any rights now or hereafter granted under applicable Law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default, each Lender is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person (except for the notice referred to in the last sentence of this Section 10.16, any such notice being hereby expressly waived by the Borrower), to set off and to appropriate and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender (including, without limitation, by branches and agencies wherever located), to or for the account of the Borrower against any obligations of the Borrower to such Lender now or hereafter existing under this Agreement or any of the other Financing Documents, regardless of whether any such deposit or other obligation is then due and payable or is in the same currency or is booked or otherwise payable at the same office as the obligation against which it is set off and regardless of whether such Lender shall have made any demand for payment under this Agreement or any of the other Financing Documents. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender; provided that any failure to give such notice shall invalidate such set-off and application.

10.17 Severability.

Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.18 Domicile of Loans.

Subject to Section 10.13, each Lender may transfer and carry its Loan at, to or for the account of any office, Subsidiary or Affiliate of such Lender.

10.19 Limitation of Recourse.

There shall be full recourse to the Borrower and to all of its assets for the liabilities of the Borrower under this Agreement and the other Financing Documents, and in no event shall any employee, officer, director, advisor, consultant, agent or representative of the Borrower or the Guarantors, be personally liable or obligated for such liabilities and obligations of the Borrower or the Guarantors, as the case may be. Nothing contained herein shall affect or diminish any rights of any Person against any other Person for such other Person's fraud, willful misrepresentation, gross negligence or willful misconduct.

10.20 Governing Law; Submission to Jurisdiction; Etc.

(a) THIS AGREEMENT AND EACH OF THE OTHER FINANCING DOCUMENTS (UNLESS SUCH DOCUMENT EXPRESSLY STATES OTHERWISE THEREIN) AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT (EXCEPT, AS TO ANY OTHER FINANCING DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

(b) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York, of the courts of the State of New York sitting in the County of New York, or of any court in Brazil (if and to the extent such Brazilian court has subject matter jurisdiction) and any appellate court from any thereof, for the purposes of any action or proceeding arising out of or relating to this Agreement; provided, that any action or proceeding seeking enforcement against any collateral or other property may be brought in the courts of any other jurisdiction where

such collateral or other property may be found. Each party further agrees that that the United States District Court for the Southern District of New York and of the courts of the State of New York sitting in the County of New York, and any appellate court from any thereof, shall have exclusive jurisdiction with respect to any claim or counterclaim of any Obligor based upon the assertion that the rate of interest charged by or under this Agreement or under the other Financing Documents is usurious. Each party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party hereto hereby expressly and irrevocably waives, to the fullest extent permitted by applicable Law, the jurisdiction of any other courts to which it may be entitled to, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any such proceeding brought in such a court has been brought in an inconvenient forum.

(c) To the extent any Obligor may, in any action or proceeding arising out of or relating to any of the Financing Documents brought in Brazil or elsewhere, be entitled under any applicable Law to require or claim that any Financing Party post security for costs or take similar action, each Obligor hereby irrevocably waives and agrees, to the extent permitted by law, not to claim the benefit of such entitlement.

(d) Each Obligor hereby irrevocably appoints CT Corporation System (the “Process Agent”), with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent to receive on its behalf and on behalf of its Property, service of copies of the summons and complaint and any other process that may be served in any such action or proceeding. Service upon the Process Agent shall be deemed to be personal service on the Borrower or the relevant Guarantor, as the case may be, and shall be legal and binding upon the Borrower or such Guarantor, as the case may be, for all purposes notwithstanding any failure to mail copies of such legal process to the Borrower or the relevant Guarantor, as the case may be, or any failure on the part of the Borrower or the relevant Guarantor, as the case may be, to receive the same. Nothing herein shall affect the right to serve process in any other manner permitted by applicable Law or any right to bring legal action or proceedings in any other competent jurisdiction. To the extent permitted by applicable Law, each Obligor further irrevocably agrees to the service of process of any of the aforementioned courts in any suit, action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, return receipt requested, to the Borrower or the Guarantors, as the case may be, at the address referenced in Section 10.3, such service to be effective upon the date indicated on the postal receipt returned from the Borrower or the Guarantors, as the case may be.

(e) Each Obligor agrees that it will at all times continuously maintain an agent to receive service of process in the State of New York on behalf of itself and its Properties, and, in the event that for any reason the agent mentioned above shall not serve as agent for an Obligor to receive service of process in the State of New York on its behalf, the relevant Obligor shall promptly appoint a successor reasonably satisfactory to the Administrative Agent so to serve, advise the Administrative Agent thereof, and deliver to the Administrative Agent evidence in writing of the successor agent's acceptance of such appointment. The foregoing provisions constitute, among other things, a special arrangement for service among the parties to this Agreement for the purposes of 28 U.S.C. § 1608.

10.21 Complete Agreement.

THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS REPRESENT THE FINAL AND COMPLETE AGREEMENT OF THE PARTIES HERETO, AND ALL PRIOR NEGOTIATIONS, REPRESENTATIONS, UNDERSTANDINGS WRITINGS AND STATEMENTS OF ANY NATURE ARE HEREBY SUPERSEDED IN THEIR ENTIRETY BY THE TERMS OF THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS.

10.22 English Language.

This Agreement and all other Financing Documents (other than the Fiduciary Assignment) shall be in the English language except as required by the laws of Brazil to be in the Portuguese language (in which event, certified English translations thereof shall be provided by the Borrower to the Administrative Agent). All documents, certificates, reports or notices (including, without limitation, the Original Financial Statements and any other financial statements

required hereunder) to be delivered or communications to be given or made by any party hereto pursuant to the terms of this Agreement or any other Financing Document shall be in the English language or, if originally written in another language, shall be accompanied by an accurate English translation upon which the parties hereto shall have the right to rely for all purposes of this Agreement and the other Financing Documents.

10.23 Confidentiality.

(a) Subject to the provisions of clause (b) of this Section 10.23, each Financing Party agrees that it will maintain confidentiality and will not disclose without the prior consent of the Borrower (other than, on a need-to-know basis only, to its employees, auditors, advisors or counsel or to another Financing Party if such Financing Party or such Financing Party's holding or parent company in its sole discretion determines that any such party should have access to such information; provided such Persons shall be subject to the provisions of this Section 10.23 to the same extent as such Financing Party) any information with respect to Borrower or any of its Subsidiaries or businesses which is now or in the future furnished pursuant to this Agreement or any other Financing Document; provided that any Financing Party may disclose any such information (i) as has become generally available to the public other than by virtue of a breach of this Section 10.23 by the respective Financing Party, (ii) as may be strictly required or appropriate in any report, statement or testimony submitted to any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Financing Party or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (iii) as may be strictly required or appropriate in respect to any summons or subpoena in connection with any litigation, (iv) in order to comply with any law, order, regulation or ruling applicable to such Financing Party, (v) to the Administrative Agent, (vi) to any direct or indirect contractual counterparty in any swap, hedge or similar agreement (or to any such contractual counterparty's professional advisor), so long as such contractual counterparty (or such professional advisor) agrees to be bound by the provisions of this Section 10.23, and (vii) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any Loan Commitment or any interest therein by such Financing Party; provided that such prospective transferee agrees to be bound by the confidentiality provisions contained in this Section 10.23.

(b) Each Obligor hereby acknowledges and agrees that each Financing Party may, on a need-to-know basis only, share with any of its Affiliates, and such Affiliates may share with such Financing Party, any information related to the Borrower, the Guarantors or any of their respective Subsidiaries (including, without limitation, any non-public customer information regarding the creditworthiness of the Borrower, the Guarantors and their respective Subsidiaries); provided that such Persons shall be subject to the provisions of this Section 10.23 to the same extent as such Financing Party.

10.24 Independence of this Agreement from the Master Supply Agreement.

The liability of the Borrower or the Guarantors to make payments to any Lender under this Agreement shall be in no way conditional upon the due performance by the Suppliers of the terms of the Master Supply Agreement or any related contract nor affected by any dispute under or enforceability of the Master Supply Agreement or any related contract or any claim which the Borrower or the Guarantors may have or consider that it has against the Suppliers as aforesaid for any reason whatsoever. A Lender shall not be under any obligation to enquire into the adequacy or enforceability of the Master Supply Agreement or any related contract or as to whether any default, dispute or non-performance has arisen thereunder. Each Obligor further acknowledges that the Lenders have made no representation or warranty whatsoever with respect to the Master Supply Agreement or the performance by the Suppliers of its obligations thereunder.

* * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

NEXTEL TELECOMUNICAÇÕES LTDA., as Borrower

Notice Address:

Rua Bela Cintra No. 1,196 Cerqueira Cesar, City of São Paulo, State of São Paulo Brazil 01415-908 Attention: Treasurer Telephone No.: 55-11-2145-1327 Facsimile No.: 55-11-2145-2040 Email: financial.operations@nextel.com.br

with a copy to:

NII Holdings, Inc. 1875 Explorer Street, Suite 1000 Reston, VA 20190 Attention: Chief Commercial Counsel Facsimile No: +1-703 390 7170 Email: financial.operations@nextel.com.br

On behalf of the Borrower

/s/ Matthew Haist

Attorney-In-Fact

Address: Linklaters LLP 1345 Avenue of the Americas New York, New York 10105

WITNESSES

1. /s/ Marc A Meuchise
2. /s/ Niels Jensen

HONGKONG 299133 [CDB - Nextel Brazil Credit Agreement (Non-Sinosure).DOC] (2K)

STATE OF NEW YORK)

: ss. COUNTY OF NEW YORK)

On this 30th day of April, 2012, before me, a notary public within and for said State, personally appeared Matthew J. Haist, to me personally known who being duly sworn, did say that such person is Attorney-in-Fact and an authorized signatory of NEXTEL TELECOMUNICAÇÕES LTDA., which executed the foregoing instrument, and acknowledges said instrument to be the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.

By /s/ Yahayra Reyes

(Notary Public)

Name:

My Commission Expires: (SEAL)

The Guarantors:

NEXTEL TELECOMUNICAÇÕES DE LONGA DISTÂNCIA LTDA. NEXTEL TELECOMUNICAÇÕES SMP LTDA. RMD DO BRASIL S.A. SUNBIRD PARTICIPAÇÕES LTDA. TELCOM TELECOMUNICAÇÕES DO BRASIL LTDA. RÁDIO MÓVEL DIGITAL S.A. SUNBIRD TELECOMUNICAÇÕES LTDA.

Notice Address for all Guarantors :

Rua Bela Cintra No. 1,196 Cerqueira Cesar, City of São Paulo, State of São Paulo Brazil 01415-908 Telephone No.: 55-11-2145-1327 Facsimile No.: 55-11-2145-2040 Email: financial.operations@nextel.com.br

with a copy to:

NII Holdings, Inc. 1875 Explorer Street, Suite 1000 Reston, VA 20190 Attention: Chief Commercial Counsel Facsimile No: +1-703 390 7170
Email: financial.operations@nextel.com.br

On behalf of the Guarantors

/s/ Matthew Haist

Attorney-In-Fact

Address: Linklaters LLP 1345 Avenue of the Americas New York, New York 10105

WITNESSES

1. /s/ Marc A Meuchise
2. /s/ Niels Jensen

STATE OF NEW YORK)

: ss. COUNTY OF NEW YORK)

On this 30th day of April, 2012, before me, a notary public within and for said State, personally appeared Matthew J. Haist, to me personally known who being duly sworn, did say that such person is Attorney-in-Fact and an authorized signatory of the Guarantors, which executed the foregoing instrument, and acknowledges said instrument to be the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.

By /s/ Yahayra Reyes

(Notary Public)

Name:

My Commission Expires: (SEAL)

CHINA DEVELOPMENT BANK CORPORATION, as Lender

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road Guangdong Province, Shenzhen 518031, China Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725 Email: chenan@cdb.com.cn

By: /s/ Haiyan Gan

Title: Director - General

WITNESSES

1. /s/ Sandra Ribeiro

2. /s/ Estala de Oliveira

CHINA DEVELOPMENT BANK CORPORATION, as Administrative Agent

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road, Guangdong Province, Shenzhen 518031, China Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725 Email: chenan@cdb.com.cn

By: /s/ Haiyan Gan

Title: Director - General

WITNESSES

1. /s/ Sandra Ribeiro

2. /s/ Estala de Oliveira

CHINA DEVELOPMENT BANK CORPORATION, as Arranger

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road Guangdong Province, Shenzhen 518031, China Attention: Che

Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725 Email: chenan@cdb.com.cn

By: /s/ Haiyan Gan

Title: Director - General

WITNESSES

1. /s/ Sandra Ribeiro

2. /s/ Estala de Oliveira

DEFINED TERMS AND RULES OF INTERPRETATION

1. Defined Terms.

“Administrative Agent” shall mean China Development Bank Corporation, acting in its capacity as administrative agent for the Lenders hereunder and under the other Financing Documents, and shall include any successor to the Administrative Agent appointed pursuant to Section 8.9.

“Affected Interest Period” shall have the meaning provided in Section 2.11 of this Agreement.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person.

“Agent-Related Persons” shall mean the Administrative Agent and any successor Administrative Agent appointed pursuant to Section 8.9 of this Agreement, together with their respective officers, directors, employees, representatives, attorneys, agents and Affiliates.

“Agreement” shall have the meaning provided in the preamble of this Agreement.

“Airfone” shall mean Airfone Holdings, LLC (formerly known as Airfone Holdings, Inc.).

“ANATEL” shall mean Agência Nacional de Telecomunicações, the federal telecommunications regulator of Brazil.

“Applicable Lending Office” shall mean, for each Lender, the “Lending Office” of such Lender (or of an Affiliate thereof) designated in Annex II to this Agreement or such other office of such Lender (or an Affiliate thereof) as such Lender may from time to time specify to the Administrative Agent and the Borrower by written notice in accordance with the terms hereof as the office by which its Loans are to be made and maintained.

“Arranger” shall mean China Development Bank Corporation.

“Assignment and Acceptance” shall have the meaning provided in Section 10.13(b) of this Agreement.

“Attorney Costs” shall mean all reasonable and duly documented fees and disbursements of any law firm or other external counsel of the Lenders.

“Authorized Officer” shall mean, with respect to any Person, any Person who is duly authorized to represent and to obligate that Person in accordance with the Charter Documents of that Person.

“Availability Period” shall mean the period from and including the Closing Date to and including the Final Availability Date.

“Available Loan Commitments” shall mean, at any time and in respect of any Lender, such Lender’s Loan Commitment minus:

- (a) the amount of its participation in any Loans outstanding under this Agreement; and
 - (b) in relation to any proposed Loan under this Agreement, the amount of its participation
-

in any Loans that are due to be made under this Agreement on or before the proposed Disbursement Date.

“Bankruptcy Law” shall mean the laws, regulations, decrees and rules related to bankruptcy in Brazil and any other Law of any jurisdiction relating to bankruptcy, insolvency, liquidation, reorganization, moratorium, winding-up or composition or readjustment of debts or any similar Law.

“Borrower” shall have the meaning provided in the first paragraph of this Agreement.

“Borrowing” shall mean the borrowing of Loans from the Lenders on a given date having the same Interest Period.

“Brazil” shall mean the Federative Republic of Brazil.

“Brazilian GAAP” shall mean the generally accepted accounting principles in Brazil, as established by Instituto dos Auditores Independentes do Brasil (IBRACON) , together with its pronouncements and the pronouncements of Comissão de Valores Mobiliários (CVM) thereon from time to time.

“Break Costs” shall mean the amount (if any) by which (a) the interest (excluding the applicable Margin) that a Lender should have received for the period from the date of receipt of all or any part of its Loan or any sum due and payable by the Borrower under any Financing Document but unpaid to the last day of the current Interest Period in respect of such Loan or sum, had the principal amount of such Loan or sum received been paid on the last day of that Interest Period exceeds (b) the amount which such Lender would be able to obtain by placing an amount equal to the principal amount of such Loan or sum received or recovered by it on deposit with a leading bank in the London interbank market for a period starting on the London Banking Day following such receipt of recovery and ending on the last day of the current Interest Period.

“Business Day” shall mean any day except Saturday, Sunday and any day which shall be in New York City, Beijing or city of São Paulo, State of São Paulo, a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in any such city.

“Business Plan” shall mean the Borrower’s business plan provided pursuant to Section 3.1(j) and as updated from time to time pursuant to Section 5.1(l).

“Calculation Date” shall mean June 30 and December 31 of each calendar year.

“Central Bank” shall mean Banco Central do Brasil, the central bank of Brazil.

“Change of Control” shall mean (i) when the Parent ceases, directly or indirectly, to control the Borrower or (ii) to the extent that any Guarantor is a licensee under any License, when the Borrower ceases, directly or indirectly, to control such Guarantor. For purposes of this definition, “control” shall mean, with respect to a Person, (i) the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise, or (ii) the ownership (directly or indirectly) of at least fifty per cent (50%) plus one (1) share of the entire issued and outstanding share capital of such Person.

“Charter Documents” shall mean, with respect to any Person, the by-laws, or articles of incorporation or association, or incorporation deed, or other similar document of such Person.

“China” shall mean the People’s Republic of China (for purposes of this Agreement, not including Taiwan and the Special Administrative Regions of Hong Kong and Macau).

“Closing Date” shall mean the date upon which the conditions precedent set forth in Section 3.1 of this Agreement have been satisfied (or waived by the Administrative Agent).

“Code” shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

“Collateral Agency Agreement” shall mean the collateral agency agreement entered into on or about the Signing Date among the Administrative Agent, the Sinusure Administrative Agent, the Security Agent, the Lenders and the Sinusure Lenders party thereto in respect of the pari passu sharing of the Fiduciary Assigned Assets under the Fiduciary Assignment.

“Commitment Fee” shall have the meaning provided in Section 6.8(c) of this Agreement.

“Competitor” shall mean a Person other than the Borrower and its Affiliates who is engaged in the telecommunications business (including without limitation, the delivery or distribution of wireless telecommunications services (including voice, data or video services) and the acquisition, holding or exploitation of any license relating to the delivery of such wireless telecommunications services) and related activities and services.

“Compliance Certificate” shall mean the certificate of the Borrower substantially in the form attached hereto as Exhibit E.

“Consolidated Cash Balance” shall mean, with respect to the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Brazilian GAAP); (i) cash, including Reais or Dollars; (ii) investment in short-term deposits in banks, other similar financial institutions or corporate entities, each of which is investment grade, or subsidiaries or affiliates of such banks or financial institutions (“Acceptable Entities”) (being investments maturing in one year or less than one year from the date of deposit, including, but not limited to, investments in bank fixed deposits and other bank instruments); (iii) deposits in Acceptable Entities and investments in treasury bills and securities issued by a governmental authority including the Government of Brazil; (iv) any readily marketable debt or equity security that is customarily traded on electronic trading systems or any national or international securities exchange, valued at the most recently available trading price for such security, and for any such security denominated in a currency other than Dollars or Reais, converted into Dollars or Reais at the exchange rate noted by a national or international financial institution; (v) repurchase obligations with Acceptable Entities or other creditworthy financial institutions, in each case with a term of not more than seven (7) days for underlying securities of the types described in clauses (ii) and (iv) above; and (vi) investment grade commercial paper maturing within one year after the date of acquisition.

“Consolidated EBITDA” shall mean, for any period, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Brazilian GAAP), the sum of the following: (a) Consolidated Operating Income plus (b) to the extent deducted in determining Consolidated Operating Income, the sum of (i) all amounts properly charged for depreciation of Fixed Property and amortization of Intangible Property for such period on the consolidated books of the Borrower and its Consolidated Subsidiaries, plus (ii) Consolidated Interest Expense for such period, plus (iii) income tax expense, plus (iv) all other non-cash expenses, minus (c) non-cash gains, to the extent included in determining Consolidated Operating Income.

“Consolidated Indebtedness” shall mean, as at any date, the sum of the aggregate outstanding principal amount of all Indebtedness of the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Brazilian GAAP).

“Consolidated Interest Expense” shall mean, for any period, the sum, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Brazilian GAAP), of all interest in respect of Indebtedness accrued or capitalized during such period (whether or not actually paid during such period).

“Consolidated Operating Income” shall mean, for any period, the net income (or net loss) of the Borrower and its Consolidated Subsidiaries for such period (determined on a consolidated basis without duplication in accordance with Brazilian GAAP).

“Consolidated Subsidiary” shall mean, with respect to the Borrower or a Guarantor, each Subsidiary of the Borrower or such Guarantor, as the case may be, (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of the Borrower or such Guarantor, as the case may be, in accordance with Brazilian GAAP.

“Control” the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting or management power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Default” shall mean any event or circumstance which with notice under the Financing Documents or lapse of time or both would become an Event of Default.

“Default Interest” shall have the meaning provided in Section 2.6(b) of this Agreement.

“Delaware” shall mean the State of Delaware of the United States.

“Disbursement” shall mean disbursement of the Loans pursuant to this Agreement.

“Disbursement Date” shall mean any date on which a Disbursement is made.

“Dollars” or “US\$” and the sign “\$” shall each mean freely transferable, lawful money of the United States.

“Entitled Person” shall have the meaning assigned to such term in Section 10.9 of this Agreement.

“Environmental Claim” shall mean, with respect to any Person, (i) any notice, claim, administrative, regulatory or judicial or equitable action, suit, Lien, judgment or demand by any other Person or (ii) any other written communication by any Governmental Authority, in either case alleging or asserting such Person's liability for investigatory costs, cleanup costs, consultants' fees, governmental response costs, damages to natural resources (including, without limitation, wetlands, wildlife, aquatic and terrestrial species and vegetation) or other Property, property damages, personal injuries, fines or penalties arising out of, based on or resulting from (x) the presence, or Release into the environment, of any Hazardous Material at any location, whether or not owned by such Person or (y) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law or Governmental Approval issued under any Environmental Law.

“Environmental Laws” shall mean any and all Laws, now or hereafter in effect, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, human health or safety, or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, groundwater, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or toxic or hazardous substances or wastes.

“ERISA” shall mean the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the Signing Date and any subsequent provisions of ERISA, amendatory thereof, supplemental thereto or substituted therefor.

“Equity Interest” shall mean, at any time, any right or interest in the capital of the Borrower, whether owned directly or indirectly.

“Event of Default” shall have the meaning provided in Section 7.1 of this Agreement.

“Existing Lender” shall mean Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden, N.V.

“Existing Security Agent” shall mean Standard Bank Offshore Trust Company Jersey Limited.

“Expropriation Event” shall mean (i) any condemnation, nationalization, seizure or expropriation by a Governmental Authority of all or a substantial portion of the Property of the Borrower or of its share capital, (ii) any assumption by a Governmental Authority of control of all or a substantial portion of the Property or business operations of the Borrower or of its share capital, (iii) any taking of any action by a Governmental Authority for the dissolution or disestablishment of the Borrower or (iv) any taking of any other action by a Governmental Authority that would prevent the Borrower from carrying on its business or operations or a substantial part thereof.

“Fee Letter” shall mean any letter or letters between the Borrower, the Arranger and the Administrative Agent dated of even date hereof, setting out certain reasonable and duly documented fees and expenses payable by the Borrower in connection with the Financing Documents and the consummation of the transactions contemplated therein.

“Fiduciary Assigned Assets” shall have the meaning given to the terms “Fiduciary Assigned Assets” and “Additional Fiduciary Assigned Assets”, in each case in the Fiduciary Assignment, such assets being all movable assets of any Fiduciary Assignor procured under the Purchase Orders and Sinasure Purchase Orders which are financed by the Loans hereunder or the loans under the Sinasure Credit Agreement.

“Fiduciary Assignment” shall mean the non-possessory asset fiduciary assignment agreement entered into on or about the Signing Date between each Fiduciary Assignor, the Fiduciary Assignee and the Security Agent, for the account and benefit of the Financing Parties hereunder and the financing parties under the Sinasure Credit Agreement, in relation to the assignment by such Fiduciary Assignor to the Fiduciary Assignee and the Security Agent of the Fiduciary Assigned Assets.

“Fiduciary Assignor” shall mean the Borrower and any other Guarantor which becomes a Fiduciary Assignor pursuant to and in accordance with the Fiduciary Assignment, and shall include any of their respective successors, permitted assignees and transferees.

“Fiduciary Assignee” shall mean China Development Bank Corporation as Lender and Sinasure Lender and any other Lender which becomes a Fiduciary Assignee pursuant to and in accordance with the Fiduciary Assignment.

“Final Availability Date” shall mean the date falling thirty six (36) months from the earlier of (x) the Closing Date and (y) June 30, 2012.

“Financing Documents” shall mean, collectively, this Agreement, the Guaranty, the Shareholder Undertaking, the Security Documents, the Fee Letter, each Notice of Borrowing, after the execution and delivery thereof pursuant to the terms of this Agreement, each Note and any other document designated from time to time as such and as agreed by the Borrower and the Administrative Agent.

“Financing Parties” shall mean, collectively, the Administrative Agent, the Security Agent, the Arranger and the Lenders.

“Fixed Property” shall mean the fixed assets as reflected in its consolidated financial statements.

“Foreign Pension Plan” shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States primarily for the benefit of employees residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon

termination of employment, and which plan is not subject to ERISA, or to the extent applicable, subject to Subchapter D of the Code.

“Forms” shall have the meaning provided in Section 2.8(b) of this Agreement.

“Governmental Approval” shall mean any authorization, consent, approval, license, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, publication, notice to, declaration of or with, or registration by or with, any Governmental Authority, including the Licenses.

“Governmental Authority” shall mean any government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial or administrative body, domestic or foreign, federal, state or local having jurisdiction over the matter or matters in question, including, without limitation, those in Brazil and the United States.

“Group Chart” shall mean the organization chart of the Guarantors and the Borrower and their respective Subsidiaries (including the Consolidated Subsidiaries) that shows the direct and indirect relationship among the Guarantors, the Consolidated Subsidiaries and the Borrower (including current name, jurisdiction of incorporation and/or establishment and a list of shareholders).

“Guarantors” shall mean those entities listed in Annex III, as updated from time to time to reflect any transaction permitted pursuant to Section 5.13, and a “Guarantor” shall mean any of them.

“Guaranty” shall mean the guaranty of the Guarantors pursuant to Section 9.

“Guaranteed Obligations” shall mean the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal and interest on all Loans made to the Borrower under this Agreement, together with all the other obligations, indebtedness and liabilities (including, without limitation, indemnities, fees and interest (including any interest accruing after the commencement of any bankruptcy, insolvency, receivership or similar proceeding at the rate provided for herein, whether or not such interest is an allowed claim in any such proceeding) thereon) of the Borrower to the Financing Parties now existing or hereafter incurred under, arising out of or in connection with this Agreement and each other Financing Document to which the Borrower is a party and the due performance and compliance by the Borrower with all the terms, conditions and agreements contained in this Agreement and in each such other Financing Document.

“Hazardous Material” shall mean any substance that is regulated or could lead to liability under any Environmental Law, including, but not limited to, any petroleum or petroleum product, asbestos in any form that is or could become friable, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls (PCB’s), hazardous waste, hazardous material, hazardous substance, toxic substance, contaminant or pollutant, as defined or regulated as such under, any applicable Environmental Law.

“Indebtedness” shall mean, as to any Person, without duplication, with respect to a Person, any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent of such Person for or in respect of (i) amounts borrowed or raised under any loan or credit facility; (ii) the amount of any deferred purchase price of property or services (other than trade payables not overdue by more than ninety (90) days incurred in the ordinary course of business); (iii) all obligations under or in respect of letters of credit or bankers’ acceptances if issued in connection with a transaction in the nature of a borrowing or raising of finance; (iv) all obligations for borrowed money under or evidenced by bonds, debentures, notes or other similar instruments; (v) leases or hire purchase contracts, which would, in accordance with Brazilian GAAP, be treated as finance or capital leases; (vi) any other financial transaction having the effect of a borrowing or giving rise to an obligation on the part of such Person to purchase Indebtedness of another Person or provide collateral in respect thereof; or (vii) the net exposure under any hedging agreements; provided, however, that Indebtedness shall not include (a) obligations incurred in the form of reimbursement obligations for performance bonds in connection with the Licenses to the extent such obligations remain contingent and (b) Subordinated

Restricted Intercompany Indebtedness.

“Indemnified Liabilities” shall have the meaning provided in Section 10.2(a) of this Agreement.

“Indemnified Person” shall have the meaning provided in Section 10.2(a) of this Agreement.

“Intangible Property” shall mean the intangible assets as reflected in its consolidated financial statements.

“Intercompany Indebtedness” shall mean indebtedness owed by any Obligor or any of its Consolidated Subsidiaries to the Parent or any of its Consolidated Subsidiaries.

“Intellectual Property” shall mean any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, inventions, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered and the benefit of all applications and rights to use such assets.

“Interest Determination Date” shall mean, for the purposes of calculating LIBOR, the second London Banking Day prior to the commencement of any Interest Period relating to such Loan unless market practice differs in the London interbank market, in which case, the Interest Determination Date will be determined by the Administrative Agent in accordance with market practice in the London interbank market (and if quotations would normally be given by leading banks in the London interbank market on more than one day, the Interest Determination Date will be the last of those days).

“Interest Payment Date” shall mean each February 15 and August 15 before the Loan Maturity Date, except that if any such date is not a Business Day, such Interest Payment Date shall fall on the immediately succeeding Business Day.

“Interest Period” shall have the meaning provided in Section 2.7 of this Agreement.

“Investment” in any Person shall mean, without duplication: (i) the acquisition (whether for cash, securities, other Property, services or otherwise) or holding of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of such Person, or any agreement to make any such acquisition or to make any capital contribution to such Person; or (ii) the making of any deposit with, or advance, loan or other extension of credit to, such Person.

“Judgment Currency” shall have the meaning provided in Section 10.9 of the Agreement.

“Land” shall mean any site upon which the Telecommunications Networks have been or will be installed (including in connection with the Project), together with any fixtures and civil works constructed thereon and any other easements, licenses and other real property rights and interests required in respect thereof.

“Law” shall mean, with respect to any Person (i) any statute, law, regulation, ordinance, rule, judgment, order, decree, permit, concession, grant, franchise, license or other governmental restriction or any official interpretation or administration of any of the foregoing by any Governmental Authority (including, without limitation, Governmental Approvals) and (ii) any directive, guideline, policy, requirement or any similar form of decision of or determination by any Governmental Authority which is binding on such Person, in each case, whether now or hereafter in effect (including, without limitation, in each case, any Environmental Law).

“Lender” shall mean each Lender named in Annex I to this Agreement and any assignee thereof pursuant to Section 10.13 of this Agreement.

“LIBOR” shall mean, with respect to each Interest Period in respect of a Loan, the Screen Rate. If,

for any reason such, rate is not available, the term "LIBOR" shall mean, for any Loan for any Interest Period therefor, the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%) as supplied to the Administrative Agent at its request quoted by the Reference Banks to leading banks in the London interbank market at approximately 11:00 a.m. (London time) on the Interest Determination Date for deposits in Dollars and for a term comparable to such Interest Period.

"Licenses" shall mean the licenses originally granted by ANATEL to Nextel Serviços de Telecomunicações Ltda. (which has been merged into the Borrower, following ANATEL's consent) under the public bid (licitação) No. 002/2010/PVCP/SPV-ANATEL for the batches I, II, III, IV, VI, VII, IX, X, XI, XII, XIII and XL, related to mobile telecommunication services in Brazil (serviço móvel pessoal) and now held by the Borrower.

"Lien" shall mean, with respect to any Property of any Person, any mortgage, pledge, fiduciary sale or assignment, lien, security interest, charge, assignment (condition or otherwise), attachment, title retention, option or other encumbrance of any kind, or any other type of preferential arrangement (including title transfer and retention arrangements) that has substantially the same practical effect as a security interest.

"Loan" or "Loans" shall have the meaning provided in Section 2.1(a) of this Agreement.

"Loan Commitment" shall mean, with respect of each Lender named in Annex I to this Agreement, the amount set forth opposite such Lender's name in Annex I and, with respect to any other Lender, the amount of any Loan Commitment it acquires, to the extent not cancelled, transferred or reduced under this Agreement.

"Loan Maturity Date" shall mean the date falling ten (10) years from the earlier of (x) the Closing Date and (y) June 30, 2012, except that if such date is not a Business Day, then the Loan Maturity Date shall be the Business Day immediately preceding the date falling ten (10) years from such date.

"London Banking Day" shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in London, England.

"Margin" shall mean two point nine percent (2.9%) per annum.

"Margin Stock" shall mean margin stock within the meaning of Regulation U and Regulation X.

"Master Supply Agreement" shall mean the Master Supply Agreement effective as of February 4, 2011 between the Parent, the Borrower, Huawei do Brasil Telecomunicações Ltda., Huawei Serviços do Brasil Ltda. and Huawei Gestão e Serviços de Telecomunicações do Brasil Ltda. in respect of the delivery of telecommunications infrastructure equipment and goods for the implementation of the Project.

"Material Adverse Effect" shall mean a material adverse effect on (i) the business, operations, condition (financial or otherwise) or Property of the Obligors taken as a whole, (ii) the ability of the Obligors taken as a whole, to timely perform any of its obligations under any of the Transaction Documents to which it is a party, (iii) the legality, validity or enforceability of any material provision of any Transaction Document, or (iv) any material rights and remedies of the Financing Parties under any of the Financing Documents.

"Material Indebtedness" shall mean, with respect to any Obligor, any of its Indebtedness that individually (or in the aggregate if it arises out of a series of related transactions or obligations) exceeds fifty million US Dollars (US\$50,000,000) (or its equivalent in other currencies) at any time.

"Material Subsidiary" shall mean any Subsidiary of the Borrower now or at any time hereafter meeting any one of the following conditions: (a) the assets of such Subsidiary exceed ten-percent (10%) of the aggregate assets appearing on the consolidated balance sheet of the Borrower and its consolidated Subsidiaries for the most recently ended fiscal quarter of the Borrower, or (b) the gross revenues of such Subsidiary for the period of

four consecutive fiscal quarters of the Borrower most recently ended exceed ten-percent (10%) of the gross revenues of the Borrower and its consolidated Subsidiaries for such period, or (c) such Subsidiary has one or more Subsidiaries and together therewith would, if considered in the aggregate, constitute a Material Subsidiary within the terms of clauses (a) and (b) of this definition. Upon the acquisition of a new Subsidiary, qualification as a "Material Subsidiary" shall be determined on a pro forma basis on the assumption that such Subsidiary had been acquired at the beginning of the relevant period of four consecutive fiscal quarters.

"McCaw" shall mean McCaw International (Brazil), LLC (formerly known as McCaw International (Brazil), Ltd.).

"Money Laundering" shall mean, (i) the conversion or transfer of property, knowing it is derived from a criminal offense, for the purpose of concealing or disguising its illegal origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of its actions, (ii) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property knowing that it is derived from a criminal offense, or (iii) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offense.

"Necessary Governmental Approval" shall have the meaning provided in Section 4.7(a) of this Agreement.

"Negotiation Period" shall have the meaning provided in Section 2.11 of this Agreement.

"Net Debt" shall mean, with respect to the Borrower, its Consolidated Indebtedness minus its Consolidated Cash Balance.

"Nextel Longa Distância" shall Nextel Telecomunicações de Longa Distância Ltda.

"Nextel S.A." shall mean Nextel Telecomunicações S.A.

"Non-Obligor Affiliate" shall mean an Affiliate of an Obligor, which is not itself an Obligor.

"Note" shall have the meaning provided in Section 2.5(b) of this Agreement.

"Notice of Borrowing" shall have the meaning provided in Section 2.2 of this Agreement.

"Notice Office" shall mean the office of the Administrative Agent located at the address indicated below its signature or such other office, telephone or facsimile number as the Administrative Agent may hereafter designate in writing as such to each of the other parties to this Agreement.

"Obligors" shall mean the Borrower and each of the Guarantors.

"Officer's Certificate" shall mean, (i) with respect to the Borrower, an officer's certificate signed by an Authorized Officer of the Borrower and (ii) with respect to each Guarantor, an officer's certificate signed by an Authorized Officer of such Guarantor.

"Original Financial Statements" shall mean, the audited unconsolidated financial statements of the Borrower, as audited by a reputable Brazilian accounting firm to ensure compliance with Brazilian GAAP, in each case, as at and for the fiscal year ended on December 31, 2010 and as at and for the fiscal year ended on December 31, 2011.

"Originating Lender" shall have the meaning provided for in Section 10.13(d) of this Agreement.

"Original Note" shall have the meaning provided in Section 2.5(b) of this Agreement.

“Parent” shall mean NII Holdings Inc., a holding company organized and existing under the laws of Delaware.

“Participant” shall have the meaning provided for in Section 10.13(d) of this Agreement.

“Payment Office” shall mean the office of the Administrative Agent located at the address below its signature or such other office as each such Administrative Agent may hereafter designate in writing as such to each of the other parties to this Agreement.

“Permitted Business” shall mean the telecommunications business including any business conducted or proposed to be conducted (as described in the Parent’s filings with the U.S. Securities and Exchange Commission) by the Borrower and its Subsidiaries on the Signing Date (which include, without limitation, the delivery or distribution of wireless telecommunications services (including voice, data or video services) and the acquisition, holding or exploitation of any license relating to the delivery of such wireless telecommunications services) and related, ancillary or complimentary businesses, activities and services.

“Permitted Disposals” shall mean, with respect to any Obligor’s assets (excluding the Licenses):

- (a) disposals on arm’s-length terms in the ordinary course of trading of the disposing entity;
- (b) disposals of assets in exchange for other assets comparable or superior in type, value and quality;
- (c) disposals of assets which are worn out, obsolete or have been replaced;
- (d) disposals arising under Section 5.13(a);
- (e) disposals with the consent of the Administrative Agent;
- (f) disposals on arm’s-length terms the proceeds of which are used to prepay the Loans in accordance with Section 6.2 ; Appendix

A to Credit Agreement

- (g) disposals arising pursuant to a Permitted Sale Leaseback Transaction;
- (h) disposals among the Obligors on arm’s-length terms; and
- (i) any other disposals of assets transacted on arm’s-length terms; provided that the aggregate amount received by the Borrower in respect of such disposals does not exceed twenty-million US Dollars (US\$20,000,000) (or its equivalent in other currencies) in any twelve (12) month period.

“Permitted Liens” shall mean:

(a) with respect to the Fiduciary Assigned Assets, the Liens (i) created or expressed to be created pursuant to the Fiduciary Assignment, or (ii) the “permitted liens” as defined under Section 5.1(g) of the Fiduciary Assignment (“Guarantee Permitted Liens”);

(b) with respect to any Property (other than the Fiduciary Assigned Assets) of any of the Obligors:

(i) any Transaction Lien;

(ii) Liens for taxes, assessments and governmental charges or levies on such Obligor that are not yet delinquent or due or which are being contested in good faith by appropriate actions or proceedings; provided that adequate reserves with respect thereto are maintained in accordance with Brazilian GAAP on the books of such Obligor;

(iii) Liens arising by operation of law in the ordinary course of business and not for borrowed money securing obligations that are not overdue for a period of more than thirty (30) days;

(iv) Liens incurred in connection with workers’ compensation claims, unemployment insurance, social security benefits and similar legislation or to secure public or statutory obligations;

(v) Liens in favor of any Governmental Authority of Brazil arising from the bidding or acquisition

of radio spectrum licenses that are necessary, complementary or ancillary for the Borrower's telecommunications business to the extent required by applicable laws or applicable auction rules and regulations;

(vi) Liens on any Fixed Property or Intangible Property (excluding the Licenses) acquired after March 31, 2011;

(vii) easements, rights-of-way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its intended purposes;

(viii) Liens in favor of any other Obligor;

(ix) Liens to secure the performance of bids, tenders or other contracts (other than contracts for any Indebtedness) to the extent required in the ordinary course of business;

(x) Liens on any other Property of such Obligor; provided that such Liens are also created in favor of the Security Agent (for the benefit of the Financing Parties) on a pari passu basis; and

(xi) Liens on receivables generated after March 31, 2011 and Property existing as of March 31, 2011 (excluding the Licenses) other than the Properties that are subject to Liens described in items (a) and (b)(i) through (b)(x) above the aggregate book value of which is, at any time, no more than the greater of (i) four-hundred-fifty million US Dollars (US\$450,000,000) less the book value of such Properties that are subject to Permitted Sale Leaseback Transactions and (ii) (A) 10% of the difference between the Total Assets and the aggregate book value of Properties (existing as of March 31, 2011) subject to Liens described in items (a)(i), (b)(i), (b)(vi), (b)(ix) and (b)(x) above minus (B) the book value of such Properties that are subject to the Permitted Sale Leaseback Transactions.

"Permitted Related Party Transactions" shall mean: (a) transactions between the Borrower and an Affiliate of the Borrower for the provision of intercompany services and licensing agreements; provided that such intercompany agreements (i) are on an arm's-length basis and (ii) comply with, if any, the conditions for related party transactions adopted by the board of directors or equivalent corporate governing body of the Borrower and the relevant Affiliate; (b) a Permitted Disposal; (c) a merger permitted under Section 5.13(a); and (d) the payment of dividends and share redemptions in accordance with Section 5.24.

"Permitted Sale Leaseback Transaction" shall mean a transaction or arrangement (or a series of transactions or arrangements) pursuant to which the Borrower and/or any of its Subsidiaries sells or otherwise transfers for value its Telecommunications Towers, and as part of such transaction, thereafter rents or leases such Telecommunications Towers; provided that (i) the obligations under any such sale and leaseback transaction shall be deemed a Consolidated Indebtedness of the Borrower and (ii) any such sale and leaseback transaction shall not be permitted upon the occurrence and continuation of a Default or an Event of Default.

"Person" shall mean any individual, corporation, limited liability company, company, voluntary association, partnership, joint venture, trust, or other enterprises or unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

"Principal Payment Dates" shall mean, collectively, the first Interest Payment Date immediately following the expiry of the Availability Period and thereafter, each next succeeding Interest Payment Date; provided that the last Principal Payment Date shall be the Loan Maturity Date.

"Process Agent" shall have the meaning provided in Section 10.20(d) of this Agreement.

"Project" shall have the meaning provided in the first recital of this Agreement.

"Property" shall mean any property, Licenses, assets of any kind whatsoever, whether present or

future, whether real, personal or mixed and whether tangible or intangible, and any right or interest therein.

“Purchase Order” shall mean a purchase order issued by the Borrower at any time in accordance with the Master Supply Agreement for financing hereunder.

“Rate Determination Notice” shall have the meaning provided in Section 2.11 of this Agreement.

“Reais” shall mean the lawful currency of Brazil.

“Reference Banks” shall mean the principal office in London of Bank of China, Citibank N.A. and Barclays Bank PLC or such other banks as may be appointed by the Administrative Agent from time to time (acting on the instructions of the Required Lenders) in consultation with the Borrower.

“Register” shall have the meaning provided in Section 8.10 of this Agreement.

“Regulation U” shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

“Regulation X” shall mean Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

“Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Hazardous Material, but excluding (i) emissions from the engine exhaust of a motor vehicle and (ii) the normal application of fertilizer).

“Release Agreement” shall mean the Security Termination, Amendment and Security Release Agreement, dated as of November 7, 2011 by and between the Borrower, the Existing Security Agent, the Existing Lender, Nextel S.A., the Parent, McCaw, Airfone and Nextel Longa Distância.

“Repeating Representations” shall mean each of the representations, warranties or agreements set out in Sections 4.1, 4.2, 4.5, 4.8, 4.9(a), 4.12, 4.15, 4.19, 4.24, 4.25 and 4.26.

“Replacement Note” shall have the meaning provided in Section 2.5(b) of this Agreement.

“Required Lenders” shall mean the Lenders holding at least sixty-six and two-thirds percent (662/3%) of the aggregate outstanding principal amount of the Loans or, if no Loans have been made, at least sixty-six and two-thirds percent (662/3%) of the Total Loan Commitment.

“ROF” shall mean the electronic registration of the financial terms and conditions of the Loan with the Registry of Financial Operations (Registro de Operações Financeiras - ROF) module of the Electronic Declaratory Registry of the Central Bank (SISBACEN) up to sixty (60) days prior to the entry of the respective proceeds into Brazil, including, without limitation, the registration of the relevant payment schedules after the Disbursement and the entry thereof into Brazil, pursuant to the Central Bank regulations.

“Schedule of Payments” shall have the meaning provided in Section 4.7(a) of this Agreement.

“Scheduled Principal Payments” shall mean the scheduled amounts payable in respect of the principal of the Loans pursuant to Section 6.1 of this Agreement.
Appendix A to Credit Agreement

“Screen Rate” shall mean, with respect to each Interest Period in respect of a Loan, the British Bankers’ Association Interest Settlement Rate for Dollars for a term comparable to such Interest Period, displayed

on page LIBOR01 of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Administrative Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Lender.

“Security Agent” shall mean Planner Trustee DTVM Ltda., acting in its capacity as security agent for the Lenders and the Sinosure Lenders pursuant to the Collateral Agency Agreement, including any successors, permitted assigns and permitted transferees of Planner Trustee DTVM Ltda. as appointed under the Collateral Agency Agreement.

“Security Documents” shall mean the Fiduciary Assignment and any other document designated as a Security Document by the Financing Parties and the Borrower (acting reasonably).

“Shareholder Undertaking” shall mean the undertaking entered into on or about the Signing Date between the Parent, the Administrative Agent and the Sinosure Administrative Agent.

“Share Pledge Agreement” shall mean the Share Pledge Agreement, dated as of September 14, 2007, between McCaw, Airfone, Nextel, S.A., the Borrower and the Existing Lender.

“Signing Date” shall have the meaning provided in the preamble of this Agreement.

“Sinosure” shall mean the China Export and Credit Insurance Corporation or any successor thereto.

“Sinosure Administrative Agent” shall mean the “Administrative Agent” as such term is defined in the Sinosure Credit Agreement.

“Sinosure Credit Agreement” shall mean the two-hundred fifty million US Dollars (US\$250,000,000) term loan credit agreement entered into on or about the Signing Date between the Borrower and China Development Bank Corporation as lender in respect of the Project (as amended, restated, amended and restated, supplemented, extended, refinanced or otherwise modified from time to time).

“Sinosure Financing Documents” shall mean the “Financing Documents” as such term is defined in the Sinosure Credit Agreement.

“Sinosure Lenders” shall mean the “Lender” as such term is defined in the Sinosure Credit Agreement.
Appendix A to Credit Agreement

“Sinosure Purchase Orders” shall mean a Purchase Order (as defined in the Sinosure Credit Agreement).

“Subordination Agreement” shall mean the subordination agreement, in form and substance satisfactory to the Administrative Agent and the Sinosure Administrative Agent, to be entered into between one or more Obligor(s) and/or one or more Non-Obligor Affiliates or Obligor(s), the Administrative Agent and the Sinosure Administrative Agent under the terms of which the Subordinated Restricted Intercompany Indebtedness is subordinated in right of payment and upon liquidation to the obligations of such Obligor(s) to the Financing Parties under the Financing Documents and the Sinosure Financing Documents.

“Subordinated Restricted Intercompany Indebtedness” shall mean Intercompany Indebtedness that is subject to the Subordination Agreement.

“Subsidiary” shall mean, in relation to any Person, any other Person, (i) which is controlled, directly or indirectly, by the first-mentioned Person; (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first-mentioned Person; or (iii) which is a Subsidiary of another

Subsidiary of the first-mentioned Person, and for purposes of this definition, a Person shall be treated as being controlled by another if that other Person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

“Substitute Basis” shall have the meaning provided in Section 2.11 of this Agreement.

“Suppliers” shall mean (i) Huawei do Brasil Telecomunicações Ltda. and (ii) Huawei Serviços do Brasil Ltda., being at all times prior to the first Principal Payment Date, a Subsidiary of Huawei Technologies Co. Ltd., and their respective subsidiaries (each, a “Supplier”).

“Supplier’s Certificate” shall mean the certificate issued by a Supplier substantially in the form of Exhibit D attached hereto.

“Taking” shall mean any circumstance or event, or series of circumstances or events (including an Expropriation Event), in consequence of which the Project or any portion thereof shall be condemned, nationalized, seized, compulsorily acquired or otherwise expropriated by any Governmental Authority under power of eminent domain or otherwise. The term “Taken” shall have a correlative meaning.

“Taxes” shall have the meaning provided in Section 2.8(a) of this Agreement.

“Tax Benefit” shall have the meaning provided in Section 2.8(c) of this Agreement.

“Telecommunications Networks” shall have the meaning provided in the first recital of this Agreement.

“Telecommunications Towers” means telecommunications towers and related equipment necessary for the operation of the Telecommunications Networks, including, without limitation, real property and/or ground leases, licenses, permits, authorizations or other applicable governmental approvals, and certain warranty rights; but excluding certain wireless telecommunications equipment.

“Total Assets” shall mean the aggregate amount of assets as reflected in its most recent financial statements delivered pursuant to Section 5.1.

“Total Liabilities” shall mean the aggregate outstanding principal amount of all Indebtedness as reflected in its most recent financial statements delivered pursuant to Section 5.1.

“Total Loan Commitment” shall mean, at any time, the sum of the Loan Commitment of each of the Lenders at such time.

“Total Net Worth” shall mean Total Assets minus Total Liabilities.

“Transaction Documents” shall mean, collectively, the Financing Documents, the Sinosure Credit Agreement and the Master Supply Agreement.

“Transaction Lien” shall mean the Liens created or expressed to be created in favor of the Security Agent (for the benefit of the Financing Parties) pursuant to the Security Documents (except the Fiduciary Assignment).

“Transfer of Establishment” shall have the meaning provided in Section 5.13 of this Agreement.

“United States” and “U.S.” shall each mean the United States of America.

2. Rules of Interpretation. In each Financing Document, unless otherwise indicated:

(a) each reference to, and the definition of, any document (including, without limitation, any Financing Document) shall be deemed to refer to such document as it may be amended, supplemented, revised or modified from time to time in accordance with its terms and, to the extent applicable, the terms of this Agreement;

(b) each reference to a Law or Governmental Approval shall be deemed to refer to such Law or Governmental Approval as the same may be amended, supplemented or otherwise modified from time to time; Appendix A to Credit Agreement

(c) any reference to a Person in any capacity includes a reference to its permitted successors and assigns in such capacity and, in the case of any Governmental Authority, any Person succeeding to any of its functions and capacities;

(d) references to days shall refer to calendar days unless Business Days are specified; references to weeks, months or years shall be to calendar weeks, months or years, respectively;

(e) all references to a "Section," "Appendix," "Annex," "Schedule" or "Exhibit" are to a Section of such Financing Document or to an Appendix, Annex, Schedule or Exhibit attached thereto;

(f) the table of contents and Section headings and other captions therein are for the purpose of reference only and do not affect the interpretation of such Financing Document;

(g) defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders;

(h) the words "hereof," "herein" and "hereunder", and words of similar import, when used in any Financing Document, shall refer to such Financing Document as a whole and not to any particular provision of such Financing Document;

(i) the words "include," "includes" and "including" are deemed to be followed by the phrase "without limitation";

(j) where the terms of any Financing Document require that the approval, opinion, consent or other input of any party be obtained, such requirement shall be deemed satisfied only where the requisite approval, opinion, consent or other input is given by or on behalf of the relevant party in writing;

(k) all references to the "Administrative Agent", the "Arranger", the "Security Agent", any "Financing Party" or any "Lender" shall be construed so as to include its successors, permitted assigns and permitted delegates; and

(l) any reference to a document shall be deemed to include all exhibits, annexes, appendices and schedules thereto.

CREDIT AGREEMENT

among

NEXTEL TELECOMUNICAÇÕES LTDA.
as Borrower

THE GUARANTORS SIGNATORIES HERETO
as Guarantors

CHINA DEVELOPMENT BANK CORPORATION
as Lender

CHINA DEVELOPMENT BANK CORPORATION
as Administrative Agent

and

CHINA DEVELOPMENT BANK CORPORATION
as Arranger

Dated as of April 20, 2012

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EXHIBITS:

- Exhibit A Form of Notice of Borrowing
 - Exhibit B-1 Form of Process Agent Letter
 - Exhibit B-2 Form of Irrevocable Power of Attorney to Process Agent
 - Exhibit C Form of Assignment and Acceptance
 - Exhibit D Form of Supplier’s Certificate
 - Exhibit E Form of Compliance Certificate
 - Exhibit F Form of Note
-

CREDIT AGREEMENT (this “Agreement”), dated as of April 11, 2012 (“Signing Date”), among (i) NEXTEL TELECOMUNICAÇÕES LTDA., a limited liability company (*sociedade limitada*) organized and existing under the laws of Brazil (the “Borrower”), (ii) the parties listed in Annex III (the “Guarantors”) and (iii) CHINA DEVELOPMENT BANK CORPORATION as Arranger (the “Arranger”), Administrative Agent (the “Administrative Agent”) and Lender (the “Lender”).

WITNESSETH:

WHEREAS, the Borrower intends to acquire equipment and related services from the Suppliers for the build-out and deployment of the telecommunications networks being deployed or to be deployed by the Borrower or its Affiliates in Brazil (the “Telecommunications Networks”), through purchases to be made pursuant to the Master Supply Agreement (the “Project”);

WHEREAS, in order to finance the acquisition of such equipment and related services from the Suppliers for the Project, the Borrower has requested the Lender to provide the credit facility described herein and the Lender is willing to provide the credit facility described herein upon the terms and conditions herein set forth;

WHEREAS, each Guarantor is a Subsidiary of the Borrower and each Guarantor acknowledges that it will, directly or indirectly, derive substantial benefit from the making of the Loans; and

NOW, THEREFORE, in consideration of the premises and mutual agreements hereinafter contained, the parties hereto agree as follows:

SECTION 1. DEFINITIONS AND RULES OF INTERPRETATION.

1.1 Defined Terms.

Except as otherwise expressly provided herein, capitalized terms used in this Agreement and its Appendices, Annexes and Exhibits shall have the respective meanings assigned to such terms in Appendix A attached hereto.

1.2 Rules of Interpretation.

Except as otherwise expressly provided herein, the rules of interpretation set forth in Appendix A hereto shall apply to this Agreement.

1.3 Accounting Principles.

Except as otherwise provided in this Agreement, all computations and determinations as to financial matters, and all financial statements to be delivered under this Agreement, shall be made or prepared in accordance with Brazilian GAAP (including principles of consolidation where appropriate) applied on a consistent basis (except to the extent approved or required by the independent public accountants certifying such statements and disclosed therein).

SECTION 2. AMOUNTS AND TERMS OF CREDIT FACILITY.

2.1 The Loans.

(a) Subject to and upon the terms and conditions set forth herein, each Lender severally agrees to make, during the Availability Period, loans (each, a “Loan” and, collectively, the “Loans”) to the Borrower, which Loans shall (i) be made and maintained in Dollars, (ii) not exceed for any Lender, in aggregate principal amount, that amount which equals the Loan Commitment of such Lender, (iii) mature on the Loan Maturity Date, and (iv) only be

applied towards the reimbursement of payments of up to eighty-five percent (85%) of the amounts paid by the Borrower under Purchase Orders; provided that the aggregate amount of Non-Chinese Content of the Purchase Orders submitted for financing hereunder shall not exceed thirty percent (30%) of the aggregate amount of all such Purchase Orders, being eighty-eight million, two-hundred thirty-five thousand, two hundred ninety-four US Dollars (US\$88,235,294).

(b) The Loans are available only on the terms and conditions specified hereunder, and once repaid, in whole or in part, at maturity or by prepayment, may not be reborrowed in whole or in part.

2.2 Notice of Borrowing.

(a) Whenever the Borrower desires to make a Borrowing hereunder, it shall give the Administrative Agent at its Notice Office at least five (5) Business Days' prior written notice; provided, that any such notice shall be deemed to have been given on a certain day only if given before 11:00 a.m. (Beijing time) on such day, and if any such notice is received after 11:00 a.m. (Beijing time) on a certain day, such notice shall be deemed to have been given on the following day. Each such notice (a "Notice of Borrowing") shall be irrevocable and shall be given by the Borrower substantially in the form of Exhibit A attached hereto, appropriately completed to specify, *inter alia*: (i) the aggregate principal amount of the Loans to be made pursuant to such Borrowing, (ii) the proposed date of such Borrowing (which shall be a Business Day) and (iii) the account details of the Borrower, as applicable. The Administrative Agent shall promptly give each Lender at least one (1) Business Day's prior written notice of the proposed Borrowing, of such Lender's proportionate share thereof and of the other matters required by the immediately preceding sentence to be specified in the Notice of Borrowing.

(b) The Borrower shall not be entitled to deliver more than one (1) Notice of Borrowing in each calendar month and each Notice of Borrowing shall only request one (1) Loan.

2.3 Pro Rata Borrowings; Availability.

(a) Each Borrowing shall be incurred ratably among the Lenders based upon the amount of each Lender's Loan Commitment. It is agreed that no Lender shall be responsible for any default by any other Lender of its obligation to make a Loan hereunder and that each Lender shall be obligated to make the Loans provided to be made by it hereunder regardless of the failure of any other Lender to make a Loan hereunder.

(b) The Loan Commitment of each Lender shall be made available by such Lender during the Availability Period; provided, that in no event shall any Loans be available after the Final Availability Date.

2.4 Disbursement of Funds.

Subject to the terms and conditions hereof, no later than 5:00 p.m. (New York time) on the date specified in each Notice of Borrowing, each Lender will make available, through such Lender's Applicable Lending Office, its *pro rata* portion of the aggregate amount of the Loans requested to be made on such date, in Dollars and in immediately available funds at the Payment Office of the Administrative Agent, and the Administrative Agent will pay the aggregate of the amounts so made available by the Lenders directly to the bank account of the Borrower as specified by the Borrower in the Notice of Borrowing. Unless the Administrative Agent shall have been notified by any Lender prior to the applicable date of the Borrowing that such Lender does not intend to make available to the Administrative Agent such Lender's portion of the Borrowing on such date, the Administrative Agent may assume that such Lender has made such amount available to the Administrative Agent on such date, and the Administrative Agent shall, in reliance upon such assumption, make available to the Borrower a corresponding amount. If such corresponding amount is not in fact made available to the Administrative Agent by such Lender, the Administrative Agent shall be entitled to recover such corresponding amount from such Lender on demand. The Administrative Agent shall also be entitled to recover on demand from such Lender interest on such corresponding amount in respect of each day from the date such corresponding amount was made available by the Administrative Agent to the Borrower until the date such corresponding amount is recovered by the Administrative Agent, at a rate per annum equal to the cost to the Administrative Agent of acquiring overnight federal funds at the then applicable rate. Nothing in this Section 2.4 shall be deemed to relieve any Lender from its obligation to make a Loan hereunder or to prejudice any rights which the

Borrower may have against any Lender as a result of any failure by such Lender to make Loans hereunder.

2.5 Evidence of Obligations.

(a) Each Lender will maintain in accordance with its usual practice an account or accounts evidencing the Indebtedness of the Borrower to such Lender as a result of the Loans of such Lender, including the amounts of principal, interest and other amounts payable and paid to such Lender from time to time under this Agreement. Absent manifest error, the entries made by each Lender pursuant to the foregoing sentence shall constitute prima facie evidence, of the existence and amounts of the Loans and other obligations therein recorded; provided, however, that the failure of any Lender to maintain such account or accounts shall not in any manner affect the obligations of the Borrower to repay or pay the Loan made by such Lender, accrued interest thereon and the other obligations of the Borrower to such Lender hereunder in accordance with the terms of this Agreement. Each Lender will advise the Borrower of the outstanding Indebtedness hereunder to such Lender upon written request therefor.

(b) If so requested after the Closing Date, by any Lender by written notice to the Borrower (with a copy to the Administrative Agent), the Borrower and the Guarantors (as guarantors under each Note (*avalistas*)) will, promptly following the end of the Availability Period, execute and deliver to such Lender, a non-negotiable Note in the form of Exhibit F attached hereto, evidencing the value of (i) the then outstanding aggregate principal amount or amounts of such Lender, together with (ii) the total interest payable by such Lender during the subsequent Interest Period to evidence the Loans of such Lender (each, an “Original Note” and, collectively, the “Original Notes”). With respect to any Lender that has received an Original Note, commencing at the end of the first Interest Period following the end of the Availability Period and at the end of each subsequent Interest Period, the Borrower shall promptly execute and deliver to the relevant Lender a Note evidencing the value of (i) the then outstanding aggregate principal amount or amounts of such Lender, together with (ii) the total interest payable by such Lender during the subsequent Interest Period to evidence the Loans of such Lender (each, a “Replacement Note” and, collectively, the “Replacement Notes”, and together with the Original Notes, the “Notes” and each, a “Note”). Following receipt of each Replacement Note, the applicable Lender shall promptly return the corresponding Original Note or previously issued Replacement Note such that at no point will any Lender be in the possession of more than one Note.

(c) Notwithstanding anything to the contrary contained above in this Section 2.5 or elsewhere in this Agreement, no failure of any Lender to request or obtain a Note evidencing its Loans to the Borrower shall affect or in any manner impair the obligations of the Borrower to pay the Loans (and all related Obligations) incurred by the Borrower which would otherwise be evidenced thereby in accordance with the requirements of this Agreement, and shall not in any way affect the security or guaranties therefor provided pursuant to the various Financing Documents.

2.6 Interest.

(a) The Borrower agrees to pay interest in respect of the unpaid and outstanding principal amount of each Loan from its Disbursement Date until the maturity of such Loan (whether by acceleration or otherwise), at a rate *per annum* which shall, during each Interest Period applicable thereto, be equal to the sum of (i) LIBOR in effect for such Interest Period and (ii) the applicable Margin.

(b) Overdue principal, interest and any other amount under or in connection with this Agreement shall bear interest (by way of liquidated damages and not as penalty) at a rate which is equal to the sum of (i) LIBOR in effect from time to time, (ii) the applicable Margin, and (iii) two per cent (2%) *per annum*, with such default interest (“Default Interest”) to be payable on demand.

(c) Accrued (and theretofore unpaid) interest shall be payable on each Interest Payment Date and, in respect of each Loan, on the date of any repayment or prepayment (on the amount repaid or prepaid), at maturity (whether by acceleration or otherwise) or, after such maturity, on demand. Notwithstanding the foregoing, Default Interest payable in accordance with Section 2.6(b) shall be payable as provided therein.

(d) On each Interest Determination Date, the Administrative Agent shall determine the LIBOR for the applicable Interest Period to be applicable to the Loans or to any portion thereof and shall promptly notify the Borrower and the Lenders thereof. Each such determination shall, absent manifest error, be final and conclusive and binding on all parties hereto.

2.7 Interest Periods.

The interest period (an "Interest Period") applicable to all Loans shall be a six (6) month period; provided, however, that:

(a) all Loans comprising the same Borrowing shall have the same Interest Periods;

(b) the initial Interest Period for any Loan shall commence on the Disbursement Date of such Loan and end on (but not include) the next succeeding Interest Payment Date, and each Interest Period occurring thereafter in respect of such Loan shall commence on (and include) an Interest Payment Date and end on (but not include) the next succeeding Interest Payment Date;

(c) if any Interest Period begins on a day for which there is no numerically corresponding day in the calendar month at the end of such Interest Period, such Interest Period shall end on the last Business Day of such calendar month;

(d) if any Interest Period would otherwise end on a day that is not a Business Day, such Interest Period shall be extended to the next succeeding Business Day; and

(e) any Interest Period that would otherwise extend beyond the Loan Maturity Date shall instead end on the Loan Maturity Date.

2.8 Net Payments.

(a) All payments (including, without limitation, any fees, commissions or expenses paid by the Borrower to any Financing Parties) made by the Borrower hereunder or under any other Financing Document will be made without setoff, counterclaim or other similar defense. All such payments will be made free and clear of, and without deduction or withholding for, any present or future taxes, levies, imposts, duties, fees, assessments or other charges of whatever nature now or hereafter imposed by any jurisdiction or by any political subdivision or taxing authority thereof or therein with respect to such payments (but excluding, in the case of any Lender, any tax imposed on or measured by the net income, revenue, or gross receipts of such Lender pursuant to the laws of the jurisdiction in which it is organized or the jurisdiction in which the principal office or Applicable Lending Office of such Lender is located or any subdivision thereof or therein) and all interest, penalties or similar liabilities with respect thereto (all such non-excluded taxes, levies, imposts, duties, fees, assessments or other charges being referred to collectively as "Taxes"). If any Taxes are so levied or imposed, the Borrower agrees to pay such additional amounts as may be necessary so that the net amount received by the relevant Financing Party hereunder or under any other Financing Document, after withholding or deduction for or on account of any Taxes, will not be less than the amount provided for herein or in such Financing Document as if the corresponding deduction or withholding had not been made. The Borrower will furnish to the Administrative Agent within thirty (30) days after the date of the payment of any Taxes due pursuant to applicable law evidence of such payment in form and substance reasonably satisfactory to the Administrative Agent. The Borrower agrees to indemnify and hold harmless each Lender, and reimburse such Lender upon its written request, for the amount of any Taxes so levied or imposed and paid by such Lender.

(b) Each Lender and the Administrative Agent agree to complete in good faith and execute and deliver to the Borrower, in a timely manner, such form, certificates, information or documentation relating to such Lender or Administrative Agent to establish the extent to which any payments to such Lender or Administrative Agent are exempt from, or are entitled to a reduction of withholding or deduction of any Taxes (collectively, the "Forms"). Notwithstanding anything to the contrary herein, neither any Lender nor the Administrative Agent shall be required to provide any Forms pursuant to this Section 2.8(b) unless (i) such Forms are required by law as a

condition to, or evidence of entitlement to, relief or exemption in whole or in part from any Taxes, (ii) such Lender or the Administrative Agent is legally entitled to complete, execute and deliver such Forms and (iii) the Borrower shall have timely provided to such Lender or the Administrative Agent a written notice requesting that such Lender or the Administrative Agent execute and deliver such Forms together with the Forms and the official instructions thereto, if any.

(c) If the Borrower pays any additional amount under this Section 2.8 to a Lender and such Lender determines in its sole discretion that it has actually received or realized in connection therewith any refund or any reduction of, or credit against, its Tax liabilities in or with respect to the taxable year in which the additional amount is paid (a "Tax Benefit"), such Lender shall pay to the Borrower an amount that the Lender shall, in good faith, determine is equal to the net benefit, after tax, which was obtained by the Lender in such year as a consequence of such Tax Benefit; provided, however, that (i) any Lender may determine, in its sole discretion consistent with the policies of such Lender, whether to seek a Tax Benefit; (ii) nothing in this Section 2.8(c) shall require any Lender to disclose any confidential information to the Borrower (including, without limitation, its tax returns); and (iii) no Lender shall be required to pay any amounts pursuant to this Section 2.8(c) at any time when a Default or Event of Default exists.

(d) Notwithstanding anything to the contrary, the Borrower shall not be required pursuant to this Section 2.8 to pay any additional amount to, or to indemnify, any Lender or the Administrative Agent, as the case may be, to the extent that such Lender or the Administrative Agent becomes subject to Taxes subsequent to the Closing Date (or, if later, the date such Lender or Administrative Agent becomes a party to this Agreement) as a result of a change in the jurisdiction of organization of such Lender or Administrative Agent or a change in the location of the Applicable Lending Office of such Lender, except to the extent that any such change is requested or required in writing by the Borrower.

2.9 Illegality.

If, on or after the date hereof, the introduction of any Law, or any change in any Law, or in the official interpretation or administration of any Law, has made it unlawful, or that any central bank or other Governmental Authority has asserted that it is unlawful, for any Lender to make or to maintain its participation in a Loan, then:

(a) that Lender shall promptly provide written notice thereof to the Borrower through the Administrative Agent, setting out the relevant circumstances;

(b) on written notice thereof, any obligation of that Lender to make such Loan shall be suspended and the Loan Commitment of that Lender shall be immediately cancelled;

(c) the Borrower agrees to take all reasonable steps to obtain, as quickly as possible after receipt of such Lender's request for prepayment pursuant to this Section 2.9, any Governmental Approvals then required in connection with such prepayment; and

(d) the Borrower shall repay that Lender's participation in the Loans made to the Borrower on the Interest Payment Date immediately occurring after the Lender has notified the Borrower or, if earlier, the date specified by the Lender in the written notice delivered to the Borrower through the Administrative Agent (being no earlier than (i) the last day of any applicable grace period permitted by law, or (ii) twenty (20) Business Days after the delivery date of the written notice from the Lender, whichever occurs later) without any Break Cost, premium, penalty or fee of any nature.

2.10 Increased Costs and Reduction of Return.

(a) Subject to Section 10.13(f), if any Lender shall have determined, in good faith (which determination shall, absent manifest error, be final and conclusive and binding upon all parties hereto), at any time that such Lender shall incur increased costs or reductions in the amounts received or receivable hereunder with

respect to any Loan (other than any increased cost or reduction in the amount received or receivable resulting from the imposition of or a change in any tax imposed on or measured by the net income, revenue, or gross receipts or similar charges or otherwise compensated for Taxes under Section 2.8) because of any change in any applicable law or governmental rule, regulation, order, guideline or request (whether or not having the force of law) or in the official interpretation or administration thereof by any Governmental Authority, central bank or comparable agency charged with the interpretation or administration thereof, and including the introduction, after the Signing Date, of any new law or governmental rule, regulation, order, guideline or request, then, and in any such event, the Borrower shall pay to such Lender, within thirty (30) days of written demand therefor, such additional reasonable and duly documented amounts as shall be required to compensate such Lender for such increased costs or reductions in amounts received or receivable hereunder; provided, however, that before making any such demand each Lender agrees to use reasonable efforts (consistent with its internal policy and legal and regulatory restrictions) to designate a different Applicable Lending Office if the making of such a designation would avoid the need for, or reduce the amount of, such increased cost and would not, in the reasonable judgment of such Lender, be otherwise disadvantageous to such Lender (a written notice by such Lender as to the additional amounts owed to such Lender, showing in reasonable detail the basis for the calculation thereof, submitted to the Borrower by such Lender, shall, absent manifest error, be final and conclusive and binding on all parties hereto).

(b) If a Lender requests compensation under this Section 2.10 or if the Borrower is required to pay additional amounts to any Lender under Section 2.8 as a result of any internal reorganization of such Lender, then such Lender shall, in good faith consultation with the Borrower, take commercially reasonable steps to mitigate any circumstances giving rise to the gross-up under Section 2.8 or the indemnification under this Section 2.10, failing which, the Borrower shall be entitled to designate a Replacement Lender under Section 2.13. A Lender need not take any such steps if such Lender determines, in its reasonable opinion, that to do so would be materially prejudicial to it (it being understood that it is not prejudicial to the Lender to bear costs that the Borrower is willing to reimburse).

2.11 Inability to Determine Rates.

If, on or prior to the first day of any Interest Period (an “Affected Interest Period”): (a) the Administrative Agent determines that, by reason of circumstances affecting the London interbank market, LIBOR cannot be determined pursuant to the definition thereof; or (b) the Required Lenders determine and notify the Administrative Agent that the relevant rate of interest referred to in the definition of “LIBOR” upon the basis of which the rate of interest for Loans for such Affected Interest Period is to be determined will not be adequate to cover the cost to such Lenders of making or maintaining its Disbursements for such Affected Interest Period; or (c) the Screen Rate is not available or the Screen Rate is zero or negative and none or only one of the Reference Banks supplies a rate to the Administrative Agent to determine LIBOR for the relevant Interest Period, the Administrative Agent shall give notice thereof (a “Rate Determination Notice”) to the Borrower and the Lenders as soon as practicable thereafter. If such notice is given, during the thirty (30) day period following such Rate Determination Notice (the “Negotiation Period”) the Administrative Agent and the Borrower shall negotiate in good faith with a view to agreeing upon a substitute interest rate basis (having the written approval of all Lenders) for the Disbursements that shall reflect the cost to the Lenders of funding their Disbursements from alternative sources (a “Substitute Basis”), and if such Substitute Basis is so agreed upon during the Negotiation Period, such Substitute Basis shall apply in lieu of LIBOR to all Interest Periods commencing on or after the first day of the Affected Interest Period, until the circumstances giving rise to such notice have ceased to apply. During the Negotiation Period, the Lenders are not obliged to fund any Disbursement unless and until a Substitute Basis is agreed upon. If a Substitute Basis is not agreed upon during the Negotiation Period, each Lender shall, subject to compliance with applicable Brazilian laws and regulations, determine (and shall certify from time to time in a certificate delivered by such Lender to the Administrative Agent setting forth in reasonable detail the basis of the computation of such amount) the rate basis reflecting the cost to such Lender of funding its Loans for the Interest Period commencing on or after the first day of the Affected Interest Period, until the circumstances giving rise to such notice have ceased to apply, and such rate basis shall be binding upon the Borrower and such Lender and shall apply in lieu of LIBOR, as applicable, for the relevant Interest Period.

2.12 Survival.

The agreements and obligations of the Borrower in Sections 2.8, 2.10 and 2.11 shall survive the

payment of the Loans and all other obligations under the Financing Documents.

2.13 Replacement Lender.

(a) If at any time the Borrower becomes obliged to prepay any amount in accordance with Section 2.9 or pay any compensation under Section 2.10 to any Lender, then the Borrower shall have the right, at its sole expense and effort and provided that no Default or Event of Default then exists or would exist after giving effect to such replacement, on ten (10) Business Days prior written notice to the Administrative Agent and such Lender, to replace such Lender by requiring such Lender to (and such Lender shall) assign and delegate, without recourse, pursuant to Section 10.13 all (and not part only) of its rights and obligations under this Agreement to a Lender or another bank or financial institution (a "Replacement Lender") selected by the Borrower for a purchase price in cash payable at the time of assignment equal to the outstanding principal amount of such Lender's participation in the outstanding Loans and all accrued interest, fees, and other amounts payable in relation thereto under the Financing Documents. A Lender shall not be required to make any such assignment or delegation if, prior thereto, as a result of a waiver by such Lender or otherwise, the circumstances entitling the Borrower to require such assignment and delegation cease to apply.

(b) The replacement of a Lender pursuant to this Section 2.13 shall be subject to the following conditions: (i) all obligations of the Borrower then owing to the replaced Lender (other than those specifically described in paragraph (a) above in respect of which the assignment purchase price has been paid but including all amounts, if any, owing under any Financing Document) to be paid in full to such replaced Lender concurrently with such replacement; (ii) the Borrower shall have no right to replace the Administrative Agent or Security Agent; (iii) neither the Administrative Agent nor the Lender shall have any obligation to the Borrower to find a Replacement Lender; and (iv) in no event shall the Lender replaced under this Section 2.13 be required to pay or surrender to such Replacement Lender any of the fees received by such Lender pursuant to the Financing Documents.

(c) The Replacement Lender shall enter into the Assignment and Acceptance pursuant to Section 10.13 pursuant to which the Replacement Lender shall acquire all of the Available Loan Commitments and outstanding Loans of the replaced Lender. Upon receipt by the replaced Lender of all amounts required to be paid to it pursuant to this Section 2.13, the Administrative Agent shall be entitled (but not obligated) and is authorized (which authorization is coupled with an interest) to execute the Assignment and Acceptance on behalf of such replaced Lender and any such Assignment and Acceptance so executed by the Administrative Agent, and the Replacement Lender shall be effective for purposes of this Section 2.13 and Section 10.13. Upon the execution of the Assignment and Acceptance, the payment of amounts referred to in paragraphs (a) and (b) above, recordation of the assignment on the Register by the Administrative Agent pursuant to Section 8.10, the Replacement Lender shall become a Lender hereunder and the replaced Lender shall cease to constitute a Lender hereunder, except with respect to indemnification provisions under this Agreement (including, without limitation, Sections 2.8, 2.9, 2.10, 2.11, 10.1, 10.2), which shall survive as to such replaced Lender.

2.14 Matters applicable to All Requests for Compensation.

Notwithstanding anything herein to the contrary, with respect to any Lender's claim for compensation under any of Sections 2.8, 2.9, and 2.10, the Borrower shall not be required to compensate any Lender pursuant to Sections 2.8, 2.9, or 2.10 for any amounts incurred more than two-hundred seventy (270) days prior to the date that such Lender notifies the Borrower of the event that gives rise to the claim; provided that, if the circumstances giving rise to such claim have retroactive effect, then such two-hundred seventy (270) day period referred to above shall be extended to include the period of retroactive effect thereof.

SECTION 3. CONDITIONS PRECEDENT.

3.1 Conditions to Initial Disbursement of Loans.

The obligation of any Lender to make its initial Loan shall be subject to the following conditions precedent that the Administrative Agent shall have received, or shall have waived receipt of, each of which shall be

in form and substance satisfactory to the Administrative Agent (acting on the instructions of all Lenders), and the other conditions set forth below shall have been satisfied or waived by the Administrative Agent (acting on the instructions of all Lenders):

(a) Transaction Documents.

(i) Each of the Transaction Documents (other than the Fiduciary Assignment and the Notes) shall have been executed and delivered by each party thereto. The Lender and the Administrative Agent shall have received (A) an original of each Transaction Document duly executed by all parties thereto, and (B) a copy of each other Transaction Document. The Borrower and each Guarantor shall, pursuant to a power of attorney, execute this Agreement at the offices of Linklaters LLP, located at 1345 Avenue of the Americas, New York, New York 10105, United States of America.

(ii) The Fiduciary Assignment shall have been (A) duly authorized and executed by each party thereto, (B) registered with the Registry of Titles and Deeds (*Cartório de Registro de Títulos e Documentos*) of the City of São Paulo, and (C) in all aspects perfected to provide the first-ranking priority Lien intended to be provided therein and all fees and costs and expenses in relation thereto have been duly paid or discharged.

(iii) An original of each of the Financing Documents executed outside of Brazil shall be duly notarized by a notary public licensed as such under the law of the place of execution, and the signature of such notary public to be authenticated by a competent consular official of Brazil.

(iv) The Administrative Agent shall have received an original of this Agreement (A) duly notarized, (B) legalized with the competent Brazilian consulate at the place of execution, (C) sworn translated into Portuguese by a sworn translator registered with the Board of Commerce (*Junta Comercial*) and (D) registered with the Registry of Titles and Deeds (*Cartório de Registro de Títulos e Documentos*) of the city in which the Borrower is headquartered.

(v) The Administrative Agent shall have received an original of the Collateral Agency Agreement (A) duly executed by all parties thereto, (B) duly notarized, (C) legalized with the competent Brazilian consulate at the place of execution, (D) sworn translated into Portuguese by a sworn translator registered with the Board of Commerce (*Junta Comercial*) and (E) registered with the Registry of Titles and Deeds (*Cartório de Registro de Títulos e Documentos*) of the city in which the Security Agent is headquartered.

(b) Charter Documents. The Administrative Agent shall have received the following documents, each certified as indicated below:

(i) a certified copy of each Charter Document (including the articles of incorporation and current by-laws (*contrato social* and *estatuto social*) of each Obligor, as in effect on the Closing Date, registered with the applicable Board of Commerce (*Junta Comercial*) and, in respect of the Borrower, the most recently available certificate from the relevant Governmental Authority at the federal level and state level, each as to the good standing of and payment of taxes by the Borrower, including the (A) *Certidão Negativa de Débito - CND* or *Certidão Positiva de Débito com Efeitos de Negativa - CPD-EN*, issued through the Internet by *Secretaria da Receita Federal do Brasil*, and (B) *Certidão Conjunta Negativa de Débitos relativos a Tributos Federais e à Dívida Ativa da União* or *Certidão Conjunta Positiva com Efeitos de Negativa de Débitos relativos a Tributos Federais e à Dívida Ativa da União*, issued through the Internet by *Secretaria da Receita Federal* and *Procuradoria-Geral da Fazenda Nacional*;

(ii) an Officer's Certificate of the Borrower dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of the Charter Documents of the Borrower, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by the board of directors (or other equivalent body) of the Borrower duly registered with São Paulo's Board of Commerce (*Junta*

Comercial do Estado do São Paulo), (1) approving the transactions contemplated by the Financing Documents, (2) authorizing the execution, delivery and performance of the Financing Documents to which the Borrower is or is intended to be a party, and approving the terms, conditions and transactions contemplated under such Financing Documents and (3) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by the Borrower under such Financing Documents (including, without limitation, the Notice of Borrowing) and dispatch all documents and notices to be signed and/or dispatched by the Borrower under or in connection with the Financing Documents, and that such resolutions have not been amended, supplemented or otherwise modified and are in full force and effect, (C) that the execution, delivery and performance of the Master Supply Agreement and the terms, conditions and transactions contemplated under such Master Supply Agreement have been duly approved and authorized by the board of directors (or other equivalent body), as the case may be, of the Borrower, (D) as to the name, incumbency and specimen signature of each officer of the Borrower (identified as per clause (B)(3) above) executing the Financing Documents to which the Borrower is intended to be a party and each other document to be delivered by the Borrower from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from the Borrower) and (E) the good standing of the Borrower;

(iii) an Officer's Certificate of each Guarantor, dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of its Charter Documents, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by its board of directors (or a committee of the board of directors or other equivalent body), as the case may be, (1) approving the giving of the Guaranty, (2) authorizing the execution, delivery and performance of the Financing Documents to which it is a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (3) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by it under such Financing Documents and dispatch all documents and notices to be signed and/or dispatched by it under or in connection with the Financing Documents, and that such resolutions have not been amended, supplemented or otherwise modified and are in full force and effect, (C) that the execution, delivery and performance of the Master Supply Agreement has been duly approved and authorized, (D) as to the name, incumbency and specimen signature of each of its officer (identified as per clause (B)(3) above) executing the Financing Documents to which it is a party and each other document to be delivered by it from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from it) and (E) the good standing of such Guarantor; and

(iv) an Officer's Certificate of the Parent, dated the Closing Date, certifying (A) that attached thereto is a true and complete copy of its Charter Documents, as in effect at all times from the date on which the resolutions referred to in clause (B) below were adopted to and including the date of such certificate, (B) that attached thereto is a true and complete copy of resolutions duly adopted by its board of directors (or a committee of the board of directors or other equivalent body), as the case may be, (1) authorizing the execution, delivery and performance of the Financing Documents to which it is a party, and approving the terms, conditions and transactions contemplated under such Financing Documents, and (2) authorizing a named person or persons on its behalf to identify, negotiate and finalize the terms of the Financing Documents to which it is a party and authorizing such persons to execute such Financing Documents and any documents to be delivered by it under such Financing Documents and dispatch all documents and notices to be signed and/or dispatched by it under or in connection with the Financing Documents, and that such resolutions have not been amended, supplemented or otherwise modified and are in full force and effect, (C) that the execution, delivery and performance of the Master Supply Agreement by the Parent and the terms, conditions and transactions contemplated under the Master Supply Agreement have been duly approved and authorized, (D) as to the name, incumbency and specimen signature of each of its officer (identified as per clause (B)(2) above) executing the Financing Documents to which it is a party and each other document to be delivered by it from time to time in connection therewith (and the Financing Parties may conclusively rely on such certificate until the Administrative Agent receives a replacement certificate in the form described in this clause (D) from it) and (E) the good standing of the Parent.

(c) Governmental Approvals.

(i) The Administrative Agent shall have received originals (or copies certified by an Authorized Officer of the Borrower to be true and complete copies) of all the agreements under which the Licenses have been granted and the amendments to such agreements duly executed by ANATEL or any formal act issued by ANATEL evidencing the transfer of the Licenses from Nextel Serviços de Telecomunicações Ltda. to the Borrower.

(ii) There shall have been no change or proposed change in any applicable Law, and no issuance of any order, writ, injunction or decree of any Governmental Authority or arbitral tribunal, which, in either such case, could reasonably be expected to result in a Material Adverse Effect.

(d) Borrower's Certificate. The Administrative Agent shall have received an Officer's Certificate of the Borrower, dated the Closing Date, to the effect that: (i) any borrowing or similar limit binding on the Borrower will not be breached as a result of the Borrower borrowing Loans up to the Total Loan Commitment and (ii) the copy of each document delivered by or on behalf of it pursuant to this Section 3.1 is a true, correct and complete copy of its original, and, except as delivered pursuant to Section 3.1(a), there are no agreements, side letters or other documents to which the Borrower is a party which have the effect of modifying or supplementing in any respect any of the respective rights or obligations of the Borrower or the Suppliers under any of the Transaction Documents to which the Borrower or the Suppliers are a party.

(e) Guarantor's Certificate. The Administrative Agent shall have received an Officer's Certificate of each Guarantor, dated the Closing Date, to the effect that (i) any guaranteeing or similar limit binding on it will not be breached as a result of its guaranteeing Loans up to the Total Loan Commitment and (ii) the copy of each document delivered by or on behalf of it pursuant to this Section 3.1 is a true, correct and complete copy of its original, and, except as delivered pursuant to Section 3.1(a), there are no agreements, side letters or other documents to which it is a party which have the effect of modifying or supplementing in any respect any of the respective rights or obligations of it under any of the Transaction Documents to which it is a party.

(f) Financial Information. The Administrative Agent shall have received copies of the Original Financial Statements together with a certificate from the chief financial officer, treasurer or financial controller of the Borrower, dated the Closing Date, to the effect that, to the best of such officer's knowledge, no event or change has occurred since the date of such financial statements that could reasonably be expected to result in a Material Adverse Effect.

(g) Process Agent. The Administrative Agent shall have received (i) a copy of a letter from CT Corporation System unconditionally accepting its appointment as process agent in New York for each Obligor, in substantially the form of Exhibit B-1 attached hereto or in the form provided and customarily adopted by CT Corporation System, (ii) a copy of the relevant public instrument formalizing the irrevocable and irreversible power of attorney duly granted by each Obligor in favor of CT Corporation System, in terms satisfactory to the Administrative Agent and in accordance with applicable laws, notably for service of process under Brazilian law, in the form of Exhibit B-2 attached hereto and (iii) evidence that all payment due and payable to CT Corporation System by each Obligor have been duly paid or discharged.

(h) Legal Opinions. The Administrative Agent shall have received a copy of each of the following legal opinions, which legal opinions shall be dated the Closing Date and addressed to each Financing Party:

(i) a legal opinion of White & Case LLP, New York counsel to the Administrative Agent and the Lender, as to matters of enforceability of the Financing Documents under New York law, in form and substance satisfactory to each Financing Party;

(ii) a legal opinion of Dias Carneiro Advogados, Brazilian counsel to the Administrative Agent and the Lender, as to matters of execution, delivery, and performance with respect to each Obligor in form and substance satisfactory to each Financing Party; and

(iii) a legal opinion of Morris James LLP, Delaware counsel to the Administrative Agent and the Lender, as to matters of good standing, execution, delivery, and performance with respect to the Parent in form

and substance satisfactory to each Financing Party.

(i) Supplier Documentation. The Administrative Agent shall have received each of the following:

(i) written confirmation from the Suppliers addressed to the Administrative Agent (for the benefit of all Financing Parties) certifying that (A) all Authorizations required or advisable in China and any other applicable jurisdiction in connection with the Master Supply Agreement have been obtained and are in full force and effect and (B) it shall provide the Administrative Agent with such additional information and documentation and certification as it may reasonably request from time to time in connection with the Sinasure Insurance and/or the Transaction Documents;

(ii) written confirmation signed by the Suppliers and the Borrower confirming that (A) the effective date of the Master Supply Agreement has occurred, (B) the Master Supply Agreement is in full force and effect and constitutes the valid, legal and binding obligations of the parties thereto and (C) there has been no material breach of the Master Supply Agreement; and

(iii) a list, certified by an Authorized Officer of the Suppliers, as to the name, incumbency and specimen signature of each person authorized to sign certificates, confirmations and undertakings required hereunder (including all Supplier Certificates) and any other document that the Suppliers may present to the Administrative Agent or the Lenders from time to time (and for all purposes of this Agreement the Administrative Agent shall be entitled to rely on the information provided pursuant to the foregoing and on any further such letter notifying the Administrative Agent of the names and specimen signatures of persons so authorized) accompanied by the Suppliers' undertaking to update information therein contained in the event of any changes.

(j) Group Chart; Business Plan. The Administrative Agent shall have received a copy of the Group Chart and the Borrower's most updated Business Plan.

(k) Master Supply Agreement. The Administrative Agent shall have received a copy of the Master Supply Agreement certified by Authorized Officers of the Suppliers as a true, complete and accurate copy of its original.

(l) Release Agreement. The Administrative Agent shall have received a copy of the Release Agreement, together with all attachments thereto, certified by an Authorized Officer of the Borrower as a true, complete and accurate copy of its original.

(m) Foreign Exchange Registration. The Borrower shall have registered the Total Loan Commitment, and the fees, expenses and commissions expressly referred to in the Financing Documents, as applicable, within the ROF with the Central Bank.

(n) Evidence of Civil and Construction Work. The Administrative Agent shall have received evidence satisfactory to the Administrative Agent that the Borrower has paid through its own funds at least fifty-million US Dollars (US\$50,000,000) (or its equivalent in other currencies) for the civil and construction work related to the construction by the Borrower of the Telecommunications Networks in Brazil for the period from January 2011 to the Closing Date.

(o) Fees. The Financing Parties shall have received all fees and expenses required to be paid or reimbursed under the Fee Letter and the Administrative Agent shall have received evidence that any stamp or similar taxes accrued or payable in connection with the transactions contemplated hereby, and that are payable by the Borrower in accordance with the Financing Documents, have been unconditionally and irrevocably paid in full.

(p) Foreign Corrupt Practices Act. The Administrative Agent shall have received an Officer's Certificate of the Borrower and an Officer's Certificate of each Guarantor, each dated the Closing Date, stating that, to the best of its knowledge, neither it nor any of its officers, directors, employees, agents or Affiliates, acting on its behalf, has taken any action in connection with the Project or the transactions contemplated herein that violates the Foreign Corrupt Practices Act of the United States, if applicable, or any similar Law in Brazil or any other jurisdiction, if applicable.

(q) Others. All corporate and other proceedings, and all documents, instruments and other legal

matters in connection with the transactions contemplated by this Agreement and the other Transaction Documents shall be reasonably satisfactory in form and substance to the Administrative Agent.

3.2 Initial and Subsequent Loans.

The obligation of any Lender to make its initial Loan or any subsequent Loan on any Disbursement Date shall be subject to the following conditions precedent unless such condition is waived by the Administrative Agent (acting on the instructions of all Lenders):

(a) Notice of Borrowing. Prior to the making of each Loan, the Administrative Agent shall have received the Notice of Borrowing pursuant to and in compliance with Section 2.2 in respect of the Borrowing.

(b) Master Supply Agreement. The Administrative Agent shall have received each of the following:

(i) evidence in form and substance satisfactory to the Administrative Agent that at least fifteen percent (15%) of the amounts due and payable with respect to the corresponding Purchase Orders issued under the Master Supply Agreement have been irrevocably paid to the applicable Supplier; and

(ii) a list of invoice(s) issued in respect of the Purchase Order(s) being financed by the

(c) Supplier's Certificate. The Administrative Agent shall have received a Supplier's Certificate in respect of a Loan.

(d) Representations and Warranties. In relation to any Disbursement on the Closing Date, all the representations and warranties of the Obligors contained in Section 4 hereof shall be true and correct in all material respects, or, in relation to any Disbursement after the Closing Date, the Repeating Representations shall be true and correct in all material respects on and as of such Disbursement Date as if made on and as of such date and, in each case, will remain true and correct in all material respects immediately after the Disbursement except for those representations and warranties that refer to a particular date or period.

(e) No Default. No Default or Event of Default shall have occurred and be continuing or would occur as a result of any Disbursement.

(f) Compliance Certificate. The Administrative Agent shall have received a certificate signed by an Authorized Officer of the Borrower in form and substance satisfactory to the Administrative Agent confirming compliance by the Borrower with the financial covenants set out in Section 5.22 on the basis of the Borrower's most recent consolidated financial statements delivered pursuant to Sections 5.1(a) and 5.1(b).

(g) Expenses. The Borrower shall have paid or arranged for the payment when due (including, to the extent permitted, arrangement for payment out of Disbursements) of all expenses and other charges payable by it on or prior to such Disbursement Date under this Agreement or under any other Financing Document.

(h) Material Adverse Effect. There has been no Material Adverse Effect or any disruption in the international or domestic markets which could be reasonably expected to have a Material Adverse Effect.

SECTION 4. REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

In order to induce the Lenders to enter into this Agreement and to make the Loans, each Obligor makes the following representations, warranties and agreements (only in respect of itself and any of its Subsidiaries) as of the Signing Date and the Closing Date, and makes the Repeating Representations (only in respect of itself and any of its Subsidiaries) as of the date of each Notice of Borrowing, each Disbursement Date and each Interest Payment Date, in each case by reference to the facts and circumstances then existing, except that the reference in Section 4.4 to Original

Financial Statements shall, after the delivery of the Original Financial Statements, be deemed to be a reference to the most recent financial statements delivered pursuant to Section 5.1:

4.1 Organization.

Each Obligor is (i) duly organized, validly existing and in good standing under the laws of Brazil, and (ii) duly authorized and qualified to do business and is in good standing in its jurisdiction of incorporation and in jurisdictions in which the conduct of its business requires it to so qualify, except in the case of clause (ii), to the extent that failure to do so, could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect. Each Obligor has the requisite corporate power and authority to own or lease and operate its Properties, to carry on its business, to borrow money and to execute, deliver and perform each Transaction Document to which it is or will be a party.

4.2 Authority and Consents.

(a) The execution, delivery and performance by each Obligor of each Transaction Document to which it is or will be a party, and the transactions contemplated by the Transaction Documents: (i) have been duly authorized by all necessary corporate action; (ii) will not breach, contravene, violate, conflict with or constitute a default under (A) any of its Charter Documents, (B) any applicable Law or (C) any contract, loan, agreement, indenture, mortgage, lease or other instrument to which it is a party or by which it or any of its Properties may be bound or affected, including all Governmental Approvals, except in the case of clauses (B) and (C) above, to the extent that such breach, contravention, violation or other conflict or default could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; and (iii) will not result in or require the creation or imposition of any Lien upon or with respect to any of its Properties other than a Permitted Lien.

(b) Each Transaction Document (other than the Fiduciary Assignment and the Notes) to which an Obligor is a party (i) has been duly executed and delivered by such Obligor and (ii) when executed and delivered by each of the other parties thereto will be the legal, valid and binding obligation of such Obligor and the Parent, as the case may be, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by insolvency, moratorium, bankruptcy or similar laws affecting the enforcement of creditors' rights generally.

(c) The Fiduciary Assignment (i) has been duly executed and delivered by the Fiduciary Assignor and (ii) upon satisfaction of the conditions precedent set forth in Sections 3.1(a)(ii) and 3.1(a)(iii), if applicable, will be the legal, valid and binding obligation of such Obligor, as the case may be, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by insolvency, moratorium, bankruptcy or similar laws affecting the enforcement of creditors' rights generally.

(d) Each Note to which an Obligor will be a party will, when executed and delivered by each of the parties thereto, be the legal, valid and binding obligation of such Obligor, as the case may be, enforceable against it in accordance with its terms, except as enforceability thereof may be limited by insolvency, moratorium, bankruptcy or similar laws affecting the enforcement of creditors' rights generally.

(e) All authorizations required to make the Transaction Documents to which an Obligor is a party admissible in evidence in its jurisdiction of incorporation have been obtained or effected and are in full force and effect.

4.3 Governing Law and Enforcement.

(a) The choice of governing law of the Financing Documents will be recognized and enforced in the relevant jurisdictions.

(b) Any judgment obtained in relation to a Financing Document in the jurisdiction of the governing law of that Financing Document will be recognized and enforced in the relevant jurisdictions; provided that, for the purposes of enforcing a final judgment of a foreign court in Brazil, (i) such judgment is obtained in compliance with

the legal requirements of the jurisdiction of the court rendering such judgment; (ii) process in the action has been served personally to the parties to the suit or to their duly appointed attorney(s) in fact/agents; (iii) such judgment does not contravene Brazilian public order, sovereignty or morality (as provided by article 17 of the Law of Introduction to the rules of Brazilian Law (*Lei de Introdução às normas do Direito Brasileiro*)) and is not contrary to a previous and final judgment (*res judicata*) handed down in Brazil concerning the same parties and in relation to a claim with identical object; (iv) such judgment is final in the jurisdiction where obtained and not subject to appeal (*res judicata*); and (v) the documents relating to the judgment rendered shall have been legalized with the competent Brazilian consulate in the country where it was issued, and sworn translated into Portuguese by a sworn translator registered with the Board of Commerce (*Junta Comercial*) in Brazil.

4.4 Financial Condition.

(a) The Original Financial Statements have been prepared in accordance with Brazilian GAAP and fairly present the financial condition of the Borrower as at such dates and the results of its operations for the periods ended on such dates.

(b) Except as disclosed in the Original Financial Statements or otherwise disclosed to the Administrative Agent in writing prior to the Closing Date, the Borrower has no outstanding material obligations or liabilities, fixed or contingent.

(c) Since the date of the most recent financial statements delivered pursuant to Section 5.1, there has been no event or condition which would have or could reasonably be expected to result in a Material Adverse Effect.

4.5 No Misleading Information.

All documents, reports or other written information provided to a Financing Party by or on behalf of an Obligor under the Financing Documents and the transactions contemplated thereby are accurate and not misleading in any material respect and all projections provided to any Financing Party have been prepared in good faith on the basis of assumptions which were deemed reasonable at the time at which they were prepared and supplied (it being understood that (i) any projections as to any future events are as to future events and are not to be viewed as facts, that such projections are subject to significant uncertainties and contingencies, many of which are beyond the control of the Borrower and the Obligors, that no assurance can be given that any particular projection will be realized and that actual results during the period or periods covered by any such projections may differ significantly from the projected results and such differences may be material and that such projections are not a guarantee of future financial performance and (ii) no representation is made with respect to information of a general economic or general industry nature) and all other written information provided by or on behalf of an Obligor under the Financing Documents was true, complete and accurate in all material respects as at the date it was provided and is not misleading in any respect. No Obligor is aware of any circumstance that would render the information referred to above materially inaccurate or misleading.

4.6 Litigation; Labor Disputes.

(a) There (i) is no action, suit, bankruptcy proceeding, other legal proceeding, arbitral proceeding, inquiry or investigation pending or, to the best of the Borrower's knowledge, threatened, against it by or before any Governmental Authority or in any arbitral or other forum, nor any order, decree or judgment in effect, pending, or, to the best of the Borrower's knowledge, threatened, that has a reasonable possibility of being adversely determined and if adversely determined, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; and (ii) are no ongoing, or, to the best knowledge of the Borrower, currently threatened, strikes, slowdowns or work stoppages by the employees of the Borrower that could reasonably be expected to result in a Material Adverse Effect.

(b) There is no action, suit, other legal proceeding, arbitral proceeding, inquiry or investigation pending or, to the best of each Guarantor's knowledge, threatened, against it by or before any Governmental Authority or in any arbitral or other forum, nor any order, decree or judgment in effect, pending, or, to the best of each Guarantor's knowledge, threatened, that has a reasonable possibility of being adversely determined and if

adversely determined, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.7 Governmental Approvals.

(a) All Governmental Approvals (including the Licenses) (i) necessary in connection with (A) the legality, validity and binding effect or enforceability or (B) the due execution and delivery of, and performance by each Obligor of its obligations and the exercise of its rights under, the Financing Documents to which it is party or any transaction contemplated by the Financing Documents and (ii) materially necessary in connection with the performance by each of the Borrower and the Parent of its obligations and the exercise of its rights under the Master Supply Agreement to which they are a party (collectively, the “Necessary Governmental Approvals”), have been duly obtained or made, were validly issued, are in full force and effect, are final, are held in the name of any Obligor, and are free from conditions or requirements the compliance with which could reasonably be expected to result in a Material Adverse Effect or which any Obligor does not reasonably expect to be able to satisfy, in each case except for (w) the registration of the schedules of payment (*esquema de pagamentos*) within the ROF with the Central Bank to enable any Obligor to make remittances from Brazil in order to effect payment of scheduled principal and interest with respect to the Financing Documents to which it is a party (the “Schedule of Payments”) and the fees, expenses and commissions that are not expressly referred to in the Financing Documents, (x) any further special authorization from, or notice to, as the case may be, the Central Bank that will enable any Obligor to make payments that are specifically covered by the ROF and the Schedule of Payments on a date which is after the 120th day from the original scheduled due date of such payment and (y) any further special authorization from the Central Bank to enable any Obligor to make remittances from Brazil to make payments contemplated in the Financing Documents to which it is a party not specifically covered by the ROF and the Schedule of Payments; provided, however, that in order to ensure the admission of the Financing Documents before the public agencies and courts in Brazil, the signatures of the legal representatives of the parties who executed the Financing Documents outside of Brazil must be (A) duly notarized, (B) legalized with the competent Brazilian consulate at the place of execution, (C) sworn translated into Portuguese by a sworn translator registered with the Board of Commerce (*Junta Comercial*) and (D) registered with the Registry of Titles and Deeds (*Cartório de Registro de Títulos e Documentos*) of the city in which the Borrower is headquartered. No event has occurred that could reasonably be expected to (A) result in the revocation, termination or adverse modification of any such Necessary Governmental Approval or (B) materially and adversely affect any rights of any Obligor under any such Necessary Governmental Approval.

(b) The information set forth in each application submitted by or on behalf of an Obligor in connection with each Necessary Governmental Approval and in all correspondence sent by or on behalf of an Obligor in respect of each such application was accurate and complete in all material respects at the time of the corresponding filing.

4.8 Use of Proceeds.

(a) The proceeds of the Loans will be used solely towards the reimbursement of up to eighty-five percent (85%) of the amounts paid by the Borrower under Purchase Orders ; provided that the aggregate amount of Loans applied towards the amounts reimbursed under the Master Supply Agreement in relation to Non-Chinese Content shall not exceed thirty percent (30%) of the aggregate amount of all such Purchase Orders.

(b) Neither the Borrower nor any other Fiduciary Assignor is engaged principally, or as one of its important activities, in the business of extending credit for the purpose, whether immediate, incidental or ultimate, of buying or carrying Margin Stock, and no part of the proceeds of any Loan will be used to purchase or carry any Margin Stock.

(c) Neither the making or guaranteeing of any Loan nor the use of the proceeds thereof will violate or be inconsistent with the provisions of Regulation U or Regulation X.

4.9 Employee Benefit Plans.

(a) None of the Obligor or any of their respective Subsidiaries has incurred any material obligations in connection with the termination, withdrawal from, or payment of benefits under any Foreign Pension Plan. All material contributions and/or withholdings required to be made by the Borrower and its Subsidiaries with respect to a Foreign Pension Plan, if applicable, have been made.

(b) None of the Obligor or any of their respective Subsidiaries has ever maintained or contributed to, or had any obligation to contribute to (or borne any liability with respect to) any “employee benefit plan,” within the meaning of Section 3(3) of ERISA and subject to ERISA.

4.10 Taxes.

(a) Each Obligor has filed or caused to be filed all Tax returns that are required to be filed by it and has paid or caused to be paid all Taxes shown to be due and payable by it on such returns or on any assessment received by it, except to the extent that any such Taxes are being diligently contested in good faith and by proper proceedings and as to which adequate accounting reserves have been provided. There is no action, suit, proceeding, investigation, audit or claim now pending, to the best knowledge of each Obligor, that could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(b) No liability for any tax will be incurred by any Obligor as a result of the execution, delivery or performance of this Agreement or any other Financing Document or the consummation of the transactions contemplated hereby or thereby except for withholding tax as may be imposed on the remittance of payment of interest, fees, commissions and other expenses from Brazil under the Laws of Brazil.

4.11 No Filing or Stamp Taxes.

Under the Laws of Brazil, it is not necessary (i) that the Financing Documents be filed, recorded or enrolled with any court or other authority in that jurisdiction except as otherwise expressly provided for in the Financing Documents or by Brazilian courts or (ii) that any stamp, registration, notarial or similar Taxes or fees be paid on or in relation to the Financing Documents or the transactions contemplated by the Financing Documents other than such stamp, registration, notarial and other similar Taxes or fees which have already been paid or discharged or to be paid or discharged as contemplated with the Financing Documents; provided that certain judicial fees may be due.

4.12 Investment Company Act.

The Borrower has not taken any action that could result in the Borrower falling within the definition of, and the Borrower is not, an “investment company” or a company “controlled” by an “investment company” within the meaning of the Investment Company Act of 1940, as amended.

4.13 Regulation.

The relevant Obligor has made all declarations and filings with and possesses all Governmental Approvals, that are necessary (i) to give effect to the Financing Documents and (ii) for the relevant Obligor to operate its business of offering telecommunications services in Brazil and engage in all activities as is currently engaged by the relevant Obligor, including without limitation all concession agreements between the relevant Obligor with ANATEL, and the relevant Obligor has not received notice or has knowledge of any limitation, restriction, requirement (including, without limitation, any ANATEL or other requirement related to the provision of any telecommunications services in any area in which the relevant Obligor operates), revocation or modification (actual, pending or, to the best knowledge of the relevant Obligor, threatened) of any such Governmental Approval that could reasonably be expected to result in a Material Adverse Effect.

4.14 Environmental Matters.

(a) Each Obligor has complied and is now complying in all material respects with (i) all Environmental Laws applicable to the Project and (ii) the requirements of any Governmental Approvals issued

under such Environmental Laws with respect to the Project.

(b) There are no facts, circumstances, conditions or occurrences regarding the Project that, to the knowledge of the Borrower (after due inquiry), could reasonably be anticipated to form the basis of an Environmental Claim against the Project, the Borrower or any of its Subsidiaries which, if adversely determined, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

(c) There are no past, pending, or, to the best knowledge of the Borrower, threatened, Environmental Claims against the Borrower or any of its Subsidiaries or the Project which, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

This Section 4.14 sets forth the sole representations and warranties of the Borrower and other Obligor with respect to environmental, health and safety matters, including with respect to Environmental Laws, Environmental Claims and Hazardous Materials.

4.15 No Default.

No Default has occurred and is continuing.

4.16 Compliance with Laws.

None of the Obligor is in violation of any Law, Necessary Governmental Approval or its Charter Documents the violation of which has, or could reasonably be expected to, individually or in the aggregate, result in a Material Adverse Effect.

4.17 Liens.

(a) No Lien exists over any of the Licenses.

(b) Except for Liens arising under item (a)(i) of the definition of "Permitted Liens", no Liens exist over any of the Fiduciary Assigned Assets.

(c) Except for the Permitted Liens, no Liens exist over any of the other Properties of any Obligor.

(d) There are no Transaction Liens.

All liens granted, and any collateral pledged, in each case, under or pursuant to the Share Pledge Agreement have been unconditionally and irrevocably released prior to the Signing Date pursuant to the Release Agreement.

4.18 Intellectual Property.

The Borrower (i) is the sole legal and beneficial owner of or has licensed to it all the Intellectual Property which is material in the context of its business and which is required by it to carry on its business as it is being conducted, except where failure to do so could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect; (ii) to its knowledge, does not, in carrying on its businesses, infringe any Intellectual Property of any third party which has or could reasonably be expected to result in a Material Adverse Effect; and (iii) has taken all formal or procedural actions (including payment of fees) required to maintain any material Intellectual Property owned by it.

4.19 Good Title.

(a) Each Obligor has a good, valid and marketable title to, or valid leases or licenses of, and all appropriate authorizations to use, the Properties necessary in all material respects to carry on the business as presently conducted, except for minor defects which do not materially interfere with its ability to conduct its business or to utilize such Properties.

(b) All Fiduciary Assigned Assets are legally and beneficially owned by the Fiduciary Assignors.

4.20 Ranking.

(a) The rights and claims of the Financing Parties against any of the Obligor under the Financing Documents rank:

(i) *pari passu* in right of payment with all present and future senior unsecured unsubordinated indebtedness of such Obligor;

(ii) senior in right of payment and upon liquidation to the Subordinated Restricted Intercompany Indebtedness in accordance with the Subordination Agreement; and

(iii) senior in right of payment to any Obligor's present and future senior unsecured indebtedness to the extent of the value of the Fiduciary Assigned Assets securing the rights and claims of the Financing Parties, except, in each case, to the indebtedness of creditors whose rights and claims are mandatorily preferred by Brazilian laws of general application to companies.

(b) The Liens arising under item (a)(i) of the definition of "Permitted Liens" have or will have first ranking priority and are not subject to any prior ranking or *pari passu* ranking Lien.

4.21 Group Chart.

The Group Chart delivered to the Administrative Agent hereunder is true, complete and accurate in all material respects.

4.22 Solvency.

(a) No corporate action, legal proceeding or other procedure or step described in Sections 7.1(e), 7.1(g), 7.1(h) or creditors' process described in Section 7.1(l) has been taken or, to the knowledge of the Borrower, threatened in relation to it.

(b) No corporate action, legal proceeding or other procedure or step described in Sections 7.1(e), 7.1(g), 7.1(h) or creditors' process described in Section 7.1(l) has been taken or, to the knowledge of any Guarantor, threatened in relation to such Guarantor.

4.23 No Adverse Consequences.

(a) It is not necessary under the laws of its relevant jurisdictions, (i) in order to enable any Financing Party to enforce its rights under any Financing Document, or (ii) by reason of the execution of any Financing Document or the performance by it of any of its obligations under any Financing Document, that any Financing Party should be licensed, qualified or otherwise entitled to carry on business in any of its relevant jurisdictions.

(b) No Financing Party is or will be deemed to be resident, domiciled or carrying on business in its relevant jurisdictions by reason only of the execution, performance and/or enforcement of any Financing Document.

4.24 Immunity.

Each Obligor is subject to civil and commercial law with respect to its obligations under the Financing Documents to which it is party, and the execution, delivery and performance of the Financing Documents by it constitute private and commercial acts rather than public or governmental acts. No Obligor nor any of its respective Properties has any immunity from suit, court jurisdiction, attachment prior to judgment, attachment in aid of execution of a judgment, set-off, execution of a judgment or from any other legal process with respect to the obligations of each

Obligor under the Financing Documents.

4.25 Availability and Transfer of Foreign Currency.

(a) There are no registrations or requirements that limit the availability or transfer of foreign exchange for the purpose of the performance by an Obligor of its obligations under this Agreement or any other Transaction Document to which it is a party, including, without limitation, the payment in Dollars of all sums due thereunder.

(b) No change in Law, nor any change in the official interpretation or administration of any Law, has occurred that could adversely impact (a) the ability of the Borrower to maintain Dollar accounts outside of Brazil and to transfer amounts from and outside of Brazil as necessary to meet its obligations under the Transaction Documents; and (b) the ability of an Obligor to use Dollars as necessary to perform all of its obligations under the Transaction Documents, including the making of payments in Dollars to the Financing Parties contemplated in the Financing Documents, unless such impact could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

4.26 Trading with the Enemy Act.

Each Obligor represents and warrants to the Financing Parties that none of the execution, delivery and performance of this Agreement nor any of the other Financing Documents, nor, to the best of their knowledge (after due inquiry), the use of the proceeds of the Loans made hereunder, will violate the Trading with the Enemy Act, as amended from time to time, or any of the foreign assets control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended from time to time) or any enabling legislation or executive order relating thereto.

SECTION 5. COVENANTS.

Each of the Obligors, as applicable, covenants and agrees with each of the Lenders that, so long as any Loan Commitment or any Loan or any other obligation is outstanding and until payment in full of all amounts payable by the Borrower under the Financing Documents:

5.1 Financial Statements and Other Information.

The Borrower shall deliver or cause to be delivered to the Administrative Agent:

(a) Annual Financial Statements. As soon as available and in any event within one-hundred twenty (120) days after the end of each fiscal year of the Borrower, a copy of the audited consolidated annual financial statements (including statements of income, retained earnings and cash flow) of the Borrower, audited by an independent and reputable certified public Brazilian accountant of recognized international standing to ensure compliance with Brazilian GAAP;

(b) Semi-annual Financial Statements. As soon as available and in any event within sixty (60) days after the end of each fiscal half-year of the Borrower, a copy of its unaudited consolidated semi-annual financial statements (including statements of income, retained earnings and cash flow);

(c) Certificate. Together with each set of financial statements delivered pursuant to Section 5.1(a) or 5.1(b) above, a certificate of the chief financial officer, treasurer or financial controller of the Borrower certifying that (i) the financial statements are true and complete and fairly represents the consolidated financial conditions of the Borrower at the date such financial statements were drawn up and are prepared in accordance with Brazilian GAAP and (ii) no Default or Event of Default has occurred and is continuing (or, if any Default or Event of Default has occurred and is continuing, describing the same in reasonable detail and describing what action has been taken and is proposed to be taken with respect thereto);

(d) Financial Ratio. Together with each set of financial statements delivered pursuant to Section 5.1(a) or 5.1(b) above, (i) a detailed calculation of the financial ratios set forth in Section 5.22 as tested as of the Calculation Date immediately falling prior to the delivery of such financial statements for the period of twelve (12) months ending on such Calculation Date, certified by the chief financial officer, treasurer or financial controller of the Borrower, and (ii) a Compliance Certificate;

(e) Defaults.

(i) Promptly after any officer or director of an Obligor obtains knowledge that any Default or Event of Default has occurred, a written notice of such event describing the same in reasonable detail satisfactory to the Administrative Agent and, together with such notice, a description in reasonable detail of what action has been taken and is proposed to be taken with respect thereto;

(ii) Promptly after any officer or director of an Obligor obtains knowledge that an event of default (howsoever described) has occurred under any Material Indebtedness and/or that any of its Indebtedness has been accelerated by holder(s) of such Indebtedness as a result of an event of default (howsoever described) under such Indebtedness, a written notice describing the same in detail;

(f) Documents to Shareholders. Promptly after dispatch to the shareholders or creditors of the Borrower, all material documents dispatched by the Borrower to its shareholders generally (or any class of them) or to its creditors generally (or any class of them), to the extent such disclosure would not cause a breach of any confidentiality undertaking binding on the Borrower or non-compliance of any applicable Laws;

(g) "Know Your Client". Promptly upon the request of the Administrative Agent supply, or procure the supply of, such documentation and other evidence as is reasonably requested by the Administrative Agent in order for the Financing Parties to carry out and be satisfied they have complied with all necessary "know your client" or other similar checks under all applicable Laws pursuant to the transactions contemplated in the Financing Documents;

(h) Capital and Organizational Structure. As soon as available, upon any change in the Borrower's share capital and any material change to the Group Chart involving the Borrower or any Guarantor, details of such change;

(i) Notices. Promptly after delivery or receipt thereof, a copy of each material notice, demand or other communication given or received by the Borrower pursuant to or relating to any of the Transaction Documents (including all requests for amendments or waivers) or pursuant to or relating to any Necessary Governmental Approval;

(j) Authorized Signatory. Promptly after any change to any person specified as an authorized signatory of the Borrower or a Guarantor in the resolutions delivered pursuant to Section 3.1(b), details of such change and the specimen signatures of any new authorized signatory;

(k) Business Plan. Promptly after a new or materially updated Business Plan becomes available, such new or updated Business Plan;

(l) Mergers and Disposals. Details of any proposed mergers by an Obligor or a disposal of an Obligor, in each case, as permitted under Section 5.13, at least thirty (30) days prior to the proposed completion date of such merger or such disposal; and

(m) Other Information. From time to time such other information regarding the financial condition, operations, business or prospects of the Obligors as may be reasonably requested by the Administrative Agent or the Security Agent.

5.2 Other Notices.

Each Obligor shall promptly, but in any event no later than fifteen (15) Business Days, after any officer or director obtains actual knowledge thereof, give to the Administrative Agent notice of:

(a) any pending or threatened application or proceeding by or before any Governmental Authority for the purpose of revoking, terminating, withdrawing, suspending, modifying in an adverse manner or withholding any Necessary Governmental Approval held by or issued to it which, if adversely determined, could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(b) any litigation, investigation or proceeding (including any request by any Person for arbitration proceeding) affecting it, a Consolidated Subsidiary or the Project or in which injunctive, declaratory or similar relief is requested which, if adversely determined, could reasonably be expected to result in a Material Adverse Effect;

(c) any (i) Taking, or (ii) other casualty, damage or loss to any Property of the Borrower, whether or not insured, through fire, theft, other hazard or casualty, in excess of twenty-million US Dollars (US\$20,000,000) (or its equivalent in other currencies) (either in a single event or a series of events in any twelve (12) month period); and

(d) any other event, circumstance, development or condition which could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.3 Maintenance of Existence; Conduct of Business.

Each Obligor shall (i) take all actions to maintain all material rights, privileges, titles to property, franchises and the like necessary in the normal conduct of its business, activities or operations and (ii) comply with all of its contractual obligations if failure to so comply could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.4 Compliance with Laws.

Each Obligor shall conduct its business in compliance with all applicable requirements of Law, including all relevant Governmental Approvals and Environmental Laws, except where any failure to comply could not, individually or in the aggregate, result in a Material Adverse Effect, and except that it may contest by appropriate proceedings conducted in good faith the validity or application of any such requirement of Law, so long as (a) none of the Financing Parties would be subject to any criminal liability for failure to comply therewith, and (b) all proceedings to enforce such requirement of Law against the Financing Parties shall have been duly stayed.

5.5 Payment of Taxes.

Each Obligor shall duly pay and discharge before they become overdue (a) all taxes, assessments and other governmental charges or levies imposed upon it or its Property, income or profits, (b) all utility and other governmental charges incurred in the ownership, operation, maintenance, use, occupancy and upkeep of its business, (c) all fees, duties and charges payable in connection with the stamp taxes as set forth in Section 4.11 and (d) all lawful claims and obligations that, if unpaid, might result in the imposition of a Lien upon its Property (except for any Liens arising under tax related proceedings described in item (a)(ii) and (b)(ii) of the definition of "Permitted Liens"), except where a failure to make such payment or discharge, individually or in the aggregate, could not reasonably be expected to result in a Material Adverse Effect; provided, however, that an Obligor shall contest in good faith any such tax, assessment, charge, levy, claim or obligation, in which case, it may permit the tax, assessment, charge, levy, claim or obligation to remain unpaid during any period, including appeals, when it is in good faith contesting the same by proper proceedings, so long as (i) adequate reserves as required under Brazilian GAAP shall have been established and (ii) the contested claim is stayed within the applicable statutory terms.

5.6 Accounting and Financial Management.

Each of the Borrower and any other Fiduciary Assignor shall (a) maintain reasonably adequate management information and cost control systems, and (b) maintain a system of accounting in which full and correct entries shall be made of all of its financial transactions and assets and business in accordance with Brazilian GAAP. In the event that the Borrower or any other Fiduciary Assignor replaces its existing auditors for any reason, the Borrower or such Fiduciary Assignor shall appoint and maintain as auditors another firm of independent public accountants,

which firm shall be internationally recognized.

5.7 Governmental Approvals.

Each Obligor shall: (i) from time to time obtain and maintain, and comply with, all Necessary Governmental Approvals as shall now or hereafter be required under applicable Laws and (ii) intervene in and contest any proceeding which seeks or may reasonably be expected, to rescind, terminate, modify in an adverse manner or suspend any Necessary Governmental Approval and, if reasonably requested by the Required Lenders, appeal any such rescission, termination, adverse modification or suspension in the manner and to the full extent permitted by applicable Law (provided that the obligations of each Obligor under this Section 5.7 shall not in any way limit or impair the rights or remedies of the Financing Parties under any Financing Document directly or indirectly arising as a result of any such rescission, termination, modification or suspension), except to the extent that the failure to take any of the actions above could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.8 Maintenance of Properties, Books and Intellectual Property.

Each of the Borrower and any other Fiduciary Assignor shall (i) maintain in good working order and condition (ordinary wear and tear excepted) all of its Properties necessary in the conduct of its business, (ii) maintain updated books and records in accordance with good business practice of companies carrying on the same or substantially similar business and applicable Laws and (iii) shall preserve and maintain ownership of or the right to use all Intellectual Property and other rights with respect thereto which are necessary for the operation of its business unless the absence of which could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.9 Insurances.

The Borrower shall maintain or cause to be maintained in full force and effect at all times on and after the Signing Date and continuing throughout the term of this Agreement, at its own costs insurance coverage on and in relation to its business and assets against those risks and to the extent as is usual for companies carrying on the same or substantially similar business with reputable insurance companies or underwriters except where the failure to maintain such insurance coverage could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.10 Pension Plans.

Each of the Borrower, its Subsidiaries and the Guarantors, as applicable, shall maintain each pension or retirement plan or scheme or any similar plans in substantial compliance with the terms and the requirements thereof and in compliance with all applicable Laws.

5.11 Access.

No more than two (2) times during each fiscal year of the Borrower or at any time and from time to time after the occurrence of a Default or an Event of Default, upon at least ten (10) Business Days prior written notice, the Borrower shall permit the Administrative Agent, Security Agent and/or accountants or other professional advisers and delegates of the Administrative Agent, free access at all reasonable times (during normal business hours) to the premises and Properties of the Borrower or any of the Guarantors to (a) inspect and make copies and extracts from the books, accounts and records of the Borrower and its Subsidiaries; (b) view the premises of the Borrower and its Subsidiaries and (c) meet and discuss with senior management employees of the Borrower; provided, however, that all costs and expenses associated with such visits and inspections upon the occurrence and continuation of a Default or an Event of Default shall be for the account of the Borrower.

5.12 Limitation on Liens.

(a) Subject to paragraph (b) of this Section 5.12, except for the Permitted Liens, none of the Obligors shall, directly or indirectly, create, incur, assume or suffer to exist any Lien upon any of its Property,

whether now owned or hereafter acquired.

(b) None of the Obligors shall, directly or indirectly, create, incur, assume or suffer to exist any Lien upon (i) any of the Fiduciary Assigned Assets, whether now owned or hereafter acquired under the Master Supply Agreement, except for any Lien arising under item (a) of the definition of “Permitted Liens”, or (ii) any of the Licenses.

(c) In the event an Obligor creates a Lien over any of its Property as permitted under item (b)(x) of the definition of “Permitted Lien”, such Obligor shall, take all actions and execute all documents necessary to ensure that such Lien is also created in favor of the Security Agent (for the benefit of the Financing Parties) on a *pari passu* basis.

5.13 Merger; Disposals.

(a) No Obligor shall consent to, enter into or become a party to any merger, consolidation (*incorporação*), including share merger (*incorporação de ações*), transformation of the corporate form (*transformação*) (unless such change results in the Obligor being transformed into a *sociedade anônima*), spin-off (*cisão*), liquidation, consolidation (*fusão*), amalgamation or sell, lease, transfer or otherwise dispose of any substantial part of its properties or, any of its properties essential to the conduct of its business or operations (“Transfer of Establishment”) (*transferência de estabelecimento*) without the prior written consent of the Administrative Agent unless such merger, consolidation (*incorporação*), including share merger (*incorporação de ações*), transformation of the corporate form (*transformação*), Transfer of Establishment spin-off (*cisão*), liquidation, consolidation (*fusão*) or amalgamation is between or among (i) the Borrower and any Subsidiary of the Borrower and the Borrower is the surviving entity; (ii) the Guarantors and the assets of any merged or consolidated Guarantor shall remain with the surviving Guarantor, (iii) the Subsidiaries of the Borrower that are not Guarantors, or (iv) the Borrower and any Person (other than a Guarantor or a Subsidiary) and the Borrower is the surviving entity, (v) a Guarantor and any Person (other than the Borrower or another Guarantor) and such Guarantor is the surviving entity, and in each case, (A) when no Default or Event of Default is continuing or would occur as a result of such merger, consolidation or amalgamation, (B) such merger, consolidation or amalgamation would not result in a Change of Control and (C) the Borrower has complied and will continue to comply with the financial ratios under Section 5.22.

(b) Subject to paragraph (c) below, none of the Obligors shall, either in a single transaction or a series of transactions, and whether voluntarily or involuntarily, sell, transfer, grant, lease or otherwise dispose of all or substantially all of its Properties except for the Permitted Disposals.

(c) Notwithstanding anything to the contrary herein or in any other Financing Document, no Obligor shall, in a single transaction or a series of transactions, and whether voluntarily or involuntarily, sell, transfer, grant, lease or otherwise dispose of (i) any of the Fiduciary Assigned Assets except as otherwise expressly permitted under, and in accordance with the terms of, the Fiduciary Assignment or (ii) any of the Licenses.

5.14 Change of Business.

The Borrower shall (a) maintain its chief place of business in Brazil and maintain the office where it keeps its records concerning the Financing Documents at such location and (b) not engage in any business other than the Permitted Business.

5.15 Amendment of Charter Documents.

None of the Obligors shall amend, vary, novate, supplement, supersede, waive, exercise any discretion under, or terminate any term of (or agree to any of the foregoing) its Charter Documents, except where any of such actions could not reasonably be expected to result in a Material Adverse Effect.

5.16 Master Supply Agreement.

The Borrower shall not, without the prior written consent of the Administrative Agent, (i) amend, vary, novate, supplement, supersede, waive or terminate any term of the Master Supply Agreement or any other document delivered to the Administrative Agent pursuant to Section 3.1 except to the extent that such amendment, variation, novation, supplement, superseding, waiver or termination could not have or could not, individually or in the aggregate, be reasonably expected to result in a Material Adverse Effect and the Administrative Agent has been promptly notified, (ii) agree to or permit the cancellation, suspension or termination of the Master Supply Agreement (other than termination in accordance with its terms) or (iii) sell, assign or otherwise dispose of any part of its interest in the Master Supply Agreement.

5.17 Transactions with Affiliates.

Except for the Permitted Related Party Transactions, the Borrower shall not directly or indirectly (a) make any Investment in or payment to an Affiliate of the Borrower (other than to a Subsidiary of the Borrower); (b) transfer, sell, lease, assign or otherwise dispose of any Property to an Affiliate of the Borrower (except pursuant to a Permitted Disposal); (c) purchase or acquire Property from an Affiliate of the Borrower (except as permitted under Section 5.13); or (d) enter into any other transaction or arrangement directly or indirectly with or for the benefit of an Affiliate of the Borrower, unless any such transaction is (i) in the ordinary course of the Borrower's (and such Affiliate's) business, and (ii) upon fair and reasonable terms no less favorable to the Borrower than it would obtain in a comparable arm's length transaction with a Person which is not an Affiliate.

5.18 Fiscal Year

The Borrower's fiscal year shall end on December 31 of each calendar year.

5.19 Environmental Compliance.

Each Obligor shall:

(a) comply with all Environmental Laws applicable to the Project, obtain and maintain any Governmental Approvals required pursuant to such applicable Environmental Laws, and take all reasonable steps in anticipation of known or expected future changes to or obligations under applicable Environmental Laws or any related Governmental Approvals except for any such non-compliance or failure to act which could not, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect;

(b) inform the Administrative Agent in writing as soon as reasonably practicable upon becoming aware of:

(i) any Environmental Claim which has been commenced or (to the best of the Borrower's knowledge and belief) is threatened against it, or

(ii) any facts or circumstances which will or could reasonably be expected to result in any Environmental Claim being commenced or threatened against the Borrower, in the case of each of the foregoing clauses (i) or (ii) where such Environmental Claim has or could, individually or in the aggregate, reasonably be expected to result in a Material Adverse Effect.

5.20 Certain Agreements.

No Obligor shall enter into any agreement or undertaking (except for the Financing Documents and as contemplated therein and except pursuant to any agreement approved by the Required Lender for the refinancing of any of the Loans) restricting, or purporting to restrict, the ability of such Obligor to amend this Agreement or any other Financing Document without the consent of the Administrative Agent.

5.21 Ranking.

(a) Each of the Obligor shall ensure that the rights and claims of the Financing Parties against any of the Obligor under the Financing Documents at all times rank:

(i) *pari passu* in right of payment with all present and future senior unsecured unsubordinated indebtedness of such Obligor;

(ii) senior in right of payment and upon liquidation to the Subordinated Restricted Intercompany Indebtedness in accordance with the Subordination Agreement; provided, for the avoidance of doubt, any payment on any Subordinated Restricted Intercompany Indebtedness allowed pursuant to Section 5.25(b), shall not constitute a breach of this clause 5.21(a)(ii); and

(iii) senior in right of payment to any Obligor's present and future senior unsecured indebtedness to the extent of the value of the Fiduciary Assigned Assets securing the rights and claims of the Financing Parties, except, in each case, to the indebtedness of creditors whose rights and claims are mandatorily preferred by Brazilian laws of general application to companies.

(b) Each of the Obligor shall ensure that the Transaction Liens shall have first ranking priority and shall not be subject to any prior ranking or *pari passu* ranking Lien, except for Liens described in items (b)(ii), (iii) and (iv) of the definition of "Permitted Liens".

5.22 Financial Ratio.

The Borrower shall maintain (i) a Net Debt to Consolidated EBITDA ratio of no greater than 2.5 to 1.0, (ii) a Net Debt to Total Net Worth ratio of no greater than 2.0 to 1.0, and (iii) a Consolidated EBITDA to Consolidated Interest Expense ratio of no less than 3.0 to 1.0, in any case, as tested as of the Calculation Date immediately falling prior to the delivery of each set of financial statements under Sections 5.1(a) and 5.1(b) for the period of twelve (12) months ending on such Calculation Date.

5.23 Registration.

Subject to Section 5.29 hereof, each Fiduciary Assignor shall take or cause to be taken all actions required to maintain, preserve and protect the Liens arising under item (a)(i) of the definition of "Permitted Liens" including causing the Fiduciary Assignment and all amendments or supplements thereto, to be promptly recorded, registered and filed and at all times to be kept recorded, registered and filed in Brazil, and will execute and file statements and cause to be executed and filed statements, all in manner and in places and at times as are prescribed in this Agreement or in the Fiduciary Assignment and as may be required by the laws of Brazil, fully to preserve and protect the rights of the Financing Parties under this Agreement and the Fiduciary Assignment.

5.24 Dividends and Share Redemption.

The Borrower shall not:

(a) declare, make or pay any dividend, charge, fee or other distribution (or interest on any unpaid dividend, charge, fee or other distribution) (whether in cash or in kind) on or in respect of its Equity Interest (or any class of its Equity Interest);

(b) repay or distribute any dividend or share premium reserve, or return any amounts paid-in by its shareholders as capital advances;
or

(c) redeem, repurchase, defease, retire or repay any of its Equity Interest or resolve to do so;

(i) no Default is continuing or would occur immediately after the making of any such payment;

(ii) the Borrower has complied and will continue to comply, on a *pro forma* basis, with the

financial ratios under Section 5.22; and

(iii) in any given fiscal year, all payments required to be paid under this Agreement to the Financing Parties for such fiscal year have been irrevocably and unconditionally paid.

5.25 Incremental Indebtedness and Subordinated Restricted Intercompany Indebtedness.

(a) The Borrower shall not, and shall not permit any of the Guarantors to, directly or indirectly, contract, create, incur, assume or suffer to exist any Indebtedness (other than the Indebtedness under the Financing Documents), unless:

(i) no Default or Event of Default then exists or would result therefrom; and

(ii) the Borrower has complied and will continue to comply, on a *pro forma* basis, after the incurrence thereof, with the financial ratios under Section 5.22.

(b) No Obligor nor its Subsidiaries, shall pay, or cause to be paid, any Subordinated Restricted Intercompany Indebtedness without the prior written consent of the Administrative Agent and the Sinosure Administrative Agent (which consent shall not be unreasonably withheld, delayed or conditioned).

5.26 Guarantees or Indemnities.

The Borrower shall not incur or allow to remain outstanding any guarantee or indemnity in respect of any obligation of any person other than its Subsidiaries.

5.27 Sinosure Insurance.

The Borrower shall promptly, upon receipt of the invoice for the Sinosure Insurance Premium, pay the Sinosure Insurance Premium in respect of the Sinosure Insurance upon or prior to its issuance and shall from and after the Sinosure Effective Date:

(a) promptly provide such information or documents as reasonably requested by the Administrative Agent in order to retain the Lenders' benefits in the Sinosure Insurance;

(b) promptly, upon receipt from the Administrative Agent upon the expiry of the Availability Period of a repayment schedule in respect of the Scheduled Principal Payments, sign and deliver the same to the Administrative Agent for onward transmission to Sinosure; and

(c) promptly, but in any event within fifteen (15) Business Days of the receipt by the Borrower of a request from the Administrative Agent (or within such time as is reasonably practicable), deliver to the Administrative Agent a copy of such additional documentation and information as is necessary (as reasonably determined by the Administrative Agent) in connection with the Sinosure Insurance.

5.28 Registration of Schedule of Payments.

The Borrower shall:

(a) within five (5) Business Days after each Disbursement Date register within the ROF with the Central Bank the Schedules of Payments, or any other document or equivalent approval that may replace it, to enable the Borrower and/or each Guarantor, as the case may be, to make remittances from Brazil in order to effect payment of scheduled principal and interest with respect to the Financing Documents to which it is a party and the

fees, expenses and commissions expressly referred to in the Financing Documents to which it is a party;

(b) promptly obtain, if and when necessary, any further special authorization from, or give notice to, as the case may be, the Central Bank to enable each Obligor to:

(i) make payments that are specifically covered by the ROF and the Schedule of Payments on a date which is after the 120th day from the original scheduled due date of such payment;

(ii) make remittances from Brazil to make payments contemplated in the Financing Documents to which it is a party not specifically covered by the ROF and the Schedule of Payments; and

(iii) make payments of the post-default rate contemplated under the Financing Documents to which it is a party at a rate per annum in excess of 2% over the otherwise applicable interest rate.

5.29 Notarization.

The Borrower shall, within thirty (30) days after receipt by the Borrower from the Administrative Agent of the original notarized and legalized in the Brazilian consulate signature pages of any Financing Document executed after the Signing Date, with the signatures of the parties to such Financing Document signing outside Brazil, deliver to the Administrative Agent:

(a) a translation of the Financing Documents executed in English into Portuguese by a public sworn translator; and

(b) evidence of registration thereof with the competent Registry of Deeds and Documents (*Cartório de Registro de Titulos e Documentos*) in Brazil and receipt of the certificates of registration thereof, for the enforcement thereof in any competent Brazilian court; provided, that the Borrower may not deliver a Notice of Borrowing requesting for Disbursement(s) subsequent to the first Disbursement unless the Administrative Agent shall have received the documents and evidence listed in this Section 5.29 in form and substance satisfactory to the Administrative Agent.

5.30 Further Assurances.

(a) Each of the Obligors shall promptly and duly execute and deliver to the Administrative Agent or Security Agent such documents and assurances to take such further action as the Administrative Agent may from time to time reasonably request in order to (i) carry out more effectively the intent and purpose of the Financing Documents; (ii) correct any material defect or error that may be discovered in the execution, acknowledgment, filing or recordation of any Financing Document or other document or instrument relating to the Fiduciary Assigned Assets; (iii) perfect the Lien created or intended to be created under or evidenced by the Security Documents and (iv) establish, protect and perfect the rights and remedies created or intended to be created in favor of the Financing Parties pursuant to the Financing Documents.

(b) The Borrower shall, at the request of the Security Agent, take all such action as may be necessary (including making all filings and registration) for the purpose of the creation, perfection, protection or maintenance of any Lien conferred or intended to be conferred on the Security Agent or the Financing Parties by or pursuant to the Financing Documents.

5.31 Powers of Attorney. The Borrower shall from time to time, procure that each Fiduciary Assignor shall renew any power of attorney granted pursuant to any Financing Document in order to ensure that at all times such power of attorney is valid and effective under Applicable Law.

SECTION 6. PAYMENT PROVISIONS; FEES.

6.1 Repayment of Principal. The Borrower shall repay the aggregate principal amount of the Loans outstanding on each Principal Payment Date in fifteen (15) equal semi-annual installments commencing on the first Interest Payment Date following the expiry of the Availability Period.

6.2 Voluntary Prepayments. The Borrower may prepay the Loans, in whole or in part, subject to Break Costs if such prepayment is not made on an Interest Payment Date but otherwise without prepayment fees or other penalties, at any time, on the following terms and conditions: (i) the Borrower shall give the Administrative Agent at the Notice Office at least fifteen (15) Business Days' prior written irrevocable notice (or such shorter period as the Administrative Agent, in its sole and absolute discretion, may agree to) (which notice the Administrative Agent shall promptly transmit to each of the Lenders), of its intent to prepay the Loans, the aggregate principal amount of the proposed prepayment and the specific Borrowing or Borrowings pursuant to which such prepayment is to be made; (ii) such prepayment shall be in an aggregate principal amount of at least \$5,000,000 (or a higher integral multiple of \$1,000,000 or the remaining principal outstanding); (iii) each prepayment of Loans pursuant to this Section 6.2 shall be applied to reduce the Scheduled Principal Payments in inverse chronological order of their due dates; (iv) each prepayment of Loans shall be made with accrued interest on the amount prepaid; (v) the Borrower shall have also prepaid an amount under the Non-Sinore Credit Agreement *pro rata* to the amount prepaid hereunder; and (vi) the Borrower shall have provided reasonable assurances to the Administrative Agent that the prepayment does not violate any applicable Law of Brazil or any interpretation thereof by any Governmental Authority.

6.3 Mandatory Prepayments.

Upon the occurrence of any of the following events, the Borrower shall make mandatory prepayments of the Loans as follows:

(a) Change of Control. If a Change of Control occurs;

(b) Unlawfulness. If (i) it is or becomes unlawful for the Borrower or any Material Subsidiary to perform any of its obligations under any Financing Document to which it is a party, (ii) any Financing Document, or any provision of any Financing Document, shall at any time for any reason cease to be valid and binding or in full force and effect or any party thereto (other than a Financing Party) shall so assert in writing, unless, in relation to a provision of a Financing Document only, such cessation could not reasonably be expected to result in a Material Adverse Effect, (iii) the choice of governing law of the Financing Documents ceases to be recognized and enforced in the relevant jurisdictions or any judgment obtained in relation to a Financing Document in the jurisdiction of the governing law of that Financing Document will not be recognized or enforced in the relevant jurisdiction, (iv) any Financing Document, or any provision of any Financing Document, shall be declared to be null and void, unless, in relation to a provision of a Financing Document only, such declaration could not reasonably be expected to result in a Material Adverse Effect, (v) any of the Security Documents, the Liens arising under item (a)(i) of the definition of "Permitted Liens" or the Transaction Lien ceases to be legal, valid, binding, enforceable or effective or is alleged by a party to it (other than a Financing Party) to be ineffective or ceases to confer upon the Financing Parties the priority ranking intended to be conferred, or (vi) the Borrower or any of the Guarantors shall deny that it has any further liability or obligation under any Financing Document;

(c) Cessation of Business. If the Borrower or any other Fiduciary Assignor suspends or ceases to carry on (or threatens to suspend or cease to carry on) all or a material part of its business as is currently conducted or ceases to exist as an operating company whose primary business is the Permitted Business;

(d) Necessary Governmental Approvals. If a License or any other Necessary Governmental Approval is terminated, suspended, revoked, withdrawn, modified, withheld or becomes invalid or shall cease to be in full force and effect and such termination, suspension, revocation, withdrawal, modification, withholding, invalidation or cessation could reasonably be expected to result in a Material Adverse Effect or if any proceeding is commenced to revoke, terminate, withdraw, suspend, modify in an adverse manner or withhold such Necessary Governmental Approval and such proceeding could reasonably be expected to result in a Material Adverse Effect and is not terminated or discharged within 120 days of its commencement;

(e) Project. If there is an abandonment, loss or destruction of the Project or any of the Telecommunications Networks which could reasonably be expected to result in a Material Adverse Effect;

(f) Nationalization. If the authority of any Obligor to conduct its business is cancelled or wholly or substantially curtailed by any seizure, nationalization, expropriation, intervention, restriction, compulsory acquisition or other action by or on behalf of any Governmental Authority and which cancellation, seizure, nationalization, expropriation, intervention, restriction, compulsory acquisition or other action has or could reasonably be expected to result in a Material Adverse Effect;

(g) Moratorium. If any Governmental Authority or central bank of Brazil declares a moratorium on external indebtedness and such moratorium has or could reasonably be expected to result in a Material Adverse Effect;

(h) Material Adverse Effect. If any event, condition or circumstance shall exist or shall have occurred which has or could reasonably be expected to result in a Material Adverse Effect;

(i) Change in Law. If any change in or the withdrawal or modification of any Law shall occur, including the imposition of applicable foreign exchange control regulations, that could reasonably be expected to result in a Material Adverse Effect; or

(j) Sinosure Insurance. After the Sinosure Effective Date, the Sinosure Insurance ceases to be in full force and effect prior to the Loan Maturity Date;

then, and in any such event, and at any time thereafter, the Administrative Agent may, at the instructions of the Required Lenders, immediately cancel each Lender's Loan Commitment and declare each Lender's participation in all outstanding Loans due and payable and the Borrower shall immediately, without any Break Cost, premium, fee or penalty of any nature, prepay all outstanding Loans together with accrued interest and all other amounts accrued under the Financing Documents. Each prepayment of Loans made pursuant to this Section 6.3 shall be applied to reduce the remaining Scheduled Principal Payments on a *pro rata* basis; provided that the Borrower shall also prepay an amount under the Non-Sinosure Credit Agreement *pro rata* to the amount prepaid in accordance with this Section 6.3.

6.4 Loan Maturity Date.

Notwithstanding anything to the contrary which may be contained in this Agreement, the outstanding principal amount of any Loans shall be repaid in full on the Loan Maturity Date.

6.5 Voluntary Cancellation.

The Borrower may cancel the Available Loan Commitments; provided that (i) the Borrower shall give the Administrative Agent not less than ten (10) Business Days' prior notice, (ii) any cancellation shall be in a minimum amount of five million US Dollars (US\$5,000,000) or, if less, the aggregate Available Loan Commitments of the Lenders, (iii) any cancellation shall reduce the Available Loan Commitments of the Lenders ratably and (iv) the Borrower shall have also cancelled an amount under the Sinosure Credit Agreement *pro rata* to the amount cancelled hereunder.

6.6 Method and Place of Payment.

Except as specifically provided in this Section 6.6, all payments under this Agreement shall be made to the Administrative Agent for the account of the Lender or Lenders entitled thereto not later than 5:00 p.m. (New York time) on the date when due and shall be made in Dollars in immediately available funds to the following account:

INTERMEDIARY BANK: Bank of China, New York Branch SWIFT BIC: BKCHUS33 ACCOUNT BANK: CHINA DEVELOPMENT BANK

No29, Fuchengmenwai Street, Xicheng District, Beijing, P.R.China

SWIFT BIC: SDBCCNBJ A/C NO: 01000129 BENEFICIARY: China Development Bank Shenzhen Branch SWIFT BIC: SDBCCNBJSZH REFERENCE: Principal, Interest and Fees for Nextel Brazil

or to such other account(s) as the Administrative Agent shall designate to the Borrower in writing no later than five (5) Business Days prior to the due date for payment. Whenever any payment to be made hereunder or under any Note shall be stated to be due on a day which is not a Business Day, the due date thereof shall be extended to the next succeeding Business Day and, with respect to payments of principal, interest shall be payable at the applicable rate during such extension. For the avoidance of doubt, all payments under this Agreement are considered made to the Administrative Agent for the account of the Lender or Lender entitled thereto if, and only if, such payments are credited into the account(s) stated in the first sentence of this Section 6.6 in the manner set out therein.

6.7 Computations.

All computations of interest and other amounts payable hereunder shall be made on the basis of a 360-day year and the actual number of days elapsed.

6.8 Fees.

(a) The Borrower agrees to pay to the Arranger, for its account, fees and expenses in the amounts and manner set out in the Fee Letter.

(b) The Borrower agrees to pay to the Administrative Agent, for its account, fees and expenses in the amounts and manner set out in the Fee Letter.

(c) The Borrower agrees to pay to the Security Agent, for its account, fees and expenses in the amounts and manner agreed between it and the Security Agent.

(d) The Borrower agrees to pay to the Administrative Agent, in Dollars, for the account of each Lender (in each case, *pro rata*, according to such Lender's Loan Commitment), a commitment fee ("Commitment Fee") in respect of its Loan Commitment at the rate of 0.20% per annum and calculated on the daily balance of the amount of the Available Loan Commitments from time to time during the Availability Period, such fee to be payable in arrears, upon prior receipt of the corresponding invoice, with the first payment being made on the Signing Date and subsequently semi-annually on each Interest Payment Date during the Availability Period and on the last day of the Availability Period, or if earlier, on the day on which Available Loan Commitments are reduced to zero (through cancellation, utilization or otherwise).

6.9 Application of Payments: Sharing.

(a) Subject to the provisions of this Section 6.9, the Administrative Agent agrees that promptly after its receipt of each payment from or on behalf of the Borrower in respect of any obligations of the Borrower hereunder, it shall distribute such payment to the Lender *pro rata* based upon their respective shares, if any, of the obligations with respect to which such payment was received.

(b) The Lender agrees that, if it should receive any amount hereunder (whether by voluntary payment, by the exercise of the right of setoff or banker's lien, by counterclaim or cross action, by the enforcement of any right under the Financing Documents, or otherwise), which, in any such case, is in excess of its ratable share of payments on account of the obligations obtained by all Lender, then such Lender receiving such excess payment shall purchase for cash without recourse or warranty from the other Lender an interest in the obligations of the Borrower to such Lender in such amount as shall result in a proportional participation by all the Lender in such amount; provided, however, that if all or any portion of such excess amount is thereafter recovered from such Lender, such purchase shall be rescinded and the purchase price restored to the extent of such recovery, but without interest.

SECTION 7. EVENTS OF DEFAULT AND REMEDIES.

7.1 Events of Default.

The occurrence of any of the following events or circumstances shall constitute an “Event of Default” hereunder:

(a) Non-Payment. An Obligor shall fail to pay within three (3) Business Days of when due any principal or interest payable or any other amount payable pursuant to this Agreement or any other Financing Document, in each case when the same becomes or shall be declared to be due and payable (whether prior to its stated maturity or otherwise); or

(b) Cross-Default. (i) An Obligor shall default in the payment when due of any principal of or interest on the loans borrowed under the Non-Sinore Credit Agreement or any of its other Material Indebtedness beyond any originally applicable period of grace specified therein; (ii) any Material Indebtedness becomes due and payable or repayable prior to the stated maturity thereof by reason of an event of default (howsoever described) and otherwise than at the option of such Obligor; (iii) any guarantee, indemnity or other contingent liability given or owing by an Obligor in respect of any Material Indebtedness is not honored when due or called and any originally applicable grace period in respect thereof has expired; or (iv) a breach or default (howsoever described) occurs under any other Material Indebtedness of an Obligor, and, as a result of such breach or default, such Material Indebtedness becomes accelerated or repayable prior to its scheduled maturity date; or

(c) Misrepresentation. Any representation, warranty or certification made or deemed to be repeated by an Obligor in respect of itself in this Agreement, any other Financing Document, or in any notice or other certificate, agreement, document, financial statement or other statement delivered pursuant hereto or thereto, shall prove to have been false or misleading in any material respect when made; or

(d) Breach of Other Obligations. (i) The Borrower shall fail to comply with any term, covenant or provision set forth in the Financing Documents (other than those referred to in Sections 7.1(a) to (c) above) or (ii) any of the Guarantors shall fail to comply with any term, covenant or provision set forth in the Financing Documents (other than those referred to in Sections 7.1(a) to 7.1(c) above), and in any such event described under clauses (i) and (ii) above, such failure to comply shall remain uncured for a period of more than thirty (30) days after the relevant Guarantor or the Borrower, as the case may be, has knowledge thereof or notice thereof is given to such Guarantor or the Borrower, as applicable; or

(e) Insolvency. The Borrower or any Material Subsidiary (i) shall admit its inability to, or be unable to, pay its debts as such debts become due, (ii) is, or is deemed for the purposes of any Law to be, unable to pay its debts as such debts become due, (iii) suspends making payments on its debts or announces an intention to do so, (iv) by reason of actual or anticipated insolvency, begins negotiations with creditors generally for the rescheduling of any of its Indebtedness; or

(f) Moratorium. A moratorium is declared with respect to any Material Indebtedness of an Obligor and the moratorium remains undismissed for a period of more than thirty (30) days (for the avoidance of doubt, the ending of such moratorium will not remedy any Event of Default caused by such moratorium); or

(g) Voluntary Insolvency Proceedings. The Borrower or any Material Subsidiary shall (i) apply for or consent to the appointment of, or the taking of possession by, a receiver, custodian, trustee or liquidator of itself or of all or a substantial part of its Property, (ii) make a general assignment for the benefit of its creditors, (iii) commence a voluntary case under or file a petition to take advantage of any Bankruptcy Law (as now or hereafter in effect), (iv) take any corporate action for the purpose of effecting any of the foregoing or (v) take any action under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iv) hereof; or

(h) Involuntary Insolvency Proceedings (Borrower). A proceeding or case shall be commenced against the Borrower, without its application or consent, in any court of competent jurisdiction, seeking (i) its

liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or a substantial part of its Property or (iii) similar relief in respect of it under any Bankruptcy Law, and such proceeding or case is undismissed or unstayed within 120 days of its commencement; or an order, judgment or decree approving or ordering any of the foregoing shall be entered and is unstayed and in effect within 120 days of such order, judgment or decree; or an order for relief against the Borrower shall be entered in an involuntary case under any Bankruptcy Law; or any proceeding or action shall be commenced under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iii) hereof and such order for relief, proceeding or action is undismissed or unstayed within 120 days of its commencement; or

(i) Involuntary Insolvency Proceedings (Guarantors). A proceeding or case shall be commenced against a Guarantor, without its application or consent, in any court of competent jurisdiction, seeking (i) its liquidation, reorganization, dissolution or winding-up, or the composition or readjustment of its debts, (ii) the appointment of a trustee, receiver, custodian, liquidator or the like of the Borrower or of all or a substantial part of its Property or (iii) similar relief in respect of it under any Bankruptcy Law, and such proceeding or case has or could reasonably be expected to result in a Material Adverse Effect; or an order, judgment or decree approving or ordering any of the foregoing shall be entered; or an order for relief against a Guarantor shall be entered in an involuntary case under any Bankruptcy Law; or any proceeding or action shall be commenced under any other applicable Laws which would result in a similar or equivalent outcome as set forth in subclauses (i) through (iii) hereof and in each case, such order, judgment, decree, proceeding or action has or could reasonably be expected to result in a Material Adverse Effect; or

(j) Final Judgment. Any amount in excess of fifty-million US Dollars (US\$50,000,000) (or its equivalent in other currencies) (individually or in the aggregate) (to the extent not paid, and not covered by independent third-party insurance as to which the insurer has been notified of such judgment or order and does not dispute coverage) under any final, non-appealable judgment or judgments rendered by one or more courts, administrative tribunals or other bodies having jurisdiction against an Obligor is unpaid, not vacated, bonded off or discharged within sixty (60) days of the rendering of such judgment or judgments; or

(k) Termination, Dissolution or Liquidation. The Borrower or any of the Guarantors shall be dissolved or liquidated (as a matter of law or otherwise) unless such dissolution or liquidation resulted from a transaction permitted under Section 5.13; or

(l) Creditors' Process. An attachment, sequestration, distress, execution or analogous event affects all or part of the Properties of an Obligor and such process has or could reasonably be expected to result in a Material Adverse Effect; or

(m) Repudiation. The Borrower or any of the Guarantors (or any other relevant party) rescinds or purports to rescind or repudiates or purports to repudiate a Financing Document; or

(n) Master Supply Agreement. The Borrower or the Parent is in breach under or default of the Master Supply Agreement which breach or default has or could reasonably be expected to result in a Material Adverse Effect; or

(o) Shareholder Undertaking. There has been a breach under or default of the Shareholder Undertaking which breach or default has or could reasonably be expected to result in a Material Adverse Effect; or

(p) Subordination Agreement. If any Subordinated Restricted Intercompany Indebtedness is outstanding (i) Obligor or any Non-Obligor Affiliate rescinds or purports to rescind or repudiates or purports to repudiate the Subordination Agreement or (ii) any material provision of the Subordination Agreement, or the ability of any Obligor or any Non-Obligor Affiliate to perform any of its obligations under the Subordination Agreement is, or becomes, illegal, unlawful, invalid or unenforceable and a thirty (30) day period has elapsed without (x) all Subordinated Restricted Intercompany Indebtedness being converted into share capital to the Obligors or their Subsidiaries, as applicable, or (y) a new Subordination Agreement, in form and substance satisfactory to the Administrative Agent and the Non-Sinosure Administrative Agent, being executed to cure such illegality,

unlawfulness, invalidity or unenforceability; or

(q) Money Laundering. The Borrower or any of the Guarantors is convicted under any applicable law in relation to its participation in (i) corrupt practices, fraudulent practices, collusive practices or coercive practices, including, without limitation, in connection with the procurement or execution of any contract for goods or services, and any such practices violate any applicable Laws; (ii) Money Laundering or acts in breach of any applicable Law relating to Money Laundering; or (iii) the financing of terrorism in violation of the U.S. foreign asset control regulations of the United States Treasury Department (31 CFR, Subtitle B, Chapter V, as amended from time to time).

7.2 Acceleration.

(a) If any Event of Default shall occur, then the Administrative Agent (acting at the direction of the Required Lenders) may, by notice to the Borrower, (A) declare the Loan Commitment of each Lender to be terminated, whereupon the Loan Commitment of each Lender shall immediately terminate and/or (B) declare the Loans, all accrued and unpaid interest thereon and all other amounts owing to the Lenders under the Financing Documents to be due and payable, whereupon the same shall become immediately due and payable and/or (C) exercise or direct the Security Agent to exercise any or all of its rights, remedies, powers or discretions under the Financing Documents.

(b) Except as expressly provided above in this Section 7.2, presentment, demand, protest and all other notices and other formalities of any kind are hereby expressly waived by the Borrower.

SECTION 8. THE ADMINISTRATIVE AGENT.

8.1 Appointment and Authorization.

(a) Each Lender providing a Loan hereby irrevocably (subject to Section 8.9) appoints, designates and authorizes the Administrative Agent to take such action on its behalf under the provisions of this Agreement, the Collateral Agency Agreement and each Financing Document to which it is a party and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement, the Collateral Agency Agreement or any Financing Document, together with such powers as are reasonably incidental thereto.

(b) Each Lender authorizes the Administrative Agent to execute, deliver and perform each of the Financing Documents to which the Administrative Agent is or is intended to be a party and the Collateral Agency Agreement for the benefit of the Lenders and each Lender agrees to be bound by all of the agreements of the Administrative Agent contained in the Financing Documents and the Collateral Agency Agreement.

(c) Notwithstanding any provision to the contrary contained elsewhere in this Agreement, the Collateral Agency Agreement or in any Financing Document, the Administrative Agent shall not have any duties or responsibilities except those expressly set forth herein, in the Financing Documents and in the Collateral Agency Agreement, and the Administrative Agent shall not have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement, the Collateral Agency Agreement or any Financing Document or otherwise exist against the Administrative Agent. Without limiting the generality of the foregoing sentence, the use of the term "Administrative Agent" in this Agreement with reference to the Administrative Agent, is not intended to connote any fiduciary or other implied (or express) obligations arising under agency doctrine of any applicable Law. Instead, such term is used merely as a matter of market custom, and is intended to create or reflect only a relationship between independent contracting parties.

8.2 Delegation of Duties.

(a) The Administrative Agent may execute any of its duties under this Agreement, the Collateral Agency Agreement or any Financing Document by or through agents, employees or attorneys-in-fact.

(b) The Administrative Agent shall be entitled to advice of counsel concerning all matters pertaining to its duties.

8.3 Liability of the Administrative Agent.

The Administrative Agent or any of its Agent-Related Persons shall not (a) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement, the Collateral Agency Agreement or any Transaction Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (b) be responsible in any manner to any of the Financing Parties or any other Person for any recital, statement, representation or warranty made by the Borrower or any officer thereof, contained in this Agreement, the Collateral Agency Agreement or in any Transaction Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Administrative Agent or any of its Agent-Related Persons under or in connection with, this Agreement, the Collateral Agency Agreement or any Transaction Document, or the validity, effectiveness, genuineness, enforceability or sufficiency of this Agreement, the Collateral Agency Agreement or any Transaction Document, or for any failure of the Borrower or any other party to any Transaction Document or the Collateral Agency Agreement to perform its obligations hereunder or thereunder. The Administrative Agent or any of its Agent-Related Persons shall not be under any obligation to any Financing Party to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement, any Transaction Document or the Collateral Agency Agreement, or to inspect the properties, books or records of the Borrower.

8.4 Reliance by the Administrative Agent.

The Administrative Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrower), independent accountants and other experts selected by the Administrative Agent. The Administrative Agent shall be fully justified in failing or refusing to take any action under this Agreement, the Collateral Agency Agreement or any Financing Document (a) if such action would, in the opinion of the Administrative Agent (upon consultation with counsel), be contrary to applicable Law or the terms of any Financing Document or the Collateral Agency Agreement, (b) if such action is not specifically provided for in the Financing Documents to which the Administrative Agent is a party or the Collateral Agency Agreement, and it shall not have received such advice or concurrence of the Required Lenders as it deems appropriate, (c) if in connection with the taking of any such action that would constitute the making of a payment due under any Financing Document or the Collateral Agency Agreement, it shall not first have received from any or all of the other Financing Parties funds equal to the amount of such payment, or (d) unless, if it so requests, the Administrative Agent shall first be indemnified to its satisfaction by the Lenders against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Administrative Agent shall, in all cases, be fully protected in acting, or in refraining from acting, under this Agreement, the Collateral Agency Agreement or any Financing Document in accordance with a request or consent of the Required Lenders and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Financing Parties.

8.5 Notice of Default.

The Administrative Agent shall not be deemed to have knowledge or notice of the occurrence of any Default or Event of Default, except with respect to defaults in the payment of principal, interest and fees required to be paid to the Administrative Agent for the account of the Lenders, unless the Administrative Agent shall have received written notice from a Lender or the Borrower referring to this Agreement, describing such Default or Event of Default and stating that such notice is a "Notice of Default." If the Administrative Agent receives any such notice of the occurrence of a Default or an Event of Default, it shall give notice thereof to the Lenders. The Administrative Agent shall take such action with respect to such Default or Event of Default as may be requested by the Required Lenders in accordance with this Section 8; provided, however, that unless and until the Administrative Agent has received any such request, the Administrative Agent may (but shall not be obligated to) take such action, or refrain from taking such

action, with respect to such Default or Event of Default as it shall deem advisable or in the best interest of the Lenders.

8.6 Credit Decision.

Each Lender acknowledges that the Administrative Agent or any of its Agent-Related Persons has not made any representation or warranty to it, and that no act by the Administrative Agent hereafter taken, including any review of the affairs of the Borrower, shall be deemed to constitute any representation or warranty by the Administrative Agent or any of its Agent-Related Persons to any Lender. Each Lender represents to the Administrative Agent that it has, independently and without reliance upon the Administrative Agent or any of its Agent-Related Persons and based on such documents and information as it has deemed appropriate, made its own appraisal of and investigation into the business, prospects, operations, Property, financial and other condition and creditworthiness of the Borrower, the Project, and all applicable Laws relating to the transactions contemplated hereby, and made its own decision to enter into this Agreement and to extend credit to the Borrower hereunder. Each Lender also represents that it will, independently and without reliance upon the Administrative Agent or any of its Agent-Related Persons and based on such documents and information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement, the Collateral Agency Agreement and the Financing Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrower and the Project. Except for notices, reports and other documents expressly required pursuant to any Financing Document or the Collateral Agency Agreement to be furnished to the Lenders by the Administrative Agent, the Administrative Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial and other condition or creditworthiness of the Project or of the Borrower which may come into the possession of the Administrative Agent or any of its Agent-Related Persons.

8.7 Indemnification of Administrative Agent.

(a) Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Administrative Agent and its Agent-Related Persons (to the extent not reimbursed by or on behalf of the Borrower and without limiting the obligation of the Borrower to do so), *pro rata* in accordance with the aggregate principal amount of the Loans held by such Lender, from and against any and all Indemnified Liabilities; provided, however, that no Lender shall be liable for the payment to the Administrative Agent or its Agent-Related Persons of any portion of such Indemnified Liabilities resulting solely from such Person's gross negligence or willful misconduct.

(b) Without limitation of the foregoing, each Lender shall reimburse the Administrative Agent upon demand for its ratable share as provided above of any costs or out-of-pocket expenses (including Attorney Costs) incurred by the Administrative Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, the Collateral Agency Agreement, any Financing Document or any document contemplated by or referred to herein, to the extent that the Administrative Agent is not reimbursed for such expenses by or on behalf of the Borrower.

(c) The undertakings of the Lenders in this Section 8.7 shall survive the payment of all obligations hereunder and the resignation or replacement of the Administrative Agent.

8.8 Administrative Agent in Individual Capacity.

The Administrative Agent and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrower or its Affiliates as though the Administrative Agent were not the Administrative Agent hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, the Administrative Agent or its Affiliates may receive information regarding the Borrower or its Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrower or such Affiliates) and acknowledge that the Administrative Agent shall be under no obligation to provide

such information to them. The Administrative Agent which is also a Lender hereunder shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though it were not the Administrative Agent, and the terms “Lender” and “Lenders” shall include the Administrative Agent in its individual capacity.

8.9 Successor Administrative Agent.

(a) Subject to the appointment and acceptance of a successor as provided below, the Administrative Agent may resign at any time by giving notice thereof to the Lenders, the Borrower and the Guarantors, and the Administrative Agent may be removed at any time with or without cause by the Required Lenders. Upon any such resignation or removal, the Required Lenders shall have the right (subject to prior consultation with the Borrower and the Guarantors) to appoint a successor to the resigning Administrative Agent or removed Administrative Agent. If no successor Administrative Agent shall have been appointed by the Required Lenders, and shall have accepted such appointment within thirty (30) days after the resigning Administrative Agent’s giving of notice of resignation or the giving of any notice of removal of the Administrative Agent, then the resigning Administrative Agent or Administrative Agent being removed, as the case may be, may appoint its successor. Upon the acceptance of its appointment as a successor Administrative Agent hereunder, such successor Administrative Agent shall thereupon succeed to and become vested with all the rights, powers, privileges and duties of such resigning or removed Administrative Agent, and such resigning Administrative Agent or removed Administrative Agent shall be discharged from its duties and obligations hereunder. The resignation or removal of the Administrative Agent and the appointment of a successor Administrative Agent shall in no way affect any rights and obligations of the Borrower and the Guarantors under the Financing Documents (including, without limitation, any increased costs, fees or taxes).

(b) After the Administrative Agent’s resignation or removal, the provisions of this Section 8 and of Sections 10.1 and 10.2 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was an Administrative Agent.

8.10 Registry.

The Borrower hereby designates the Administrative Agent, and the Administrative Agent agrees, to serve as the Borrower’s agent, solely for purposes of this Section 8.10, to maintain a register at one of its offices in China (the “Register”) on which it will record the Loan Commitment from time to time of each of the Lenders, the Loans made by each of the Lenders and each repayment in respect of the principal amount of the Loans of each Lender. Failure to make any such recordation or any error in such recordation shall not affect the Borrower’s obligations in respect of such Loans. With respect to any Lender, the transfer of the Loan Commitment of such Lender and the rights to the principal of, and interest on, any Loan made pursuant to such Loan Commitment shall not be effective until such transfer is recorded on the Register maintained by the Administrative Agent with respect to ownership of such Loan Commitment and Loan, and prior to such recordation all amounts owing to the transferor with respect to such Loan Commitment and Loan shall remain owing to the transferor. The registration of an assignment or transfer of all or part of any Loan Commitment and Loan shall be recorded by the Administrative Agent on the Register only upon the acceptance by the Administrative Agent of a properly executed and delivered Assignment and Acceptance pursuant to Section 10.13.

8.11 Sinosure Effective Date.

The Administrative Agent shall provide notice to the Borrower and the other Financing Parties immediately upon its receipt of confirmation that the Sinosure Insurance Premium has been paid.

SECTION 9. GUARANTY.

9.1 Guaranty.

In order to induce the Administrative Agent, the Arranger and the Lenders to enter into this Agreement and to extend credit hereunder, and in recognition of the direct and indirect benefits to be received by the Guarantors

from the proceeds of the Loans, each of the Guarantors hereby agrees with the Financing Parties as follows: each Guarantor hereby unconditionally, absolutely and irrevocably, jointly and severally, guarantees as primary obligors and not merely as surety the full and prompt payment when due, whether upon maturity, acceleration or otherwise, of any and all of the Guaranteed Obligations. If any or all of the Guaranteed Obligations becomes due and payable hereunder, each Guarantor, unconditionally, absolutely and irrevocably, jointly and severally, promises to pay such Guaranteed Obligations to the Administrative Agent and/or the other Financing Parties, on demand, together with any and all expenses which may be incurred by the Administrative Agent and the other Financing Parties in collecting any of the Guaranteed Obligations. If claim is ever made upon any Financing Party for repayment or recovery of any amount or amounts received in payment or on account of any of the Guaranteed Obligations and any of the aforesaid payees repays all or part of said amount by reason of any judgment, decree or order of any court or administrative body having jurisdiction over such payee or any of its Property, then and in such event each Guarantor agrees that any such judgment, decree or order shall be binding upon the Guarantors, notwithstanding any revocation of this Guaranty or other instrument evidencing any liability of the Borrower, and the Guarantors shall be and remain jointly and severally liable to the aforesaid payees hereunder for the amount so repaid or recovered to the same extent as if such amount had never originally been received by any such payee. For purposes of this Guaranty, each Guarantor expressly and irrevocably waives any order, excusion and division benefits they may have under any applicable jurisdiction.

9.2 Bankruptcy.

Additionally, the Guarantors unconditionally and irrevocably, jointly and severally, guarantee the payment of any and all of the Guaranteed Obligations to the Financing Parties upon the occurrence of any of the events specified in Sections 7.1(e), 7.1(g) and 7.1(h), and irrevocably and unconditionally promise to pay such Guaranteed Obligations to the Financing Parties, on demand by the Administrative Agent (acting on the instructions of the Required Lenders).

9.3 Nature of Liability.

The liability of each Guarantor hereunder is primary, absolute and unconditional, joint and several, exclusive and independent of any security for or other guaranty of the Guaranteed Obligations, whether executed by such Guarantor, any other Guarantor or guarantor or by any other party, and the liability of each Guarantor hereunder shall not be affected or impaired by (a) any direction as to application of payment by the Borrower or by any other party, or (b) any other continuing or other guaranty, undertaking or maximum liability of a Guarantor, guarantor or of any other party as to the Guaranteed Obligations, or (c) any payment on or in reduction of any such other guaranty or undertaking, or (d) any dissolution, termination or increase, decrease or change in personnel by the Borrower, (e) the failure of the Guarantor to receive any benefit from or as a result of its execution, delivery and performance of this Guaranty or (f) any payment made to any Financing Party on the Guaranteed Obligations which any such Financing Party repays to the Borrower pursuant to court order in any bankruptcy, reorganization, arrangement, moratorium or other debtor relief proceeding, and each of the Guarantors waives any right to the deferral or modification of its obligations hereunder by reason of any such proceeding, or (g) any action or inaction by the Financing Parties as contemplated in Section 9.5, or (h) any invalidity, irregularity or enforceability of all or any part of the Guaranteed Obligations or of any security therefor.

9.4 Independent Obligation.

The obligations of each Guarantor hereunder are independent of the obligations of any other Guarantor, any other guarantor, the Borrower or any other party or the Borrower, and a separate action or actions may be brought and prosecuted against any of the Guarantors whether or not action is brought against any other Guarantor, any other guarantor or any other party or the Borrower and whether or not any other Guarantor, guarantor, any other party or the Borrower be joined in any such action or actions. Each Guarantor waives (to the fullest extent permitted by applicable Law) the benefits of any statute of limitations affecting its liability hereunder or the enforcement thereof. Any payment by the Borrower or any Guarantor or other circumstance which operates to toll any statute of limitations as to the Borrower or such other Guarantor shall operate to toll the statute of limitations as to each Guarantor.

9.5 Authorization.

Each of the Guarantors authorizes the Financing Parties without notice or demand (except as shall be required by applicable statute and cannot be waived), and without affecting or impairing its liability hereunder, but in any event subject to the terms under this Agreement and the Financing Documents, from time to time to:

- (a) upon the occurrence of an Event of Default, sell, exchange, release, impair, surrender, realize upon or otherwise deal with in any manner and in any order any property by whomsoever at any time pledged or mortgaged to secure, or howsoever securing, the Guaranteed Obligations or any liabilities (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof, and/or any offset thereagainst;
- (b) exercise or refrain from exercising any rights against the Borrower, itself or others or otherwise act or refrain from acting;
- (c) release or substitute any one or more endorsers, guarantors, the Borrower, itself or other obligors;
- (d) settle or compromise any of the Guaranteed Obligations, any security therefor or any liability (including any of those hereunder) incurred directly or indirectly in respect thereof or hereof;
- (e) apply any sums by whomsoever paid or howsoever realized under or in connection with any Financing Document to the Guaranteed Obligations regardless of what liability or liabilities of the Borrower remain unpaid;
- (f) consent to or waive any breach of, or any act, omission or default under, this Agreement, any other Financing Document or any of the instruments or agreements referred to herein or therein, or otherwise amend, modify or supplement this Agreement, any other Financing Document or any of such other instruments or agreements; and/or
- (g) take any other action which would, under otherwise applicable principles of common law, give rise to a legal or equitable discharge of such Guarantor from its liabilities under this Guaranty.

9.6 Reliance.

It is not necessary for any Financing Party to inquire into the capacity or powers of any of the Guarantors or any of its Subsidiaries or the officers, directors, partners or agents acting or purporting to act on their behalf, and any Guaranteed Obligations made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9.7 Waiver.

(a) Each of the Guarantors waives any right (except as shall be required by applicable statute and cannot be waived) to require any Financing Party to (i) proceed against the Borrower, any other Guarantor, any other guarantor or any other party, (ii) proceed against or exhaust any security held from the Borrower, any other Guarantor, guarantor or any other party, or (iii) pursue any other remedy in any Financing Party's power whatsoever. The Financing Parties may, at their election, foreclose on any security held by the Administrative Agent or any other Financing Party by one or more judicial or nonjudicial sales (to the extent such sale is permitted by applicable law), or exercise any other right or remedy the Financing Parties may have against the Borrower or any other party, or any security, without affecting or impairing in any way the liability of the Guarantors hereunder except to the extent the Guaranteed Obligations have been paid. Each of the Guarantors waives any defense arising out of any such election by the Financing Parties, even though such election operates to impair or extinguish any of its right of reimbursement or subrogation or other right or remedy against the Borrower or any other party or any security.

(b) Except as otherwise expressly stated under this Agreement or the Financing Documents, each of the Guarantors waives all presentments, demands for performance, protests and notices, including without limitation notices of nonperformance, notices of protest, notices of dishonor, notices of acceptance of this Guaranty, and notices of the existence, creation or incurring of new or additional Guaranteed Obligations. Each of the

Guarantors assumes all responsibility for being and keeping itself informed of the Borrower's financial condition and assets, and of all other circumstances bearing upon the risk of nonpayment of the Guaranteed Obligations and the nature, scope and extent of the risks which it assumes and incurs hereunder, and agrees that neither the Administrative Agent nor any of the other Financing Parties shall have any duty to advise it of information known to them regarding such circumstances or risks.

(c) Until such time as the Guaranteed Obligations have been paid in full in cash, the Guarantors hereby waive all rights of subrogation which they may at any time otherwise have as a result of this Guaranty (whether contractual, under any Bankruptcy Law, or otherwise) to the claims of the Financing Parties against the Borrower or any other Guarantors of the Guaranteed Obligations and all contractual, statutory or common law rights of reimbursement, contribution or indemnity from the Borrower or any other Guarantors which they may at any time otherwise have as a result of this Guaranty.

(d) Each Guarantor waives any defense based on or arising out of any defense of the Borrower, any other Guarantor, any other guarantor or any other party other than payment in full in cash of the Guaranteed Obligations, including, without limitation, any defense based on or arising out of the disability of the Borrower, any Guarantor, any other guarantor of the Guaranteed Obligations or any other party, or the unenforceability of the Guaranteed Obligations or any part thereof from any cause, or the cessation from any cause of the liability of the Borrower, any other Guarantor other than payment in full in cash of the Guaranteed Obligations.

9.8 Acknowledgement.

Each Guarantor hereby acknowledges and agrees that no Financing Party nor any other Person shall be under any obligation to (i) marshal any assets in favor of such Guarantor or in payment of any or all of the liabilities of the Borrower or any other Guarantor under the Financing Documents or the obligation of such Guarantor hereunder or (ii) pursue any other remedy that such Guarantor may or may not be able to pursue itself, any right to which such Guarantor hereby waives.

9.9 Payments.

All payments made by each Guarantor pursuant to this Section 9 shall be made in Dollars and will be made without setoff, counterclaim or other defense (other than that the Guaranteed Obligations have been paid in full) that may at any time be available to or be asserted by the Borrower, such Guarantor or any Person against any Financing Party whether in connection with the Financing Documents or any unrelated transaction, and shall be subject to the provisions of Sections 2.8 and 6.4.

9.10 Continuing Guaranty.

This Guaranty is a continuing one and all liabilities to which it applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon. No failure or delay on the part of any Financing Party in exercising any right, power or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power or privilege hereunder preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein expressly specified are cumulative and not exclusive of any rights or remedies which any Financing Party would otherwise have. No notice to or demand on any Guarantor in any case shall entitle such Guarantor to any other further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Financing Party to any other or further action in any circumstances without notice or demand. It is not necessary for any Financing Party to inquire into the capacity or powers of the Borrower or any Guarantor or the officers, directors, partners or agents acting or purporting to act on its or their behalf, and any indebtedness made or created in reliance upon the professed exercise of such powers shall be guaranteed hereunder.

9.11 Limitation on Guaranteed Obligations.

Each Guarantor and each Financing Party (by its acceptance of the benefits of this Guaranty) hereby

confirms that it is its intention that this Guaranty not constitute a fraudulent transfer or conveyance for purposes of any applicable Law. To effectuate the foregoing intention, each Guarantor and each Financing Party (by its acceptance of the benefits of this Guaranty) hereby irrevocably agrees that the Guaranteed Obligations guaranteed by such Guarantor shall be limited to such amount as will, after giving effect to such maximum amount and all other (contingent or otherwise) liabilities of such Guarantor that are relevant under such laws and after giving effect to any rights to contribution pursuant to any agreement providing for an equitable contribution among such Guarantor and the other Guarantors, result in the Guaranteed Obligations of such Guarantor in respect of such maximum amount not constituting a fraudulent transfer or conveyance.

9.12 Maximum Liability.

It is the desire and intent of the Guarantors and the Financing Parties that this Guaranty shall be enforced against the Guarantors to the fullest extent permissible under the applicable Laws and public policies applied in each jurisdiction in which enforcement is sought. If, however, and to the extent that, the obligations of any of the Guarantors under this Guaranty shall be adjudicated to be invalid or unenforceable for any reason (including, without limitation, because of any applicable state or federal law relating to fraudulent conveyances or transfers), then the amount of such Guarantor's obligations under this Guaranty shall be deemed to be reduced and such Guarantor shall pay the maximum amount of the Guaranteed Obligations which would be permissible under applicable Law.

SECTION 10. MISCELLANEOUS.

10.1 Costs and Expenses.

The Borrower shall (or procure that another Obligor will), whether or not the transactions contemplated hereby are consummated and whether or not any of the following are incurred before or after the Closing Date, pay, within five (5) Business Days after demand and the presentation of an invoice, (i) all reasonable and documented costs and expenses incurred by any Financing Party (including Attorney Costs, which Attorney Costs shall not exceed \$200,000) in connection with the preparation, issuance, delivery, filing, recording and administration of the Financing Documents and any other documents which may be delivered in connection herewith or therewith, (ii) any and all amounts which any Financing Party has paid relative to curing any Event of Default resulting from the acts or omissions of the Borrower under this Agreement or any other Financing Document, (iii) the enforcement or preservation of any rights or remedies under this Agreement or any other Financing Document, and (iv) any reasonable and documented costs and expenses related to any amendment, waiver or consent with respect to any provision contained in this Agreement or any other Financing Document. In addition, the Borrower shall pay any and all stamp and other taxes and fees payable or determined to be payable in Brazil, the United States or China in connection with the execution, delivery, filing and recording of this Agreement or any other Financing Document, or any other document which may be delivered in connection with this Agreement, and agrees to save the Financing Parties harmless from and against any and all liabilities with respect to or resulting from any delay in paying or omission to pay such taxes and fees.

10.2 Indemnity.

(a) The Borrower shall pay, indemnify and hold each Financing Party and each of their respective officers, directors, employees, agents, attorneys-in-fact and Affiliates (each, an "Indemnified Person") harmless from and against any and all liabilities, losses, damages, penalties, claims, actions, judgments, suits, costs, charges, fees (including, without limitation, any judicial fees that may be due) and expenses (including Attorney Costs) of any kind or nature whatsoever which may at any time be imposed on, incurred by or asserted against any such Indemnified Person in any way (i) relating to or arising out of this Agreement or any other Financing Document or any investigation, litigation or proceeding (including any bankruptcy, insolvency, reorganization or other similar proceeding or appellate proceeding) brought relating to or arising out of this Agreement or any other Financing Document, or the use of the proceeds thereof, (ii) resulting from the failure of the Borrower to make on a timely basis any payment when due or to borrow a Loan after a Notice of Borrowing has been delivered, or (iii) resulting from any actual presence or Release of any Hazardous Material or any Environmental Claim relating to the Land or the Project (all the foregoing, collectively, the "Indemnified Liabilities"); provided, that the Borrower shall have no obligation hereunder to any Indemnified Person with respect to Indemnified Liabilities arising from the gross

negligence or willful misconduct of such Indemnified Person.

(b) Survival; Defense. The obligations in this Section 10.2 shall survive payment of the Loans and all other obligations. All amounts owing under this Section 10.2 shall be paid within thirty (30) days after demand.

(c) Contribution. To the extent that any undertaking in the preceding paragraphs of this Section 10.2 may be unenforceable because it is violative of any applicable Law or public policy, the Borrower will contribute the maximum portion that it is permitted to pay and satisfy under applicable Law to the payment and satisfaction of such undertaking.

(d) Settlement. So long as the Borrower is in compliance with its obligations under this Section 10.2, the Borrower shall not be liable to any Indemnified Person under this Section 10.2 for any settlement made by such Indemnified Person without the Borrower's consent.

10.3 Notices.

(a) All notices, requests and other communications provided for hereunder shall be in writing (including, unless the context expressly otherwise provides, by facsimile transmission or e-mail) and faxed or delivered, to the address, e-mail address or facsimile number specified for notices on the applicable signature page hereof or to such other address as shall be designated by such party in a written notice to the other parties hereto.

(b) All such notices, requests and communications (i) sent by express courier will be effective upon delivery, (ii) transmitted by facsimile will be effective when sent and facsimile confirmation received and (iii) sent by e-mail will be effective upon the sender's receipt of an acknowledgment from the intended recipient (such as by "return receipt requested" function, as available, return e-mail or other written acknowledgment); provided that if such notice, request or communication or is not sent during normal business hours of the recipient, such notice, request or communication shall be deemed to have been sent at the opening of business on the next Business Day for the recipient.

(c) Each of the Borrower and the Guarantors acknowledges and agrees that any agreement of the Financing Parties to receive certain notices by telephone, e-mail and facsimile is solely for the convenience and at the request of the Borrower or the Guarantors, as the case may be. The Financing Parties shall be entitled to rely on the authority of any Person purporting to be a Person authorized by the Borrower or the relevant Guarantor to give such notice and the Financing Parties shall not have any liability to the Borrower, any Guarantor or other Person on account of any action taken or not taken by any of the Financing Parties in reliance upon such telephonic, e-mail or facsimile notice.

(d) All notices, requests and other communications hereunder and under the other Financing Documents shall be in the English language.

10.4 Benefit of Agreement.

This Agreement shall be binding upon and inure to the benefit of and be enforceable by the respective successors and permitted assigns of the parties hereto. The Borrower may not assign or otherwise transfer any of its rights under this Agreement or any of the other Financing Documents.

10.5 No Waiver; Remedies Cumulative.

No failure or delay on the part of any Financing Party in exercising any right, power, remedy or privilege hereunder or under any other Financing Document and no course of dealing between the Borrower or the Guarantors and any Financing Party shall operate as a waiver thereof, nor shall any single or partial exercise of any right, power, remedy or privilege hereunder or under any other Financing Document preclude any other or further exercise thereof or the exercise of any other right, power, remedy or privilege hereunder or thereunder. No notice to or demand on an Obligor in any case shall entitle such Obligor to any other or further notice or demand in similar or other circumstances or constitute a waiver of the rights of any Financing Party to take any other or further action in any circumstances without notice or demand. All rights, powers, remedies, and privileges, either under this Agreement

or any other Financing Document or pursuant to any applicable Law or otherwise afforded to any Financing Party shall be cumulative and not alternative.

10.6 No Third Party Beneficiaries.

The agreement of each Lender to make extensions of credit to the Borrower on the terms and conditions set forth in this Agreement and the other Financing Documents is solely for the benefit of the Borrower and the Guarantors, and no other Person (including any contractor, sub-contractor, supplier, worker, carrier, warehouseman, materialman or vendor furnishing supplies, goods or services to or for the benefit of the Borrower or the Project or receiving services from the Project) shall have any rights hereunder against any Financing Party with respect to the Loans, the proceeds thereof or otherwise.

10.7 Reinstatement.

To the extent that any Financing Party receives any payment by or on behalf of the Borrower or a Guarantor, which payment or any part thereof is subsequently invalidated, declared to be fraudulent or preferential, set aside or required to be repaid to the Borrower or such Guarantor or to their respective estate, trustee, receiver, custodian or any other party under any Bankruptcy Law or otherwise, then to the extent of the amount so required to be repaid, the obligation or part thereof which has been paid, reduced or satisfied by the amount so repaid shall be reinstated by the amount so repaid and shall be included within the obligations as of the date such initial payment, reduction or satisfaction occurred.

10.8 No Immunity.

To the extent that the Borrower or a Guarantor may be entitled, in any jurisdiction in which judicial proceedings may at any time be commenced with respect to this Agreement or any other Financing Document, to claim for itself or its revenues, assets or Properties any immunity from suit, the jurisdiction of any court, attachment prior to judgment, attachment in aid of execution of judgment, set-off, execution of a judgment or any other legal process, and to the extent that in any such jurisdiction there may be attributed to such Person such an immunity (whether or not claimed), the Borrower and such Guarantor hereby irrevocably agree not to claim and hereby irrevocably waives such immunity to the fullest extent permitted by the Law of the applicable jurisdiction.

10.9 Judgment Currency.

This is an international transaction in which the specification of Dollars and payment in China is of the essence, and the obligations of the Borrower or the Guarantors under this Agreement and under the other Financing Documents to make payment to (or for the account of) each Financing Party in Dollars shall not be discharged or satisfied by any tender or recovery pursuant to any judgment expressed in or converted into any other currency or in another place except to the extent that such tender or recovery results in the effective receipt by such Financing Party in China of the full amount of Dollars payable to such Financing Party under the Financing Documents to which such Financing Party is party. If, for the purpose of obtaining or enforcing judgment in any court, it is necessary to convert a sum due hereunder in Dollars into another currency (for the purposes of this Section 10.9, hereinafter the “judgment currency”), the rate of exchange which shall be applied shall be that at which, in accordance with normal banking procedures, such Financing Party could purchase such Dollars from the London interbank market with the judgment currency on the Business Day next preceding the day on which such judgment is rendered. The obligation of the Borrower or the Guarantors in respect of any such sum due from it to such Financing Party hereunder (in this Section 10.9 called an “Entitled Person”) shall, notwithstanding the rate of exchange actually applied in rendering such judgment, be discharged only to the extent that on the Business Day following the receipt by such Entitled Person of any sum adjudged to be due hereunder in the judgment currency such Entitled Person may in accordance with normal banking procedures purchase and transfer Dollars to Shenzhen, China with the amount of the judgment currency so adjudged to be due; and each of the Borrower and the Guarantors hereby, as a separate obligation and notwithstanding any such judgment, agrees to indemnify such Entitled Person on demand, in Dollars, for the amount (if any) by which the sum originally due to such Entitled Person in Dollars hereunder exceeds the amount of the Dollars so purchased and transferred.

10.10 The Arranger.

The Arranger shall not have any right, power, obligation, liability, responsibility or duty under this Agreement other than the rights to receive reimbursement or payment of costs or expenses incurred by them as provided in Section 10.1, the right to indemnity under Section 10.2 and the right under the Guaranty.

10.11 Counterparts.

This Agreement may be executed in any number of counterparts and by the different parties hereto on separate counterparts, each of which when so executed and delivered shall be an original, but all of which shall together constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement or any other document or instrument delivered in connection herewith by facsimile transmission or e-mail shall be effective as delivery of a manually executed counterpart of this Agreement or such other document or instrument, as applicable.

10.12 Amendment or Waiver.

(a) No provision of this Agreement or any other Financing Document may be amended, supplemented, modified or waived, except by a written instrument signed by the Required Lenders, the Borrower and the Guarantors (but only if the Borrower and the Guarantors are parties thereto), and, to the extent that its rights or obligations may be affected thereby, the Administrative Agent or the Security Agent. Notwithstanding the foregoing provisions, no such waiver and no such amendment, supplement or modification shall (i) increase the Loan Commitment of any Lender (it being understood that waivers or modifications of conditions precedent, covenants, Defaults or Events of Default or of a mandatory reduction in the Loan Commitment, shall not constitute an increase of the Loan Commitment of any Lender), without the prior written consent of such Lender, (ii) postpone or delay the scheduled final maturity date of any Loan, without the prior written consent of each affected Lender, or postpone or delay any date fixed by this Agreement or any other Financing Document for any payment of principal, interest or fees due to any Lender hereunder or under any other Financing Document, without the prior written consent of such Lender, (iii) reduce the principal of, or the rate of interest specified in any Financing Document on, any Loan of any Lender, without the prior written consent of such Lender, (iv) consent to the assignment or transfer by the Borrower of any of its respective obligations under this Agreement or any other Financing Document, without the prior written consent of each Lender, (v) amend, modify or waive any provision of this Section 10.12 or Section 6.8, 10.1 or 10.2, without the prior written consent of each Lender, or (v) reduce the percentage specified in or otherwise amend the definition of Required Lenders, without the prior written consent of each Lender (it being understood that, with the consent of the Required Lenders, extensions of credit pursuant to this Agreement in addition to those set forth in or contemplated by this Agreement on the Closing Date may be included in the determination of the Required Lenders on substantially the same basis as the extensions of Loans and Loan Commitment are included on the Closing Date).

(b) Any waiver and any amendment, supplement or modification made or entered into in accordance with Section 10.12(a) shall be binding upon the Borrower, the Guarantors, the Administrative Agent, the Lenders, the Arranger and the Security Agent.

10.13 Assignments, Participations, etc.

(a) Subject to Section 10.13(b) below, any Lender may, with the prior consent of the Borrower (which consent shall not be unreasonably withheld or delayed or conditioned, however, it will not be considered unreasonable for the Borrower to withhold consent if any such assignment could have the effect of increasing the Borrower's or any Guarantor's costs under the Financing Documents, due to new or increased Taxes, or otherwise), at any time assign all or any part of its Loan Commitment or Loan and the other rights and obligations of such Lender hereunder and under the other Financing Documents, to another bank or financial institution. Any partial assignment of a Loan Commitment or any Loan under this Section 10.13(a) shall not be less than \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof.

(b) Notwithstanding Section 10.13(a) above, any Lender may, without the prior written consent of the Borrower, assign all or any part of its Loan Commitment or Loan and the other rights and obligations of such Lender hereunder and under the other Financing Documents (i) to an Affiliate of such Lender, (ii) to another Lender, (iii) to any Person if following the occurrence of an Event of Default, or (iv) if requested to do so by the Borrower under Section 2.13; provided that only with respect to assignments to an Affiliate of a Lender or another Lender (A) the assigning Lender shall have given at least ten (10) Business Days' prior written notice to the Borrower, the Administrative Agent and the Security Agent of such proposed assignment, together with payment instructions, addresses and related information with respect to the assignee, (B) such proposed assignment would not result in any increase in Taxes or increased cost to the Borrower, (C) any partial assignment of a Loan Commitment or any Loan under this Section 10.13(b) shall not be less than \$10,000,000 or any integral multiple of \$5,000,000 in excess thereof, and (D) each such assignment by a Lender of its Loans or its Loan Commitment shall be made in such a manner so that the same portion of its Loans and Loan Commitment is assigned to the assignee. With respect to any assignment under this Section 10.13, the Borrower, the Administrative Agent and the Security Agent may continue to deal solely and directly with the assigning Lender in connection with the interest so assigned until the assigning Lender shall have delivered to the Borrower, the Administrative Agent and the Security Agent an Assignment and Acceptance substantially in the form of Exhibit C attached hereto (an "Assignment and Acceptance") with respect to such assignment from the assigning Lender.

(c) Subject to Section 8.10, from and after the date that the Administrative Agent notifies the assigning Lender and the Borrower that it has received an executed Assignment and Acceptance, (i) the assignee thereunder shall be a party hereto and, to the extent that rights and obligations hereunder have been assigned to it pursuant to such Assignment and Acceptance, shall have the rights and obligations of a Lender hereunder and under the other Financing Documents, and this Agreement shall be deemed to be amended to the extent, but only to the extent, necessary to effect the addition of the assignee, and any reference to the assigning Lender hereunder or under the other Financing Documents shall thereafter refer to such Lender and to the assignee to the extent of their respective interests, and (ii) the assigning Lender shall, to the extent that rights and obligations hereunder and under the other Financing Documents have been assigned by it pursuant to such Assignment and Acceptance, relinquish its rights and be released from its obligations under the Financing Documents; provided that any Lender that assigns all of its Loan Commitment and Loans hereunder in accordance with Section 10.13 shall continue to have the benefit of indemnification provisions under this Agreement to the extent any indemnification relates to facts which occurred while it was a Lender (including Sections 2.8, 2.10, 2.11, 10.1 and 10.2), which shall survive as to such assigning Lender.

(d) Any Lender (the "Originating Lender") may, at its own cost, at any time after the initial Borrowing has occurred, sell to one or more commercial bank, financial institution, trust, fund or other entity which is regularly engaged in or established for the purpose of making, purchasing or investing in loans, securities or other financial assets which is not an Affiliate of the Borrower, a Competitor or an Affiliate of a Competitor (a "Participant") participating interests in its Loan; provided, however, that (i) the Originating Lender's obligations under this Agreement shall remain unchanged, (ii) the Originating Lender shall remain solely responsible for the performance of such obligations, (iii) the Borrower and the Administrative Agent shall continue to deal solely and directly with the Originating Lender in connection with the Originating Lender's rights and obligations under this Agreement and the other Financing Documents, (iv) any such sale of participating interest shall not result in any increase in Taxes or increased cost to the Borrower or Guarantors, and (v) no Lender shall transfer or grant any participating interest under which the Participant shall have rights to approve any amendment to, or any consent or waiver with respect to, this Agreement or any other Financing Document. In the case of any such participation, the Participant shall not have any rights or claims under this Agreement or any of the other Financing Documents (the Participant's rights against the Originating Lender in respect of such participation to be those set forth in the agreement executed by the Originating Lender in favor of the Participant relating thereto) and all amounts payable by the Borrower hereunder shall be determined as if such Lender had not sold such participation.

(e) Notwithstanding any other provision contained in this Agreement or any other Financing Document to the contrary, any Lender may pledge or assign as collateral security all or any portion of the Loans held by it; provided that (i) the pledge or assignment as collateral security, its enforcement and payment thereunder

would not result in any increased costs or Taxes on the Borrower or the Guarantors, and (ii) any payment in respect of such assigned Loans made by the Borrower to or for the account of the assigning or pledging Lender in accordance with the terms of this Agreement shall satisfy the Borrower's obligations hereunder in respect to such assigned Loan to the extent of such payment. No such assignment shall release the assigning Lender from its obligations hereunder.

(f) If:

(i) a Lender assigns or transfers any of its rights or obligations under the Financing Documents or changes its Applicable Lending Office; and

(ii) as a result of circumstances existing at the date the assignment, transfer or change occurs, the Borrower would be obliged to make a payment to a permitted assignee or Lender acting through its new Applicable Lending Office under Sections 2.8 or 2.10, then the permitted assignee or Lender acting through its new Applicable Lending Office is only entitled to receive payment under those Sections to the same extent as the assigning Lender or Lender acting through its previous Applicable Lending Office would have been if the assignment, transfer or change had not occurred.

(g) Subject to actions permitted under clause 5.2(a) of the Fiduciary Assignment, the Borrower shall not assign or otherwise transfer any of its rights and obligations under this Agreement or any other Financing Document without the prior written consent of the Administrative Agent (acting on the instructions of all Lenders).

10.14 Survival.

All indemnities set forth herein, including, without limitation, Section 10.2, shall survive the execution and delivery of this Agreement and the making and repayment of the Loans. In addition, each representation and warranty made or deemed to be made pursuant hereto shall survive the making of such representation and warranty (except for those representations or warranties that are made as of a specific date or that refer to a specific date or period of time), and no Lender shall be deemed to have waived, by reason of making any extension of credit, any Default or Event of Default which may arise by reason of such representation or warranty proving to have been false or misleading, notwithstanding that such Lender may have had notice or knowledge or reason to believe that such representation or warranty was false or misleading at the time such extension of credit was made.

10.15 WAIVER OF JURY TRIAL

EACH OF THE PARTIES HERETO HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVES THE RIGHT ANY OF THEM MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED ON, OR ARISING OUT OF UNDER OR IN CONNECTION WITH, THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN) OR ACTIONS OF ANY PARTY RELATING HERETO OR THERETO. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE FINANCING PARTIES TO ENTER INTO THIS AGREEMENT.

10.16 Right of Set-off.

In addition to any rights now or hereafter granted under applicable Law or otherwise, and not by way of limitation of any such rights, upon the occurrence and during the continuance of an Event of Default, each Lender is hereby authorized at any time or from time to time, without presentment, demand, protest or other notice of any kind to the Borrower or to any other Person (except for the notice referred to in the last sentence of this Section 10.16, any such notice being hereby expressly waived by the Borrower), to set off and to appropriate and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by such Lender (including, without limitation, by branches and agencies wherever located), to or for the account of the Borrower against any obligations of the Borrower to such Lender now or hereafter existing under this Agreement or any of the other Financing Documents, regardless of whether any such deposit or other obligation is then due and

payable or is in the same currency or is booked or otherwise payable at the same office as the obligation against which it is set off and regardless of whether such Lender shall have made any demand for payment under this Agreement or any of the other Financing Documents. Each Lender agrees promptly to notify the Borrower after any such set-off and application made by such Lender; provided that any failure to give such notice shall invalidate such set-off and application.

10.17 Severability.

Any provision hereof which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or render unenforceable such provision in any other jurisdiction.

10.18 Domicile of Loans.

Subject to Section 10.13, each Lender may transfer and carry its Loan at, to or for the account of any office, Subsidiary or Affiliate of such Lender.

10.19 Limitation of Recourse.

There shall be full recourse to the Borrower and to all of its assets for the liabilities of the Borrower under this Agreement and the other Financing Documents, and in no event shall any employee, officer, director, advisor, consultant, agent or representative of the Borrower or the Guarantors, be personally liable or obligated for such liabilities and obligations of the Borrower or the Guarantors, as the case may be. Nothing contained herein shall affect or diminish any rights of any Person against any other Person for such other Person's fraud, willful misrepresentation, gross negligence or willful misconduct.

10.20 Governing Law; Submission to Jurisdiction; Etc.

(a) THIS AGREEMENT AND EACH OF THE OTHER FINANCING DOCUMENTS (UNLESS SUCH DOCUMENT EXPRESSLY STATES OTHERWISE THEREIN) AND ANY CLAIM, CONTROVERSY, DISPUTE OR CAUSE OF ACTION (WHETHER IN CONTRACT OR TORT OR OTHERWISE) BASED UPON, ARISING OUT OF OR RELATING TO THIS AGREEMENT OR ANY OTHER FINANCING DOCUMENT (EXCEPT, AS TO ANY OTHER FINANCING DOCUMENT, AS EXPRESSLY SET FORTH THEREIN) SHALL BE GOVERNED BY, AND CONSTRUED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK WITHOUT REGARD TO THE CONFLICT OF LAW RULES THEREOF (OTHER THAN SECTION 5-1401 OF THE GENERAL OBLIGATIONS LAW OF THE STATE OF NEW YORK).

(b) Each party hereto hereby irrevocably and unconditionally submits, for itself and its property, to the exclusive jurisdiction of the United States District Court for the Southern District of New York, of the courts of the State of New York sitting in the County of New York, or of any court in Brazil (if and to the extent such Brazilian court has subject matter jurisdiction) and any appellate court from any thereof, for the purposes of any action or proceeding arising out of or relating to this Agreement; provided, that any action or proceeding seeking enforcement against any collateral or other property may be brought in the courts of any other jurisdiction where such collateral or other property may be found. Each party further agrees that that the United States District Court for the Southern District of New York and of the courts of the State of New York sitting in the County of New York, and any appellate court from any thereof, shall have exclusive jurisdiction with respect to any claim or counterclaim of any Obligor based upon the assertion that the rate of interest charged by or under this Agreement or under the other Financing Documents is usurious. Each party agrees that a final judgment in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each party hereto hereby expressly and irrevocably waives, to the fullest extent permitted by applicable Law, the jurisdiction of any other courts to which it may be entitled to, any objection which it may now or hereafter have to the laying of the venue of any such proceeding brought in such a court and any claim that any

such proceeding brought in such a court has been brought in an inconvenient forum.

(c) To the extent any Obligor may, in any action or proceeding arising out of or relating to any of the Financing Documents brought in Brazil or elsewhere, be entitled under any applicable Law to require or claim that any Financing Party post security for costs or take similar action, each Obligor hereby irrevocably waives and agrees, to the extent permitted by law, not to claim the benefit of such entitlement.

(d) Each Obligor hereby irrevocably appoints CT Corporation System (the "Process Agent"), with an office on the date hereof at 111 Eighth Avenue, New York, New York 10011, as its agent to receive on its behalf and on behalf of its Property, service of copies of the summons and complaint and any other process that may be served in any such action or proceeding. Service upon the Process Agent shall be deemed to be personal service on the Borrower or the relevant Guarantor, as the case may be, and shall be legal and binding upon the Borrower or such Guarantor, as the case may be, for all purposes notwithstanding any failure to mail copies of such legal process to the Borrower or the relevant Guarantor, as the case may be, or any failure on the part of the Borrower or the relevant Guarantor, as the case may be, to receive the same. Nothing herein shall affect the right to serve process in any other manner permitted by applicable Law or any right to bring legal action or proceedings in any other competent jurisdiction. To the extent permitted by applicable Law, each Obligor further irrevocably agrees to the service of process of any of the aforementioned courts in any suit, action or proceeding by the mailing of copies thereof by certified mail, postage prepaid, return receipt requested, to the Borrower or the Guarantors, as the case may be, at the address referenced in Section 10.3, such service to be effective upon the date indicated on the postal receipt returned from the Borrower or the Guarantors, as the case may be.

(e) Each Obligor agrees that it will at all times continuously maintain an agent to receive service of process in the State of New York on behalf of itself and its Properties, and, in the event that for any reason the agent mentioned above shall not serve as agent for an Obligor to receive service of process in the State of New York on its behalf, the relevant Obligor shall promptly appoint a successor reasonably satisfactory to the Administrative Agent so to serve, advise the Administrative Agent thereof, and deliver to the Administrative Agent evidence in writing of the successor agent's acceptance of such appointment. The foregoing provisions constitute, among other things, a special arrangement for service among the parties to this Agreement for the purposes of 28 U.S.C. § 1608.

10.21 Complete Agreement.

THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS REPRESENT THE FINAL AND COMPLETE AGREEMENT OF THE PARTIES HERETO, AND ALL PRIOR NEGOTIATIONS, REPRESENTATIONS, UNDERSTANDINGS WRITINGS AND STATEMENTS OF ANY NATURE ARE HEREBY SUPERSEDED IN THEIR ENTIRETY BY THE TERMS OF THIS AGREEMENT AND THE OTHER FINANCING DOCUMENTS.

10.22 English Language.

This Agreement and all other Financing Documents (other than the Fiduciary Assignment) shall be in the English language except as required by the laws of Brazil to be in the Portuguese language (in which event, certified English translations thereof shall be provided by the Borrower to the Administrative Agent). All documents, certificates, reports or notices (including, without limitation, the Original Financial Statements and any other financial statements required hereunder) to be delivered or communications to be given or made by any party hereto pursuant to the terms of this Agreement or any other Financing Document shall be in the English language or, if originally written in another language, shall be accompanied by an accurate English translation upon which the parties hereto shall have the right to rely for all purposes of this Agreement and the other Financing Documents.

10.23 Confidentiality.

(a) Subject to the provisions of clause (b) of this Section 10.23, each Financing Party agrees that it will maintain confidentiality and will not disclose without the prior consent of the Borrower (other than, on a need-

to-know basis only, to its employees, auditors, advisors or counsel or to another Financing Party if such Financing Party or such Financing Party's holding or parent company in its sole discretion determines that any such party should have access to such information; provided such Persons shall be subject to the provisions of this Section 10.23 to the same extent as such Financing Party) any information with respect to Borrower or any of its Subsidiaries or businesses which is now or in the future furnished pursuant to this Agreement or any other Financing Document; provided that any Financing Party may disclose any such information (i) as has become generally available to the public other than by virtue of a breach of this Section 10.23 by the respective Financing Party, (ii) as may be strictly required or appropriate in any report, statement or testimony submitted to any municipal, state or Federal regulatory body having or claiming to have jurisdiction over such Financing Party or to the Federal Reserve Board or the Federal Deposit Insurance Corporation or similar organizations (whether in the United States or elsewhere) or their successors, (iii) as may be strictly required or appropriate in respect to any summons or subpoena in connection with any litigation, (iv) in order to comply with any law, order, regulation or ruling applicable to such Financing Party, (v) to the Administrative Agent,

(vi) to any direct or indirect contractual counterparty in any swap, hedge or similar agreement (or to any such contractual counterparty's professional advisor), so long as such contractual counterparty (or such professional advisor) agrees to be bound by the provisions of this Section 10.23, and (vii) to any prospective or actual transferee or participant in connection with any contemplated transfer or participation of any Loan Commitment or any interest therein by such Financing Party; provided that such prospective transferee agrees to be bound by the confidentiality provisions contained in this Section 10.23.

(b) Each Obligor hereby acknowledges and agrees that each Financing Party may, on a need-to-know basis only, share with any of its Affiliates, and such Affiliates may share with such Financing Party, any information related to the Borrower, the Guarantors or any of their respective Subsidiaries (including, without limitation, any non-public customer information regarding the creditworthiness of the Borrower, the Guarantors and their respective Subsidiaries); provided that such Persons shall be subject to the provisions of this Section 10.23 to the same extent as such Financing Party.

10.24 Independence of this Agreement from the Master Supply Agreement.

The liability of the Borrower or the Guarantors to make payments to any Lender under this Agreement shall be in no way conditional upon the due performance by the Suppliers of the terms of the Master Supply Agreement or any related contract nor affected by any dispute under or enforceability of the Master Supply Agreement or any related contract or any claim which the Borrower or the Guarantors may have or consider that it has against the Suppliers as aforesaid for any reason whatsoever. A Lender shall not be under any obligation to enquire into the adequacy or enforceability of the Master Supply Agreement or any related contract or as to whether any default, dispute or non-performance has arisen thereunder. Each Obligor further acknowledges that the Lenders have made no representation or warranty whatsoever with respect to the Master Supply Agreement or the performance by the Suppliers of its obligations thereunder.

* * *

IN WITNESS WHEREOF, the parties hereto have caused their duly authorized officers to execute and deliver this Agreement as of the date first above written.

NEXTEL TELECOMUNICAÇÕES LTDA., as Borrower

Notice Address:

Rua Bela Cintra No. 1,196 Cerqueira Cesar, City of São Paulo, State of São Paulo Brazil 01415-908 Attention: Treasurer Telephone No.: 55-11-2145-1327 Facsimile No.: 55-11-2145-2040 Email: financial.operations@nextel.com.br

with a copy to:

NII Holdings, Inc. 1875 Explorer Street, Suite 1000 Reston, VA 20190 Attention: Chief Commercial Counsel Facsimile No: +1-703 390 7170 Email: financial.operations@nextel.com.br

On behalf of the Borrower

/s/ Matthew Haist

Attorney-In-Fact

Address: Linklaters LLP 1345 Avenue of the Americas New York, New York 10105

WITNESSES

1. /s/ Marc A Meuchise
2. /s/ Niels Jensen

HONGKONG 299133 [CDB - Nextel Brazil Credit Agreement (Non-Sinasure).DOC] (2K)
STATE OF NEW YORK)

: ss. COUNTY OF NEW YORK)

On this 30th day of April, 2012, before me, a notary public within and for said State, personally appeared Matthew J. Haist, to me personally known who being duly sworn, did say that such person is Attorney-in-Fact and an authorized signatory of NEXTEL TELECOMUNICAÇÕES LTDA., which executed the foregoing instrument, and acknowledges said instrument to be the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.

By /s/ Yahayra Reyes

(Notary Public)

Name:

My Commission Expires: (SEAL)

The Guarantors:

NEXTEL TELECOMUNICAÇÕES DE LONGA DISTÂNCIA LTDA. NEXTEL TELECOMUNICAÇÕES SMP LTDA. RMD DO BRASIL S.A. SUNBIRD PARTICIPAÇÕES LTDA. TELCOM TELECOMUNICAÇÕES DO BRASIL LTDA. RÁDIO MÓVEL DIGITAL S.A. SUNBIRD TELECOMUNICAÇÕES LTDA.

Notice Address for all Guarantors:

Rua Bela Cintra No. 1,196 Cerqueira Cesar, City of São Paulo, State of São Paulo Brazil 01415-908 Telephone No.: 55-11-2145-1327 Facsimile No.: 55-11-2145-2040 Email: financial.operations@nextel.com.br

with a copy to:

NII Holdings, Inc. 1875 Explorer Street, Suite 1000 Reston, VA 20190 Attention: Chief Commercial Counsel Facsimile No: +1-703 390 7170 Email: financial.operations@nextel.com.br

On behalf of the Guarantors

/s/ Matthew Haist

Attorney-In-Fact

Address: Linklaters LLP 1345 Avenue of the Americas New York, New York 10105

WITNESSES

1. /s/ Marc A Meuchise

2. /s/ Niels Jensen

: ss. COUNTY OF NEW YORK)

On this 30th day of April, 2012, before me, a notary public within and for said State, personally appeared Matthew J. Haist, to me personally known who being duly sworn, did say that such person is Attorney-in-Fact and an authorized signatory of the Guarantors, which executed the foregoing instrument, and acknowledges said instrument to be the free act and deed of said company.

IN TESTIMONY WHEREOF, I have hereunto set my hand and official seal.

By /s/ Yahayra Reyes

(Notary Public)
Name:

My Commission Expires: (SEAL)

CHINA DEVELOPMENT BANK CORPORATION, as Lender

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road Guangdong Province, Shenzhen 518031, China Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725 Email: chenan@cdb.com.cn

By: /s/ Haiyan Gan

Title: Director - General

WITNESSES

1. /s/ Sandra Ribeiro

2. /s/ Estala de Oliveira

CHINA DEVELOPMENT BANK CORPORATION, as Administrative Agent

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road, Guangdong Province, Shenzhen 518031, China Attention: Che Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725 Email: chenan@cdb.com.cn

By: /s/ Haiyan Gan

Title: Director - General

WITNESSES

1. /s/ Sandra Ribeiro

2. /s/ Estala de Oliveira

CHINA DEVELOPMENT BANK CORPORATION, as Arranger

Notice Address: Address: 14th Floor, CITIC Tower, No. 1093 Shennan Zhong Road Guangdong Province, Shenzhen 518031, China Attention: Chen Nan Telephone No.: +86 (755) 2594 2783 Facsimile No.: +86 (755) 2598 7725 Email: chenan@cdb.com.cn

By: /s/ Haiyan Gan

Title: Director - General

WITNESSES

1. /s/ Sandra Ribeiro

2. /s/ Estala de Oliveira

DEFINED TERMS AND RULES OF INTERPRETATION

1. Defined Terms.

“Administrative Agent” shall mean China Development Bank Corporation, acting in its capacity as administrative agent for the Lenders hereunder and under the other Financing Documents, and shall include any successor to the Administrative Agent appointed pursuant to Section 8.9.

“Affected Interest Period” shall have the meaning provided in Section 2.11 of this Agreement.

“Affiliate” shall mean, as to any Person, any other Person that, directly or indirectly, Controls, is Controlled by or is under common Control with such Person.

“Agent-Related Persons” shall mean the Administrative Agent and any successor Administrative Agent appointed pursuant to Section 8.9 of this Agreement, together with their respective officers, directors, employees, representatives, attorneys, agents and Affiliates.

“Agreement” shall have the meaning provided in the preamble of this Agreement.

“Airfone” shall mean Airfone Holdings, LLC (formerly known as Airfone Holdings, Inc.).

“ANATEL” shall mean Agência Nacional de Telecomunicações, the federal telecommunications regulator of Brazil.

“Applicable Lending Office” shall mean, for each Lender, the “Lending Office” of such Lender (or of an Affiliate thereof) designated in Annex II to this Agreement or such other office of such Lender (or an Affiliate thereof) as such Lender may from time to time specify to the Administrative Agent and the Borrower by written notice in accordance with the terms hereof as the office by which its Loans are to be made and maintained.

“Arranger” shall mean China Development Bank Corporation.

“Assignment and Acceptance” shall have the meaning provided in Section 10.13(b) of this Agreement.

“Attorney Costs” shall mean all reasonable and duly documented fees and disbursements of any law firm or other external counsel of the Lenders.

“Authorized Officer” shall mean, with respect to any Person, any Person who is duly authorized to represent and to obligate that Person in accordance with the Charter Documents of that Person.

“Availability Period” shall mean the period from and including the Closing Date to and including the Final Availability Date.

“Available Loan Commitments” shall mean, at any time and in respect of any Lender, such Lender’s Loan Commitment minus:

- (a) the amount of its participation in any Loans outstanding under this Agreement; and
 - (b) in relation to any proposed Loan under this Agreement, the amount of its participation
-

in any Loans that are due to be made under this Agreement on or before the proposed Disbursement Date.

“Bankruptcy Law” shall mean the laws, regulations, decrees and rules related to bankruptcy in Brazil and any other Law of any jurisdiction relating to bankruptcy, insolvency, liquidation, reorganization, moratorium, winding-up or composition or readjustment of debts or any similar Law.

“Borrower” shall have the meaning provided in the first paragraph of this Agreement.

“Borrowing” shall mean the borrowing of Loans from the Lenders on a given date having the same Interest Period.

“Brazil” shall mean the Federative Republic of Brazil.

“Brazilian GAAP” shall mean the generally accepted accounting principles in Brazil, as established by Instituto dos Auditores Independentes do Brasil (IBRACON) , together with its pronouncements and the pronouncements of Comissão de Valores Mobiliários (CVM) thereon from time to time.

“Break Costs” shall mean the amount (if any) by which (a) the interest (excluding the applicable Margin) that a Lender should have received for the period from the date of receipt of all or any part of its Loan or any sum due and payable by the Borrower under any Financing Document but unpaid to the last day of the current Interest Period in respect of such Loan or sum, had the principal amount of such Loan or sum received been paid on the last day of that Interest Period exceeds (b) the amount which such Lender would be able to obtain by placing an amount equal to the principal amount of such Loan or sum received or recovered by it on deposit with a leading bank in the London interbank market for a period starting on the London Banking Day following such receipt of recovery and ending on the last day of the current Interest Period.

“Business Day” shall mean any day except Saturday, Sunday and any day which shall be in New York City, Beijing or city of São Paulo, State of São Paulo, a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in any such city.

“Business Plan” shall mean the Borrower’s business plan provided pursuant to Section 3.1(j) and as updated from time to time pursuant to Section 5.1(l).

“Buyer’s Export Credit Insurance Commitments” shall mean the letter of undertaking delivered pursuant to the requirements of Sinasure.

“Calculation Date” shall mean June 30 and December 31 of each calendar year.

“Central Bank” shall mean Banco Central do Brasil, the central bank of Brazil.

“Change of Control” shall mean (i) when the Parent ceases, directly or indirectly, to control the Borrower or (ii) to the extent that any Guarantor is a licensee under any License, when the Borrower ceases, directly or indirectly, to control such Guarantor. For purposes of this definition, “control” shall mean, with respect to a Person, (i) the power to direct or cause the direction of the management or policies of such Person, whether through the ability to exercise voting power, by contract or otherwise, or (ii) the ownership (directly or indirectly) of at least fifty per cent (50%) plus one (1) share of the entire issued and outstanding share capital of such Person.

“Charter Documents” shall mean, with respect to any Person, the by-laws, or articles of incorporation or association, or incorporation deed, or other similar document of such Person.

“China” shall mean the People’s Republic of China (for purposes of this Agreement, not including Taiwan and the Special Administrative Regions of Hong Kong and Macau).

“Chinese Content” shall mean goods and services rendered by entities located in China as certified by the certificate of country of origin of such goods and services. For purposes of this Agreement, it shall be understood that services paid by the Borrower or its Subsidiaries to the Suppliers shall be deemed Chinese Content.

“Closing Date” shall mean the date upon which the conditions precedent set forth in Section 3.1 of this Agreement have been satisfied (or waived by the Administrative Agent).

“Code” shall mean the United States Internal Revenue Code of 1986, as amended from time to time.

“Collateral Agency Agreement” shall mean the collateral agency agreement entered into on or about the Signing Date among the Administrative Agent, the Sinosure Administrative Agent, the Security Agent, the Lenders and the Sinosure Lenders party thereto in respect of the pari passu sharing of the Fiduciary Assigned Assets under the Fiduciary Assignment.

“Commitment Fee” shall have the meaning provided in Section 6.8(c) of this Agreement.

“Competitor” shall mean a Person other than the Borrower and its Affiliates who is engaged in the telecommunications business (including without limitation, the delivery or distribution of wireless telecommunications services (including voice, data or video services) and the acquisition, holding or exploitation of any license relating to the delivery of such wireless telecommunications services) and related activities and services.

“Compliance Certificate” shall mean the certificate of the Borrower substantially in the form attached hereto as Exhibit E.

“Consolidated Cash Balance” shall mean, with respect to the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Brazilian GAAP); (i) cash, including Reais or Dollars; (ii) investment in short-term deposits in banks, other similar financial institutions or corporate entities, each of which is investment grade, or subsidiaries or affiliates of such banks or financial institutions (“Acceptable Entities”) (being investments maturing in one year or less than one year from the date of deposit, including, but not limited to, investments in bank fixed deposits and other bank instruments); (iii) deposits in Acceptable Entities and investments in treasury bills and securities issued by a governmental authority including the Government of Brazil; (iv) any readily marketable debt or equity security that is customarily traded on electronic trading systems or any national or international securities exchange, valued at the most recently available trading price for such security, and for any such security denominated in a currency other than Dollars or Reais, converted into Dollars or Reais at the exchange rate noted by a national or international financial institution; (v) repurchase obligations with Acceptable Entities or other creditworthy financial institutions, in each case with a term of not more than seven (7) days for underlying securities of the types described in clauses (ii) and (iv) above; and
(vi) investment grade commercial paper maturing within one year after the date of acquisition.

“Consolidated EBITDA” shall mean, for any period, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Brazilian GAAP), the sum of the following: (a) Consolidated Operating Income plus (b) to the extent deducted in determining Consolidated Operating Income, the sum of (i) all amounts properly charged for depreciation of Fixed Property and amortization of Intangible Property for such period on the consolidated books of the Borrower and its Consolidated Subsidiaries, plus (ii) Consolidated Interest Expense for such period, plus (iii) income tax expense, plus (iv) all other non-cash expenses, minus (c) non-cash gains, to the extent included in determining Consolidated Operating Income.

“Consolidated Indebtedness” shall mean, as at any date, the sum of the aggregate outstanding principal amount of all Indebtedness of the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Brazilian GAAP).

“Consolidated Interest Expense” shall mean, for any period, the sum, for the Borrower and its Consolidated Subsidiaries (determined on a consolidated basis without duplication in accordance with Brazilian

GAAP), of all interest in respect of Indebtedness accrued or capitalized during such period (whether or not actually paid during such period).

“Consolidated Operating Income” shall mean, for any period, the net income (or net loss) of the Borrower and its Consolidated Subsidiaries for such period (determined on a consolidated basis without duplication in accordance with Brazilian GAAP).

“Consolidated Subsidiary” shall mean, with respect to the Borrower or a Guarantor, each Subsidiary of the Borrower or such Guarantor, as the case may be, (whether now existing or hereafter created or acquired) the financial statements of which shall be (or should have been) consolidated with the financial statements of the Borrower or such Guarantor, as the case may be, in accordance with Brazilian GAAP.

“Control” the possession, directly or indirectly, of the power to direct or cause the direction of the management or policies of a Person, whether through the ability to exercise voting or management power, by contract or otherwise. “Controlling” and “Controlled” have meanings correlative thereto.

“Default” shall mean any event or circumstance which with notice under the Financing Documents or lapse of time or both would become an Event of Default.

“Default Interest” shall have the meaning provided in Section 2.6(b) of this Agreement.

“Delaware” shall mean the State of Delaware of the United States.

“Disbursement” shall mean disbursement of the Loans pursuant to this Agreement.

“Disbursement Date” shall mean any date on which a Disbursement is made.

“Dollars” or “US\$” and the sign “\$” shall each mean freely transferable, lawful money of the United States.

“Entitled Person” shall have the meaning assigned to such term in Section 10.9 of this Agreement.

“Environmental Claim” shall mean, with respect to any Person, (i) any notice, claim, administrative, regulatory or judicial or equitable action, suit, Lien, judgment or demand by any other Person or (ii) any other written communication by any Governmental Authority, in either case alleging or asserting such Person's liability for investigatory costs, cleanup costs, consultants' fees, governmental response costs, damages to natural resources (including, without limitation, wetlands, wildlife, aquatic and terrestrial species and vegetation) or other Property, property damages, personal injuries, fines or penalties arising out of, based on or resulting from (x) the presence, or Release into the environment, of any Hazardous Material at any location, whether or not owned by such Person or (y) circumstances forming the basis of any violation, or alleged violation, of any Environmental Law or Governmental Approval issued under any Environmental Law.

“Environmental Laws” shall mean any and all Laws, now or hereafter in effect, and any judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, human health or safety, or to emissions, discharges, releases or threatened releases of pollutants, contaminants, chemicals, or toxic or hazardous substances or wastes into the environment, including, without limitation, ambient air, surface water, groundwater, or land, or otherwise relating to the manufacture, processing, distribution, use, treatment, storage, disposal, transport, or handling of pollutants, contaminants, chemicals, or toxic or hazardous substances or wastes.

“ERISA” shall mean the United States Employee Retirement Income Security Act of 1974, as amended from time to time, and the regulations promulgated and rulings issued thereunder. Section references to ERISA are to ERISA, as in effect at the Signing Date and any subsequent provisions of ERISA, amendatory

thereof, supplemental thereto or substituted therefor.

“Equity Interest” shall mean, at any time, any right or interest in the capital of the Borrower, whether owned directly or indirectly.

“Event of Default” shall have the meaning provided in Section 7.1 of this Agreement.

“Existing Lender” shall mean Nederlandse Financierings-Maatschappij Voor Ontwikkelingslanden, N.V.

“Existing Security Agent” shall mean Standard Bank Offshore Trust Company Jersey Limited.

“Expropriation Event” shall mean (i) any condemnation, nationalization, seizure or expropriation by a Governmental Authority of all or a substantial portion of the Property of the Borrower or of its share capital, (ii) any assumption by a Governmental Authority of control of all or a substantial portion of the Property or business operations of the Borrower or of its share capital, (iii) any taking of any action by a Governmental Authority for the dissolution or disestablishment of the Borrower or (iv) any taking of any other action by a Governmental Authority that would prevent the Borrower from carrying on its business or operations or a substantial part thereof.

“Fee Letter” shall mean any letter or letters between the Borrower, the Arranger and the Administrative Agent dated of even date hereof, setting out certain reasonable and duly documented fees and expenses payable by the Borrower in connection with the Financing Documents and the consummation of the transactions contemplated therein.

“Fiduciary Assigned Assets” shall have the meaning given to the terms “Fiduciary Assigned Assets” and “Additional Fiduciary Assigned Assets”, in each case in the Fiduciary Assignment, such assets being all movable assets of any Fiduciary Assignor procured under the Purchase Orders which are financed by the Loans hereunder or the loans under the Non-Sinosure Credit Agreement.

“Fiduciary Assignment” shall mean the non-possessory asset fiduciary assignment agreement entered into on or about the Signing Date between each Fiduciary Assignor, the Fiduciary Assignee and the Security Agent, for the account and benefit of the Financing Parties hereunder and the financing parties under the Non-Sinosure Credit Agreement, in relation to the assignment by such Fiduciary Assignor to the Fiduciary Assignee and the Security Agent of the Fiduciary Assigned Assets.

“Fiduciary Assignor” shall mean the Borrower and any other Guarantor which becomes a Fiduciary Assignor pursuant to and in accordance with the Fiduciary Assignment, and shall include any of their respective successors, permitted assignees and transferees.

“Fiduciary Assignee” shall mean China Development Bank Corporation as Lender and Non-Sinosure Lender and any other Lender which becomes a Fiduciary Assignee pursuant to and in accordance with the Fiduciary Assignment.

“Final Availability Date” shall mean the date falling thirty six (36) months from the earlier of (x) the Closing Date and (y) June 30, 2012.

“Financing Documents” shall mean, collectively, this Agreement, the Guaranty, the Shareholder Undertaking, the Security Documents, the Fee Letter, each Notice of Borrowing, after the execution and delivery thereof pursuant to the terms of this Agreement, each Note and any other document designated from time to time as such and as agreed by the Borrower and the Administrative Agent.

“Financing Parties” shall mean, collectively, the Administrative Agent, the Security Agent, the Arranger and the Lenders.

“Fixed Property” shall mean the fixed assets as reflected in its consolidated financial statements.

“Foreign Pension Plan” shall mean any plan, fund (including, without limitation, any superannuation fund) or other similar program established or maintained outside the United States primarily for the benefit of employees residing outside the United States, which plan, fund or other similar program provides, or results in, retirement income, a deferral of income in contemplation of retirement or payments to be made upon termination of employment, and which plan is not subject to ERISA, or to the extent applicable, subject to Subchapter D of the Code.

“Forms” shall have the meaning provided in Section 2.8(b) of this Agreement.

“Governmental Approval” shall mean any authorization, consent, approval, license, ruling, permit, tariff, rate, certification, exemption, filing, variance, claim, order, judgment, decree, publication, notice to, declaration of or with, or registration by or with, any Governmental Authority, including the Licenses.

“Governmental Authority” shall mean any government, governmental department, commission, board, bureau, agency, regulatory authority, instrumentality, judicial or administrative body, domestic or foreign, federal, state or local having jurisdiction over the matter or matters in question, including, without limitation, those in Brazil and the United States.

“Group Chart” shall mean the organization chart of the Guarantors and the Borrower and their respective Subsidiaries (including the Consolidated Subsidiaries) that shows the direct and indirect relationship among the Guarantors, the Consolidated Subsidiaries and the Borrower (including current name, jurisdiction of incorporation and/or establishment and a list of shareholders).

“Guarantors” shall mean those entities listed in Annex III, as updated from time to time to reflect any transaction permitted pursuant to Section 5.13, and a “Guarantor” shall mean any of them.

“Guaranty” shall mean the guaranty of the Guarantors pursuant to Section 9.

“Guaranteed Obligations” shall mean the full and prompt payment when due (whether at the stated maturity, by acceleration or otherwise) of the principal and interest on all Loans made to the Borrower under this Agreement, together with all the other obligations, indebtedness and liabilities (including, without limitation, indemnities, fees and interest (including any interest accruing after the commencement of any bankruptcy, insolvency, receivership or similar proceeding at the rate provided for herein, whether or not such interest is an allowed claim in any such proceeding) thereon) of the Borrower to the Financing Parties now existing or hereafter incurred under, arising out of or in connection with this Agreement and each other Financing Document to which the Borrower is a party and the due performance and compliance by the Borrower with all the terms, conditions and agreements contained in this Agreement and in each such other Financing Document.

“Hazardous Material” shall mean any substance that is regulated or could lead to liability under any Environmental Law, including, but not limited to, any petroleum or petroleum product, asbestos in any form that is or could become friable, transformers or other equipment that contain dielectric fluid containing levels of polychlorinated biphenyls (PCB’s), hazardous waste, hazardous material, hazardous substance, toxic substance, contaminant or pollutant, as defined or regulated as such under, any applicable Environmental Law.

“Indebtedness” shall mean, as to any Person, without duplication, with respect to a Person, any obligation (whether incurred as principal or surety) for the payment or repayment of money, whether present or future, actual or contingent of such Person for or in respect of (i) amounts borrowed or raised under any loan or credit facility; (ii) the amount of any deferred purchase price of property or services (other than trade payables not overdue by more than ninety (90) days incurred in the ordinary course of business); (iii) all obligations under or in respect of letters of credit or bankers’ acceptances if issued in connection with a transaction in the nature of a

borrowing or raising of finance; (iv) all obligations for borrowed money under or evidenced by bonds, debentures, notes or other similar instruments; (v) leases or hire purchase contracts, which would, in accordance with Brazilian GAAP, be treated as finance or capital leases; (vi) any other financial transaction having the effect of a borrowing or giving rise to an obligation on the part of such Person to purchase Indebtedness of another Person or provide collateral in respect thereof; or (vii) the net exposure under any hedging agreements; provided, however, that Indebtedness shall not include (a) obligations incurred in the form of reimbursement obligations for performance bonds in connection with the Licenses to the extent such obligations remain contingent and (b) Subordinated Restricted Intercompany Indebtedness.

“Indemnified Liabilities” shall have the meaning provided in Section 10.2(a) of this Agreement.

“Indemnified Person” shall have the meaning provided in Section 10.2(a) of this Agreement.

“Intangible Property” shall mean the intangible assets as reflected in its consolidated financial statements.

“Intercompany Indebtedness” shall mean indebtedness owed by any Obligor or any of its Consolidated Subsidiaries to the Parent or any of its Consolidated Subsidiaries.

“Intellectual Property” shall mean any patents, trademarks, service marks, designs, business names, copyrights, database rights, design rights, domain names, inventions, knowhow and other intellectual property rights and interests (which may now or in the future subsist), whether registered or unregistered and the benefit of all applications and rights to use such assets.

“Interest Determination Date” shall mean, for the purposes of calculating LIBOR, the second London Banking Day prior to the commencement of any Interest Period relating to such Loan unless market practice differs in the London interbank market, in which case, the Interest Determination Date will be determined by the Administrative Agent in accordance with market practice in the London interbank market (and if quotations would normally be given by leading banks in the London interbank market on more than one day, the Interest Determination Date will be the last of those days).

“Interest Payment Date” shall mean each February 15 and August 15 before the Loan Maturity Date, except that if any such date is not a Business Day, such Interest Payment Date shall fall on the immediately succeeding Business Day.

“Interest Period” shall have the meaning provided in Section 2.7 of this Agreement.

“Investment” in any Person shall mean, without duplication: (i) the acquisition (whether for cash, securities, other Property, services or otherwise) or holding of capital stock, bonds, notes, debentures, partnership or other ownership interests or other securities of such Person, or any agreement to make any such acquisition or to make any capital contribution to such Person; or (ii) the making of any deposit with, or advance, loan or other extension of credit to, such Person.

“Judgment Currency” shall have the meaning provided in Section 10.9 of the Agreement.

“Land” shall mean any site upon which the Telecommunications Networks have been or will be installed (including in connection with the Project), together with any fixtures and civil works constructed thereon and any other easements, licenses and other real property rights and interests required in respect thereof.

“Law” shall mean, with respect to any Person (i) any statute, law, regulation, ordinance, rule, judgment, order, decree, permit, concession, grant, franchise, license or other governmental restriction or any official interpretation or administration of any of the foregoing by any Governmental Authority (including, without limitation, Governmental Approvals) and (ii) any directive, guideline, policy, requirement or any similar form of

decision of or determination by any Governmental Authority which is binding on such Person, in each case, whether now or hereafter in effect (including, without limitation, in each case, any Environmental Law).

“Lender” shall mean each Lender named in Annex I to this Agreement and any assignee thereof pursuant to Section 10.13 of this Agreement.

“LIBOR” shall mean, with respect to each Interest Period in respect of a Loan, the Screen Rate. If, for any reason such, rate is not available, the term “LIBOR” shall mean, for any Loan for any Interest Period therefor, the arithmetic mean of all such rates (rounded upwards, if necessary, to the nearest 1/100 of 1%) as supplied to the Administrative Agent at its request quoted by the Reference Banks to leading banks in the London interbank market at approximately 11:00 a.m. (London time) on the Interest Determination Date for deposits in Dollars and for a term comparable to such Interest Period.

“Licenses” shall mean the licenses originally granted by ANATEL to Nextel Serviços de Telecomunicações Ltda. (which has been merged into the Borrower, following ANATEL’s consent) under the public bid (licitação) No. 002/2010/PVCP/SPV-ANATEL for the batches I, II, III, IV, VI, VII, IX, X, XI, XII, XIII and XL, related to mobile telecommunication services in Brazil (serviço móvel pessoal) and now held by the Borrower.

“Lien” shall mean, with respect to any Property of any Person, any mortgage, pledge, fiduciary sale or assignment, lien, security interest, charge, assignment (condition or otherwise), attachment, title retention, option or other encumbrance of any kind, or any other type of preferential arrangement (including title transfer and retention arrangements) that has substantially the same practical effect as a security interest.

“Loan” or “Loans” shall have the meaning provided in Section 2.1(a) of this Agreement.

“Loan Commitment” shall mean, with respect of each Lender named in Annex I to this Agreement, the amount set forth opposite such Lender’s name in Annex I and, with respect to any other Lender, the amount of any Loan Commitment it acquires, to the extent not cancelled, transferred or reduced under this Agreement.

“Loan Maturity Date” shall mean the date falling ten (10) years from the earlier of (x) the Closing Date and (y) June 30, 2012, except that if such date is not a Business Day, then the Loan Maturity Date shall be the Business Day immediately preceding the date falling ten (10) years from such date.

“London Banking Day” shall mean any day except Saturday, Sunday and any day which shall be a legal holiday or a day on which banking institutions are authorized or required by law or other government action to close in London, England.

“Margin” shall mean (a) prior to the Sinosure Effective Date, two point nine percent (2.9%) per annum, and (b) on and after the Sinosure Effective Date, one point eight percent (1.8%) per annum.

“Margin Stock” shall mean margin stock within the meaning of Regulation U and Regulation X.

“Master Supply Agreement” shall mean the Master Supply Agreement effective as of February 4, 2011 between the Parent, the Borrower, Huawei do Brasil Telecomunicações Ltda., Huawei Serviços do Brasil Ltda. and Huawei Gestão e Serviços de Telecomunicações do Brasil Ltda. in respect of the delivery of telecommunications infrastructure equipment and goods for the implementation of the Project.

“Material Adverse Effect” shall mean a material adverse effect on (i) the business, operations, condition (financial or otherwise) or Property of the Obligors taken as a whole, (ii) the ability of the Obligors taken as a whole, to timely perform any of its obligations under any of the Transaction Documents to which it is a party, (iii) the legality, validity or enforceability of any material provision of any Transaction Document, or (iv) any material rights and remedies of the Financing Parties under any of the Financing Documents.

“Material Indebtedness” shall mean, with respect to any Obligor, any of its Indebtedness that individually (or in the aggregate if it arises out of a series of related transactions or obligations) exceeds fifty million US Dollars (US\$50,000,000) (or its equivalent in other currencies) at any time.

“Material Subsidiary” shall mean any Subsidiary of the Borrower now or at any time hereafter meeting any one of the following conditions: (a) the assets of such Subsidiary exceed ten-percent (10%) of the aggregate assets appearing on the consolidated balance sheet of the Borrower and its consolidated Subsidiaries for the most recently ended fiscal quarter of the Borrower, or (b) the gross revenues of such Subsidiary for the period of four consecutive fiscal quarters of the Borrower most recently ended exceed ten-percent (10%) of the gross revenues of the Borrower and its consolidated Subsidiaries for such period, or (c) such Subsidiary has one or more Subsidiaries and together therewith would, if considered in the aggregate, constitute a Material Subsidiary within the terms of clauses (a) and (b) of this definition. Upon the acquisition of a new Subsidiary, qualification as a “Material Subsidiary” shall be determined on a pro forma basis on the assumption that such Subsidiary had been acquired at the beginning of the relevant period of four consecutive fiscal quarters.

“McCaw” shall mean McCaw International (Brazil), LLC (formerly known as McCaw International (Brazil), Ltd.).

“Money Laundering” shall mean, (i) the conversion or transfer of property, knowing it is derived from a criminal offense, for the purpose of concealing or disguising its illegal origin or of assisting any person who is involved in the commission of the crime to evade the legal consequences of its actions, (ii) the concealment or disguise of the true nature, source, location, disposition, movement, rights with respect to, or ownership of, property knowing that it is derived from a criminal offense, or (iii) the acquisition, possession or use of property knowing at the time of its receipt that it is derived from a criminal offense.

“Necessary Governmental Approval” shall have the meaning provided in Section 4.7(a) of this Agreement.

“Negotiation Period” shall have the meaning provided in Section 2.11 of this Agreement.

“Net Debt” shall mean, with respect to the Borrower, its Consolidated Indebtedness minus its Consolidated Cash Balance.

“Nextel Longa Distância” shall Nextel Telecomunicações de Longa Distância Ltda.

“Nextel S.A.” shall mean Nextel Telecomunicações S.A.

“Non-Chinese Content” shall mean goods and services rendered by entities located outside of China and which goods and services did not originate in whole or in part (as a matter of law or otherwise) in China.

“Non-Obligor Affiliate” shall mean an Affiliate of an Obligor, which is not itself an Obligor.

“Non-Sinosure Administrative Agent” shall mean the “AdministrativeAgent” as such term is defined in the Non-Sinosure Credit Agreement.

“Non-Sinosure Financing Documents” shall mean the “Financing Documents” as such term is defined in the Non-Sinosure Credit Agreement.

“Non-Sinosure Lenders” shall mean the “Lender” as such term is defined in the Non-Sinosure Credit Agreement.

“Note” shall have the meaning provided in Section 2.5(b) of this Agreement.

“Notice of Borrowing” shall have the meaning provided in Section 2.2 of this Agreement.

“Notice Office” shall mean the office of the Administrative Agent located at the address indicated below its signature or such other office, telephone or facsimile number as the Administrative Agent may hereafter designate in writing as such to each of the other parties to this Agreement.

“Obligors” shall mean the Borrower and each of the Guarantors.

“Officer’s Certificate” shall mean, (i) with respect to the Borrower, an officer’s certificate signed by an Authorized Officer of the Borrower and (ii) with respect to each Guarantor, an officer’s certificate signed by an Authorized Officer of such Guarantor.

“Original Financial Statements” shall mean, the audited unconsolidated financial statements of the Borrower, as audited by a reputable Brazilian accounting firm to ensure compliance with Brazilian GAAP, in each case, as at and for the fiscal year ended on December 31, 2010 and as at and for the fiscal year ended on December 31, 2011.

“Originating Lender” shall have the meaning provided for in Section 10.13(d) of this Agreement.

“Original Note” shall have the meaning provided in Section 2.5(b) of this Agreement.

“Parent” shall mean NII Holdings Inc., a holding company organized and existing under the laws of Delaware.

“Participant” shall have the meaning provided for in Section 10.13(d) of this Agreement.

“Payment Office” shall mean the office of the Administrative Agent located at the address below its signature or such other office as each such Administrative Agent may hereafter designate in writing as such to each of the other parties to this Agreement.

“Permitted Business” shall mean the telecommunications business including any business conducted or proposed to be conducted (as described in the Parent’s filings with the U.S. Securities and Exchange Commission) by the Borrower and its Subsidiaries on the Signing Date (which include, without limitation, the delivery or distribution of wireless telecommunications services (including voice, data or video services) and the acquisition, holding or exploitation of any license relating to the delivery of such wireless telecommunications services) and related, ancillary or complimentary businesses, activities and services.

“Permitted Disposals” shall mean, with respect to any Obligor’s assets (excluding the Licenses):

- (a) disposals on arm’s-length terms in the ordinary course of trading of the disposing entity;
- (b) disposals of assets in exchange for other assets comparable or superior in type, value and quality;
- (c) disposals of assets which are worn out, obsolete or have been replaced;
- (d) disposals arising under Section 5.13(a);
- (e) disposals with the consent of the Administrative Agent;
- (f) disposals on arm’s-length terms the proceeds of which are used to prepay the Loans in accordance with Section 6.2 ; Appendix

A to Credit Agreement

- (g) disposals arising pursuant to a Permitted Sale Leaseback Transaction;
- (h) disposals among the Obligors on arm’s-length terms; and

(i) any other disposals of assets transacted on arm’s-length terms; provided that the aggregate amount received by the Borrower in respect of such disposals does not exceed twenty-million US Dollars (US\$20,000,000) (or its equivalent in other currencies) in any twelve (12) month period.

“Permitted Liens” shall mean:

(a) with respect to the Fiduciary Assigned Assets, the Liens (i) created or expressed to be created pursuant to the Fiduciary Assignment, or (ii) the “permitted liens” as defined under Section 5.1(g) of the Fiduciary Assignment (“Guarantee Permitted Liens”);

(b) with respect to any Property (other than the Fiduciary Assigned Assets) of any of the Obligor:

(i) any Transaction Lien;

(ii) Liens for taxes, assessments and governmental charges or levies on such Obligor that are not yet delinquent or due or which are being contested in good faith by appropriate actions or proceedings; provided that adequate reserves with respect thereto are maintained in accordance with Brazilian GAAP on the books of such Obligor;

(iii) Liens arising by operation of law in the ordinary course of business and not for borrowed money securing obligations that are not overdue for a period of more than thirty (30) days;

(iv) Liens incurred in connection with workers’ compensation claims, unemployment insurance, social security benefits and similar legislation or to secure public or statutory obligations;

(v) Liens in favor of any Governmental Authority of Brazil arising from the bidding or acquisition of radio spectrum licenses that are necessary, complementary or ancillary for the Borrower’s telecommunications business to the extent required by applicable laws or applicable auction rules and regulations;

(vi) Liens on any Fixed Property or Intangible Property (excluding the Licenses) acquired after March 31, 2011;

(vii) easements, rights-of-way and other encumbrances on title to real property that do not render title to the property encumbered thereby unmarketable or materially adversely affect the use of such property for its intended purposes;

(viii) Liens in favor of any other Obligor;

(ix) Liens to secure the performance of bids, tenders or other contracts (other than contracts for any Indebtedness) to the extent required in the ordinary course of business;

(x) Liens on any other Property of such Obligor; provided that such Liens are also created in favor of the Security Agent (for the benefit of the Financing Parties) on a pari passu basis; and

(xi) Liens on receivables generated after March 31, 2011 and Property existing as of March 31, 2011 (excluding the Licenses) other than the Properties that are subject to Liens described in items (a) and (b)(i) through (b)(x) above the aggregate book value of which is, at any time, no more than the greater of (i) four-hundred-fifty million US Dollars (US\$450,000,000) less the book value of such Properties that are subject to Permitted Sale Leaseback Transactions and (ii) (A) 10% of the difference between the Total Assets and the aggregate book value of Properties (existing as of March 31, 2011) subject to Liens described in items (a)(i), (b)(i), (b)(vi), (b)(ix) and (b)(x) above minus (B) the book value of such Properties that are subject to the Permitted Sale Leaseback Transactions.

“Permitted Related Party Transactions” shall mean: (a) transactions between the Borrower and an Affiliate of the Borrower for the provision of intercompany services and licensing agreements; provided that such intercompany agreements (i) are on an arm’s-length basis and (ii) comply with, if any, the conditions for related party transactions adopted by the board of directors or equivalent corporate governing body of the Borrower and the relevant Affiliate; (b) a Permitted Disposal; (c) a merger permitted under Section 5.13(a); and (d) the payment of dividends and share redemptions in accordance with Section 5.24.

“Permitted Sale Leaseback Transaction” shall mean a transaction or arrangement (or a series of transactions or arrangements) pursuant to which the Borrower and/or any of its Subsidiaries sells or otherwise transfers for value its Telecommunications Towers, and as part of such transaction, thereafter rents or leases such Telecommunications Towers; provided that (i) the obligations under any such sale and leaseback transaction shall be deemed a Consolidated Indebtedness of the Borrower and (ii) any such sale and leaseback transaction shall not be permitted upon the occurrence and continuation of a Default or an Event of Default.

“Person” shall mean any individual, corporation, limited liability company, company, voluntary association, partnership, joint venture, trust, or other enterprises or unincorporated organization or government (or any agency, instrumentality or political subdivision thereof).

“Principal Payment Dates” shall mean, collectively, the first Interest Payment Date immediately following the expiry of the Availability Period and thereafter, each next succeeding Interest Payment Date; provided that the last Principal Payment Date shall be the Loan Maturity Date.

“Process Agent” shall have the meaning provided in Section 10.20(d) of this Agreement.

“Project” shall have the meaning provided in the first recital of this Agreement.

“Property” shall mean any property, Licenses, assets of any kind whatsoever, whether present or future, whether real, personal or mixed and whether tangible or intangible, and any right or interest therein.

“Purchase Order” shall mean a purchase order issued by the Borrower at any time in accordance with the Master Supply Agreement for financing hereunder.

“Rate Determination Notice” shall have the meaning provided in Section 2.11 of this Agreement.

“Reais” shall mean the lawful currency of Brazil.

“Reference Banks” shall mean the principal office in London of Bank of China, Citibank N.A. and Barclays Bank PLC or such other banks as may be appointed by the Administrative Agent from time to time (acting on the instructions of the Required Lenders) in consultation with the Borrower.

“Register” shall have the meaning provided in Section 8.10 of this Agreement.

“Regulation U” shall mean Regulation U of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

“Regulation X” shall mean Regulation X of the Board of Governors of the Federal Reserve System as from time to time in effect and any successor to all or a portion thereof.

“Release” shall mean any spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing into the environment (including the abandonment or discarding of barrels, containers, and other closed receptacles containing any Hazardous Material, but excluding (i) emissions from the engine exhaust of a motor vehicle and (ii) the normal application of fertilizer).

“Release Agreement” shall mean the Security Termination, Amendment and Security Release Agreement, dated as of November 7, 2011 by and between the Borrower, the Existing Security Agent, the Existing Lender, Nextel S.A., the Parent, McCaw, Airfone and Nextel Longa Distância.

“Repeating Representations” shall mean each of the representations, warranties or agreements set out in Sections 4.1, 4.2, 4.5, 4.8, 4.9(a), 4.12, 4.15, 4.19, 4.24, 4.25 and 4.26.

“Replacement Note” shall have the meaning provided in Section 2.5(b) of this Agreement.

“Required Lenders” shall mean the Lenders holding at least sixty-six and two-thirds percent (662/3%) of the aggregate outstanding principal amount of the Loans or, if no Loans have been made, at least sixty-six and two-thirds percent (662/3%) of the Total Loan Commitment.

“ROF” shall mean the electronic registration of the financial terms and conditions of the Loan with the Registry of Financial Operations (Registro de Operações Financeiras - ROF) module of the Electronic Declaratory Registry of the Central Bank (SISBACEN) up to sixty (60) days prior to the entry of the respective proceeds into Brazil, including, without limitation, the registration of the relevant payment schedules after the Disbursement and the entry thereof into Brazil, pursuant to the Central Bank regulations.

“Schedule of Payments” shall have the meaning provided in Section 4.7(a) of this Agreement.

“Scheduled Principal Payments” shall mean the scheduled amounts payable in respect of the principal of the Loans pursuant to Section 6.1 of this Agreement.

Appendix A to Credit Agreement

“Screen Rate” shall mean, with respect to each Interest Period in respect of a Loan, the British Bankers’ Association Interest Settlement Rate for Dollars for a term comparable to such Interest Period, displayed on page LIBOR01 of the Reuters screen. If the agreed page is replaced or service ceases to be available, the Administrative Agent may specify another page or service displaying the appropriate rate after consultation with the Borrower and the Lender.

“Security Agent” shall mean Planner Trustee DTVM Ltda., acting in its capacity as security agent for the Lenders and the Non-Sinosure Lenders pursuant to the Collateral Agency Agreement, including any successors, permitted assigns and permitted transferees of Planner Trustee DTVM Ltda. as appointed under the Collateral Agency Agreement.

“Security Documents” shall mean the Fiduciary Assignment and any other document designated as a Security Document by the Financing Parties and the Borrower (acting reasonably).

“Shareholder Undertaking” shall mean the undertaking entered into on or about the Signing Date between the Parent, the Administrative Agent and the Non-Sinosure Administrative Agent.

“Share Pledge Agreement” shall mean the Share Pledge Agreement, dated as of September 14, 2007, between McCaw, Airfone, Nextel, S.A., the Borrower and the Existing Lender.

“Signing Date” shall have the meaning provided in the preamble of this Agreement.

“Sinosure” shall mean the China Export and Credit Insurance Corporation or any successor thereto.

“Sinosure Administrative Agent” shall mean the “Administrative Agent” as such term is defined in the Sinosure Credit Agreement.

“Sinosure Effective Date” shall mean the date on which the Sinosure Insurance Premium has been unconditionally and irrevocably paid in full.

“Sinosure Insurance” shall mean shall mean the commercial and political risk coverage insurance policy issued by Sinosure in relation to this Agreement.

“Sinosure Insurance Premium” shall mean the one time consideration required by Sinosure to insure the political and commercial risks in relation to this Agreement. The estimated premium as of the Signing

Date is fourteen-million, two hundred fifteen thousand, six-hundred twenty-four US Dollars and forty-five cents (\$US 14,215, 624.45); provided that such premium may be more or less than the referenced amount, depending on Sinasure's risk analysis at the time of the policy's issuance.

"Subordination Agreement" shall mean the subordination agreement, in form and substance satisfactory to the Administrative Agent and the Sinasure Administrative Agent, to be entered into between one or more Obligors and/or one or more Non-Obligor Affiliates or Obligors, the Administrative Agent and the Sinasure Administrative Agent under the terms of which the Subordinated Restricted Intercompany Indebtedness is subordinated in right of payment and upon liquidation to the obligations of such Obligor(s) to the Financing Parties under the Financing Documents and the Sinasure Financing Documents.

"Subordinated Restricted Intercompany Indebtedness" shall mean Intercompany Indebtedness that is subject to the Subordination Agreement.

"Subsidiary" shall mean, in relation to any Person, any other Person, (i) which is controlled, directly or indirectly, by the first-mentioned Person; (ii) more than half the issued share capital of which is beneficially owned, directly or indirectly by the first-mentioned Person; or (iii) which is a Subsidiary of another Subsidiary of the first-mentioned Person, and for purposes of this definition, a Person shall be treated as being controlled by another if that other Person is able to direct its affairs and/or to control the composition of its board of directors or equivalent body.

"Substitute Basis" shall have the meaning provided in Section 2.11 of this Agreement.

"Suppliers" shall mean (i) Huawei do Brasil Telecomunicações Ltda. and (ii) Huawei Serviços do Brasil Ltda., being at all times prior to the first Principal Payment Date, a Subsidiary of Huawei Technologies Co. Ltd., and their respective subsidiaries (each, a "Supplier").

"Supplier's Certificate" shall mean the certificate issued by a Supplier substantially in the form of Exhibit D attached hereto.

"Taking" shall mean any circumstance or event, or series of circumstances or events (including an Expropriation Event), in consequence of which the Project or any portion thereof shall be condemned, nationalized, seized, compulsorily acquired or otherwise expropriated by any Governmental Authority under power of eminent domain or otherwise. The term "Taken" shall have a correlative meaning.

"Taxes" shall have the meaning provided in Section 2.8(a) of this Agreement.

"Tax Benefit" shall have the meaning provided in Section 2.8(c) of this Agreement.

"Telecommunications Networks" shall have the meaning provided in the first recital of this Agreement.

"Telecommunications Towers" means telecommunications towers and related equipment necessary for the operation of the Telecommunications Networks, including, without limitation, real property and/or ground leases, licenses, permits, authorizations or other applicable governmental approvals, and certain warranty rights; but excluding certain wireless telecommunications equipment.

"Total Assets" shall mean the aggregate amount of assets as reflected in its most recent financial statements delivered pursuant to Section 5.1.

"Total Liabilities" shall mean the aggregate outstanding principal amount of all Indebtedness as reflected in its most recent financial statements delivered pursuant to Section 5.1.

“Total Loan Commitment” shall mean, at any time, the sum of the Loan Commitment of each of the Lenders at such time.

“Total Net Worth” shall mean Total Assets minus Total Liabilities.

“Transaction Documents” shall mean, collectively, the Financing Documents, the Non-Sinosure Credit Agreement and the Master Supply Agreement.

“Transaction Lien” shall mean the Liens created or expressed to be created in favor of the Security Agent (for the benefit of the Financing Parties) pursuant to the Security Documents (except the Fiduciary Assignment).

“Transfer of Establishment” shall have the meaning provided in Section 5.13 of this Agreement.

“United States” and “U.S.” shall each mean the United States of America.

2. Rules of Interpretation. In each Financing Document, unless otherwise indicated:

(a) each reference to, and the definition of, any document (including, without limitation, any Financing Document) shall be deemed to refer to such document as it may be amended, supplemented, revised or modified from time to time in accordance with its terms and, to the extent applicable, the terms of this Agreement;

(b) each reference to a Law or Governmental Approval shall be deemed to refer to such Law or Governmental Approval as the same may be amended, supplemented or otherwise modified from time to time; Appendix A to Credit Agreement

(c) any reference to a Person in any capacity includes a reference to its permitted successors and assigns in such capacity and, in the case of any Governmental Authority, any Person succeeding to any of its functions and capacities;

(d) references to days shall refer to calendar days unless Business Days are specified; references to weeks, months or years shall be to calendar weeks, months or years, respectively;

(e) all references to a “Section,” “Appendix,” “Annex,” “Schedule” or “Exhibit” are to a Section of such Financing Document or to an Appendix, Annex, Schedule or Exhibit attached thereto;

(f) the table of contents and Section headings and other captions therein are for the purpose of reference only and do not affect the interpretation of such Financing Document;

(g) defined terms in the singular shall include the plural and vice versa, and the masculine, feminine or neuter gender shall include all genders;

(h) the words “hereof”, “herein” and “hereunder”, and words of similar import, when used in any Financing Document, shall refer to such Financing Document as a whole and not to any particular provision of such Financing Document;

(i) the words “include,” “includes” and “including” are deemed to be followed by the phrase “without limitation”;

(j) where the terms of any Financing Document require that the approval, opinion, consent or other input of any party be obtained, such requirement shall be deemed satisfied only where the requisite approval, opinion, consent or other input is given by or on behalf of the relevant party in writing;

(k) all references to the “Administrative Agent”, the “Arranger”, the “Security Agent”, any “Financing Party” or any “Lender” shall be construed so as to include its successors, permitted assigns and permitted delegates; and

(l) any reference to a document shall be deemed to include all exhibits, annexes, appendices and schedules thereto.

[TRANSLATION]

CAIXA

BANK CREDIT CERTIFICATE
Special Corporate Credit
Major Corporations - Investments

CREDITOR:

CAIXA ECONÔMICA FEDERAL, public financial institution established under the terms of Decree Law 759, of August 12, 1969, under the Ministry of Finance, in accordance with the Bylaws prevailing on the contracting date, hereinafter referred to as **CAIXA** or **CREDITOR**.

Address: Setor Bancário Sul, Quadra 4, lotes ¾ - Brasília/DF

CNPJ 00.360.305/0001-04

Regional Superintendence: Pinheiros -2575

ISSUER/BORROWER: NEXTEL TELECOMUNICAÇÕES LTDA.

Address: Alameda Santos, 2356/2364, Cerqueira Cesar, CEP 01418-200, São Paulo - SP

CNPJ 66.970.229/0001-67

CREDIT FEATURES:

1 - CCB Number:

21.3150.777.0000001-97

2 - Final Maturity on:

12.08.2018

3- Total Credit Amount ("Principal"):

R\$ 640,000,000.00 (six hundred and forty million Brazilian *reais*)

4- Operation Type:

Investments - CDI - Post

777 - Special Corporate Credit - Large Corporations

5 - Interest Charges:

115% of CDI CETIP p.a., calculated in accordance with Clause Three below

6 - Payment Term and Conditions:

Term: 84 months, as from issuance date of this Bank Credit Certificate ("Certificate"), in accordance with the following:

(a) the Principal shall be subject to a grace period during the first 24 months, period in which only the payment of Interest Charges shall be made, on quarterly basis.

(b) during the following 60 months the Principal shall be amortized, dully accrued with the Interest Charges, on quarterly basis.

Continuous Amortization System - SAC

7- Limited Operated Account:

Account			
Branch	Operation	Account	DV
3150	003	900	7

8- Freely Operated Account:

Account			
Branch	Operation	Account	DV
3150	003	180	4

9- Payment Location:
São Paulo, SP

10 - Suretor (*Avalista*):

Suretor ("GUARANTOR")	CNPJ
Nextel Telecomunicações S.A.	00.169.369/0001-22

On the maturity date set forth in Field 2 of this Certificate, in Brazilian *reais*, in the City of São Paulo, the BORROWER, as the issuer and/or the GUARANTOR, accept(s) to undertake the payment to CAIXA ECONÔMICA FEDERAL or on its behalf, by means of this Certificate, which, together with the current account statements and/or calculation spreadsheet, shall be recognized as the net and enforceable debt note arising from the use of proceedings available to the BORROWER, accrued with the Interest Charges as agreed in this Certificate.

The debt represented by this Certificate shall comprise the quarterly amortization amounts, with the respective Interest Charges, calculated by the effective monthly interest rate to be levied on each quarterly installment, and the account statement or calculation spreadsheet, which complements this Certificate, shall disclose the amounts and respective percentages of the Interest Charges, all in accordance with the terms of Law No. 10,931, of August 2, 2004, and additional legislation, as applicable.

AMOUNT/PURPOSE

CLAUSE ONE - CAIXA grants and the BORROWER accepts the entire loan referred to in Field 3 hereof, which shall be reimbursed on the proper dates and under the conditions set forth in this Certificate, upon payment in the branch which originated the operation or otherwise indicated by CAIXA; provided, however, that CAIXA notifies the BORROWER within, at least, 3 (three) business days in advance.

First Paragraph - The funds referred to in the *caput* of this Clause shall be used for the advanced payment of the Concession License for the use of radiofrequencies associated with the authorization for the development of personal mobile service (licenses of Bands H and M acquired by the subsidiary Nextel Serviços de Telecomunicações Ltda. ("NSTL")) issued by ANATEL - Agência Nacional de Telecomunicações.

Second Paragraph - Subject to the terms of Clause Six below, the credit provided to the BORROWER, upon transfer of resources to the Freely Operated Account, shall be subject to the previous and effective constitution of the warranty by means of the GUARANTOR's signature hereof, as well as the registration of this Certificate before the relevant Registry of Deeds and Documents of the City of São Paulo.

Third Paragraph - CAIXA acknowledges that the concession for development of the activities related to the 3G and GSM technology, as issued by ANATEL - Agência Nacional de Telecomunicações, is owned by NSTL, and that NSTL shall be merged into the BORROWER, which CAIXA hereby agrees and accepts.

EFFECTIVENESS

CLAUSE TWO - This Certificate is executed with a final term of 84 (eighty-four) months, as from the signing date, provided the following payment and amortization schedule:

- (a) the Principal shall be subject to a grace period during the first 24 months, period in which only the payment of Interest Charges shall be made, on quarterly basis; and
 - (b) during the following 60 months, the Principal shall be paid, together with Interest Charges, as from the signing date, on 20 quarterly installments, as follows:
 - I. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 03/08/2014.
 - II. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 06/08/2014.
 - III. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 09/08/2014.
 - IV. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 12/08/2014.
 - V. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 03/08/2015.
 - VI. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 06/08/2015.
 - VII. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 09/08/2015.
 - VIII. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 12/08/2015.
 - IX. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 03/08/2016.
 - X. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 06/08/2016.
 - XI. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 09/08/2016.
 - XII. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 12/08/2016.
 - XIII. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 03/08/2017.
 - XIV. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 06/08/2017.
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- XV. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 09/08/2017.
- XVI. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 12/08/2017.
- XVII. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 03/08/2018.
- XVIII. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 06/08/2018.
- XIX. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 09/08/2018.
- XX. Payment of one amortization installment duly accrued with the outstanding Interest Charges on 12/08/2018.

CHARGES

CLAUSE THREE - The Principal shall be subject to interest charges equivalent to 115% (one hundred and fifteen per cent) of the daily average CDI Over (Interbank Deposit Certificates), as daily disclosed by CETIP - Brazilian Securities Clearing House ("CDI CETIP"), and daily accrued.

First Paragraph - The daily average rate of the Interbank Deposit Certificates - CDI to be applied to the debt balance shall be the rate disclosed on the second business day prior to the accrual date.

Second Paragraph - If CDI CETIP ceases to exist, CAIXA shall automatically replace it by another index established by the appropriate authorities. In the absence of any legal or regulatory determination, it shall be adopted the index rate that other financial institutions are adopting for their financial transactions at the time.

Third Paragraph - The Interest Charges, accrued per business days, shall be charged and paid on a quarterly basis during the grace period and, after such period, together with the Principal installment, on a quarterly basis.

Fourth Paragraph - With respect to early payments, extraordinary amortization or early liquidation on periods different from those indicated on Section Two hereof, the Interest Charges shall be subject to a pro-rata calculation, per business days, provided that a prior notice is submitted to CAIXA, in writing, within 3 (three) business days.

IOF

CLAUSE FOUR - IOF (*Tax over Financial Transactions, Exchange and Insurance*) rate shall be levied on the amount referred to in Field 3, calculated in accordance with the rates and the assessment bases in accordance with the applicable legislation.

FARE

CLAUSE FIVE - A Operation Customization Fare, which payment by the BORROWER shall be made on the contracting date, in the amount of R\$3,840,000.00 (three million, eight hundred and forty thousand *reais*), upon the release of Principal under the terms of Clause Six below.

CREDIT RELEASE

CLAUSE SIX - The net Principal amount, duly discounted from the Operation Customization Fare and from the IOF, shall be credit on the Limited Operated Account as disclosed on Field 7 hereof, on the date hereof.

Sole Paragraph - CAIXA hereby, on an irrevocable and unconditional basis, agrees to transfer the net amount of the Principal to the Freely Operated Account, as disclosed on Field 8 hereof, upon confirmation of the registration of this Certificate, and its schedules, before the Registry of Deeds and Documents of the City of São Paulo.

RELEASE AND CONFIRMATION OF THE USE OF PROCEEDS

CLAUSE SEVEN - The BORROWER agrees to demonstrate the proper use of the proceeds, as provided for in Clause One hereof.

PAYMENT CONDITIONS

CLAUSE EIGHT - As means of actual payment of the debt in connection with this Certificate, comprised of by the Principal and Interest Charges, the BORROWER authorizes CAIXA to debt against the Freely Operated Account referred to in Field 8, on the respective Payment Dates, on an irrevocable and unconditional basis, the sufficient and enforceable amounts, as applicable.

First Paragraph - During first 24 (twenty four months) from the date hereof, herein referred as “grace period”, the BORROWER agrees to undertake the quarterly payment of the Interest Charges, pursuant Clause Three, with due date on each anniversary date of the execution of this Certificate, and the remaining installments shall mature on the following months, on the same days.

Second Paragraph - After the Grace Period, the BORROWER agrees to undertake the payment of the Principal, plus Interest Charges, into 20 (twenty) quarterly installments, pursuant Clause Two hereof.

Third Paragraph - In case any Payment Date is not a business day, the respective payment shall mature on the 1st business day immediately subsequent. For purposes hereof, business day means any day from Monday to Friday, except national holidays or days in which, for any reason, the banks are closed or the financing market is closed in the head office of the BORROWER.

Fourth Paragraph - The BORROWER authorizes CAIXA, without requirement of any prior notice, to use its proceeds deposited in any accounts owned by the BORROWER, in any CAIXA branch, as well as on any other which would be opened, for liquidation or partial amortization of the debt pursuant the terms and conditions herein, in case the payment does not occur as provided for in the *caput* of this clause.

Fifth Paragraph - The installments shall be quarterly due and calculated in accordance with the *Sistema de Amortização Constante (SAC)* and the interests in accordance with Clause Three.

WARRANTIES

CLAUSE NINE - **NEXTEL TELECOMUNICAÇÕES S.A.**, CNPJ 00.169.369/0001-22, shall act as the surety guarantor (*avalista*) (hereinafter referred to as GUARANTOR).

Sole Paragraph - The GUARANTOR executes this Certificate as the joint debtor with the BORROWER and both agree, before CAIXA, on an irrevocable and unconditional basis, to undertake the payment of any amount payable to CAIXA under the terms of this Certificate.

SPECIAL OBLIGATIONS

CLAUSE TEN - The BORROWER agrees, on an irrevocable and unconditional basis, to maintain with CAIXA the Collection Agreement of its receivables, as duly entered into by the parties on November 17, 2008, with annual renovation on a market price basis, without creating any restraint for the payment of its receivables before CAIXA.

CLAUSE ELEVEN - The BORROWER agrees, during the term of this agreement, to deliver the document which evidences that the ratio resulting from the division between the Net Debt and EBITDA is equal to or lower than 2.5 (two point five), and which shall be calculated as following: (i) on a semi-annual basis by the BORROWER, up to August 15 based on the accounting period ending on June 30; (ii) on a annual basis, up to the 5th business day after

the final date as set forth by applicable regulation for disclosure of the financial statements of the BORROWER; and (ii) based on the consolidated financial statements of the BORROWER.

First Paragraph - For purposes of determination of the financial ratios set forth in this Clause, to be calculated in accordance with the accounting standards generally accepted in Brazil, the following definitions and criteria shall be adopted:

"Net debt" means the amount calculated on a consolidated basis of the BORROWER equal to (a) the sum of Liabilities before financial institutions, of debt related securities issued, and the net balance of the derivative transactions (debt less credit of such derivative transactions); less (b) cash and cash equivalents (cash, bank deposits, immediate liquidity investments or short-term investments, securities or securities issued by the BORROWER or by third parties, and government and private bonds of any nature); and (c) the effects of market pricing on derivative transactions; and

"EBITDA" means the operational profit of the BORROWER, on a consolidated basis, with respect to the last 12 (twelve) months, plus depreciation and amortization expenses.

"Liability(ies)" means the principal amount of any debt related to certificates or securities issued in favor of financial institutions, on a consolidated basis, on the measuring date.

Second Paragraph - If the BORROWER fails to comply with the abovementioned index on any specific verification period as set forth herein, the BORROWER shall have an additional 10 (ten) business days period to cure such default upon the execution of any operation by means of which such index is recovered, including, but not limited to, capital increase of the BORROWER in order to decrease the net debt, with or without partial payment of this Certificate. In such case, provided that occurs within 10 (ten) business days, it shall be deemed as if was concluded on the date of determination of the respective index, without any penalty to the BORROWER.

REPRESENTATIONS OF THE BORROWER

CLAUSE TWELVE - Without prejudice to other representations and warranties provided herein, the BORROWER, as of the date hereof, represents and warrants the following:

- a) is authorized, under the terms of applicable law and its Articles of Association, to enter into this loan transaction to obtain the financing in connection herewith, by assuming the financial and nonfinancial obligations resulting therefrom, as well as comply with all provisions set forth herein;
- b) the execution of this Certificate does not affect or violate any provision of its Bylaws, Articles of Association or applicable laws and regulations; nor violate any clause or provision set forth in any agreement, contract or covenant to which the BORROWER is party;
- c) the signatories of this Certificate have all the necessary powers and were duly authorized to enter into this Certificate, subjecting the BORROWER, in accordance with the respective terms;
- d) all approvals, consents, registers or other measures, of any nature, which may be necessary for the execution of this Certificate were undertaken and obtained and are in full force and effectiveness, by the BORROWER, especially regarding to validity and enforceability of this Certificate;
- e) there is no clause or provision set forth in any agreement, contract or covenant that the BORROWER is a party, or impairment of any nature, which would hamper the warranties set forth in this Certificate and exhibits hereto, on behalf of CAIXA.

Sole Paragraph - The representations granted herein shall survive until the final and total payment of the obligations hereof, and the BORROWER, without prejudice to any additional sanction, as applicable and as provided herein, under applicable law or in any other instrument, shall be responsible to indemnify CAIXA for all and any

damages and losses with respect to any liability, of any nature, resulting from the absence of accuracy or inaccuracy of the representations and warranties provided herein.

PAYMENT IN PROTESTS OFFICE

CLAUSE THIRTEEN - The payment of this Certificate at a Protests Office, without charges, shall not release the debtors from the payment of all obligations as agreed herein.

Sole Paragraph - Such payment performed shall be received by CAIXA, as partial debt amortization and shall not release the debt liquidity, subject to an enforcement procedure.

EXTRAORDINARY AMORTIZATION / EARLY LIQUIDATION

CLAUSE FOURTEEN - The BORROWER shall, at any time, make any early liquidation of the debt balance, as well as extraordinary payments for the purpose of amortization of the debt, provided that CAIXA receives a prior written notice within, at least, 3 (three) business days in advance.

Sole Paragraph - In any extraordinary payment is made, the amounts paid, deducted from any applicable charges, shall be credited against the Principal debt balance.

DEFAULT/LATE PAYMENT SURCHARGE

CLAUSE FIFTEEN - In the event of failure to undertake the payment of any debt, including in case of an acceleration event, the debt, to be calculated pursuant the terms and conditions hereof, shall be subject to a late payment surcharge, calculated based on the CDI CETIP rate on the first business day prior to the applicable date, plus 2% (two percent), per month.

Sole Paragraph - CAIXA shall maintain in its branches, at the disposal of the BORROWER, for purposes of consultation, the necessary documents informing the monthly rates applied by CAIXA in its credit transactions, including a description of the charges on default, such as CDI rate and monthly profitability rates.

FEES/CONVENTIONAL FINE

CLAUSE SIXTEEN - Should CAIXA elects to file any judicial or extrajudicial procedure to collect its credit, the BORROWER shall be responsible for the legal expenses and legal fees, as determined under by the relevant court.

First Paragraph - In addition, the BORROWER shall due a conventional charge of 2% (two percent) calculated over the debt calculated pursuant the terms hereof.

Second Paragraph - The BORROWER shall be subject to such charges including in the case of its bankruptcy or judicial recovery.

ACCELERATION EVENTS

CLAUSE SEVENTEEN - The following events shall accelerate the debt and, and upon its occurrence, prompt the execution of this Certificate, notwithstanding judicial or extrajudicial notice, in addition to those provided for in law:

- I) breach of obligation hereunder, provided that notified and not cured within 10 (ten) business days;
 - II) destination of the funds related to this Certificate for purposes other than those set forth herein;
 - III) proposal by the BORROWER of its judicial or extrajudicial plan to any creditor or class of creditor, whether or not it has been requested or accepted by the relevant court, or request of judicial recovery, regardless of its acceptance or concession by the relevant court;
 - IV) existence, at any time, of tax, labor or social security debts, due and not paid, with an amount greater of R\$ 10,000,000.00 (ten million reais), on BORROWER's name, except those which, regardless of the amount, are
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subject to administrative or judicial discussion, provided that not settled within 10 (ten) business days when due;

- V) failure to comply, inaccuracy, incorrection or omission, in all material respects, which is attributable to the BORROWER, with respect to any material representation, warranty, information or document executed, provided or delivered by the BORROWER with respect to this credit transaction, provided that it is not cured within 10 (ten) business days;
- VI) transfer or assignment to third parties, by any means, fully or partially, any of the rights and obligations resulting herefrom, without the prior and written approval of CAIXA;
- VII) non-registration, by any means (legal or not), of this Certificate within seventy two (72) hours counted from the signing date, before the competent Registry of Deeds and Documents;
- VIII) insufficient balance, with respect to any of the accounts held by the BORROWER, in compliance with any payment under this Certificate on the respective Payment Dates, and not cured within 1 (one) business day;
- IX) confirmation by final court decision that the activities of the BORROWER generate significant damages against the environment, or that the BORROWER uses workforce under a condition similar to slave labor, as set forth in MTE Ordinance 540, as of October 15, 2004, non-regulated child work, prostitution or unlawful activities, whether recorded or not in the Registration Form of Employers;
- X) failure to comply with any special obligation set forth in Clauses Ten and Eleven of this Certificate, provided that is not cured within 10 (ten) business days; and
- XI) transfer of the concession obtained from ANATEL for development of third generation frequencies (technology 3G) and GSM without prior consent of CAIXA, which shall not unreasonably withheld; except for the transfer of the concession in accordance with the provisions set forth in the Third Paragraph of Clause One hereof.

First Paragraph - In case of an acceleration event for any reason, the Interest Charges shall be calculated “pro-rata” based on the rate agreed in this Certificate.

Second Paragraph - Upon acceleration of this Certificate, by any of the reasons provided for in law or in this Certificate, the BORROWER shall be responsible for the payment of all debts, in accordance with the statement to be provided by CAIXA in connection with the amount payable, to be provided under the terms of this Certificate, unless CAIXA agrees to waive such event.

CERTAINTY AND DEBT LIQUIDITY

CLAUSE EIGHTEEN - The certainty and liquidity of debt liquidity are expressly ensured at any time, comprising the remaining adjusted Principal, Interest Charges, conventional fine and all other fees set forth in this Certificate.

ADDENDUM

CLAUSE NINETEEN - All and any amendments to this Certificate shall only be valid when executed as an Addendum to this Certificate, and signed by all parties hereto.

REPRESENTATION OF PRIOR KNOWLEDGE OF CLAUSES

CLAUSE TWENTY - The BORROWER represents, for all intents and purposes of law, that had prior knowledge of the clauses set forth in this Certificate for the necessary period to allow it to have the full knowledge of the requirements herein established, which shall be free from any ambiguity, double interpretation or contradiction, it being aware of the rights and obligations set forth in this Certificate.

FORBEARANCE

CLAUSE TWENTY ONE - Any acceptance, by CAIXA, with respect to the failure to comply with any obligation hereunder shall be considered mere forbearance, not representing novation or other procedure which the BORROWER might invoke.

ADDRESS UPDATE

CLAUSE TWENTY TWO - The BORROWER shall maintain its address updated with CAIXA and report, within 5 (five) business days, by written notice, any amendment to the address or any other qualification information.

INFORMATION DISCLOSURE TO THE BRAZILIAN CENTRAL BANK

CLAUSE TWENTY THREE - The BORROWER authorizes CAIXA to report to the Brazilian Central Bank information regarding the transactions in connection with this Certificate, in order to comply with the registration form of the Credit Risk System (SISCR) of such institution, which may be accessed by other financial institutions.

CERTIFICATE EXPENSES

CLAUSE TWENTY FOUR - Subject to the terms herein, the BORROWER is responsible for any reasonable expenses in connection with this Certificate, including judicial or extrajudicial expenses necessary to the registration of this Certificate or its enforcement.

ENVIRONMENTAL LIABILITY

CLAUSE TWENTY FIVE - The BORROWER declares to be in compliance with environmental legislation and that the use of the amounts in connection with this Certificate shall not violate the provisions thereof.

ASSIGNMENT

CLAUSE TWENTY SIX - This Certificate subjects the Parties and all of its successors, and it may be assigned by CAIXA, in whole or in part, provided that it notifies the BORROWER in writing within 10 (ten) business days prior notice.

JURISDICTION

CLAUSE TWENTY SEVEN - The Parties elect the Judiciary Department of the Brazilian Federal Justice of the State of São Paulo to solve any dispute that rises, direct or indirectly, from this Certificate.

And, as agreed, the BORROWER issued this Bank Credit Certificate duly signed and in counterparts representing the parties hereto, it being understood that the first counterpart (the one provided to the Bank) is the only subject to negotiation.

São Paulo, November 8, 2011

ISSUER

Issuer Signature
NEXTEL TELECOMUNICAÇÕES LTDA.
CNPJ
Legal representative:
CPF:
Position:

Issuer Signature
NEXTEL TELECOMUNICAÇÕES LTDA.
CNPJ
Legal representative:
CPF:
Position:

GUARANTOR

Issuer Signature

NEXTEL TELECOMUNICAÇÕES S.A.

CNPJ

Legal representative:

CPF:

Position:

Issuer Signature

NEXTEL TELECOMUNICAÇÕES S.A.

CNPJ

Legal representative:

CPF:

Position:

CAIXA Customer Care: 0800 726 0101 (information, claims, suggestions and favorable comments)

Persons with hearing shortcomings: 0800 726 2492

Ombudsman: 0800 725 7474 (claims not resolved and denunciation)

<http://www.caixa.gov.br>

Bank Credit Bill No. 307.001.181

1. INTRODUCTION:

1.1. ISSUER:

Corporate name: NEXTEL TELECOMUNICAÇÕES LTDA (“Issuer”)
CNPJ [*Cadastro Nacional de Pessoas Jurídicas* (Corporate Taxpayer ID)]: 66.970.229/0001-67
Address: Alameda Santos 2356/2364, Cerqueira César
City: São PauloFU [Federal unit]: SPCEP: 01.418-200
Branch: Large Corporate SP 3070 (SP)
Current Account 5.567-0 (“Current-Account”)

1.2. - CREDIT TRANSACTION INFORMATION:

Amount: R\$400,000,000.00 (four hundred million reais) (“Principal”)
Final Maturity: 10/31/2017
Payment Dates of the Financial Charges: October 31 and May 01 of each year
 (“Payment Dates of the Charges”)
Number of Copies of this Bank Credit Bill: 1 (one) negotiable and 2 (two) non-negotiable copies.

Terms and Conditions

1. **CREDIT** - On October 31, 2017, we will pay in national currency, for this Bank Credit Bill (“Credit”), the characteristics of which are described in the preliminary framework, on its maturity date, to the **BANCO DO BRASIL S.A. (“Creditor”)**, a financial institution, the head office of which is in the city of Brasília, Federal District, at SBS Quadra 01, Bloco C, Lote 32 - Setor Bancário Sul, registered in the CNPJ under the No. 00.000.000/0001-91, represented by its subsidiary, - Agência Large Corporate SP 3070 (SP), located in the city of São Paulo, State of São Paulo, at Av. Paulista, 2.300 2º andar, Cerqueira César, registered in the CNPJ/MF [*Cadastro Nacional de Pessoas Jurídicas do Ministério de Fazenda* (Corporate Taxpayer Registry of the Ministry of Finance)] under the No. 00.000.000/1947-00, or to its order, at the place of payment indicated in the Place of Payment Clause, the net, correct and payable debt, corresponding to the amount indicated in item 1.2 of the recitals (“Principal”), plus Financial Charges, as provided in this Bill.

2. **APPLICABLE LAW**.- This Bank Credit Bill is issued pursuant to Law 10.931, of August 02, 2004.

3. **PURPOSE AND DISBURSEMENT OF THE CREDIT** - The entire amount of the Principal will be deposited into our Current Account, indicated in item 1.1 - Issuer, in one tranche, against the presentation of this Bill assigned to the Creditor, subject to the applicable deductions indicated in this Bill, the funds to be applied, exclusively, to reinforcing the working capital of such Issuer.

4. FINANCIAL CHARGES - The balances due ascertained on the Loan Account, deriving from the issuance of the Principal amount, as well as the amounts deriving from it, due for incidentals, fees and expenses, will incur financial charges equivalent to 113.90% (one hundred thirteen and ninety one-hundredths percentage points) of the average rate of Interbank Certificates of Deposit (ICD) (“Financial Charges”), compounded daily. The aforesaid Financial Charges calculated by banking days, will be debited to the Loan Account and their full payment will be required, semi-annually, on the corresponding Payment Date for the Charges, as defined in item 1.2 of the Recitals, at the maturity and settlement of the debt. For the purposes of this Bill, the “Loan Account” is a linked account managed by the Creditor for the purposes of statement of the amounts by the Issuer, subject to the debits and credits corresponding to the accounting entries relating to the transaction activity under this Bill.

4.1 For the purposes of the provisions of this Bill, (a) “banking days” shall be understood to be all days except Saturdays, Sundays and national banking holidays; and by “ICD,” the average rate of the, over, extra-group, Interbank Certificates of Deposits published by CETIP S.A. - OTC [over-the-counter] Assets and Derivatives.

4.2. In case of elimination, non-publication or impossibility, for any reason, of using the daily average ICD rates, during the period in which it is not possible to use the daily average ICD rates, a substitute rate will be used based on the variation of the Sellic Rate of the Banco Central do Brasil [Central Bank of Brazil] (Bacen), published by the ANDIMA [*Associação Nacional das Instituições do Mercado Financeiro*] - National Financial Market Institution Association or another that is determined by mutual agreement between the Creditor and the Issuer.

5. DEFAULT CHARGES. In the event of a default of any of the payment obligations assumed by us in this Bill, as a result of its regular or early maturity, we will pay to the Creditor, in lieu of the interest provided in the Financial Charges clause, default charges equivalent to the average rate of Interbank Certificates of Deposit (ICD) published daily by CETIP S.A. - OTC [over-the-counter] assets and derivatives, plus an effective surcharge of 1% (one percent) per month. The aforesaid financial charges will be calculated daily per banking day, based on 252 banking days a year, to be compounded, monthly, debited to the Loan Account to be incorporated, for all legal purposes, into the aforesaid debt balances, which will be payable in their entirety at maturity, in early amortizations and upon settlement of the debt.

5.1 Apart from the charges provided in the first paragraph of this clause, in case of default, we will pay to the Creditor late interest at the effective rate of 1% (one percent) per annum and a fine of 2% (two percent) of the amount due.

6. IOF - We undertake to pay the tax on Credit, Exchange or Insurance Transactions or Relative to Securities (IOF, *Imposto sobre Operacoes Financeiras* [Financial Transactions Tax]), in accordance with the prevailing law, and we hereby authorize the Creditor to debit our Current Account, and are aware that the corresponding amount will be notified to us by debit advice and/or advice in the current account statement.

7. EARLY SETTLEMENT / AMORTIZATION - The other provisions of this Bill notwithstanding, we are assured the right to make payment in advance or to make partial amortizations of the outstanding balance deriving from the Bill, provided that the Creditor is notified 3 (three) banking days in advance with respect to the intended date when the early payment will be made.

7.1 In the circumstance in the first paragraph, we will pay the Creditor a charge equivalent (i) to 0.50% (fifty one-hundredths percentage points) incident on the amount paid / amortized in advance, due on the date of the amortization / settlement, in case of such amortization / settlement, takes place during the 1st (first) year of the term of this Bill; (ii) to 0.30% (thirty one-hundredths percentage points) if it takes place during the 2nd (second) year of its term and to 0.10% (ten one-hundredths percentage points) if it takes place during the 3rd (third) year of its term. If the amortization / settlement should occur after the end of the 3rd (third) year, no additional amount or charge will be due.

7.2 For the purposes of calculation of the total amount of the debt to be settled in advance, the Financial Charges stipulated in this Bill will be calculated in accordance with the clause Financial Charges, *pro-rata temporis* from the issuance date (exclusive) to the early settlement date (inclusive). In case of an early partial amortization, the amount paid will be utilized for deduction from the principal portions and charges having the closest maturities.

8. FLAT COMMISSION - Apart from the agreed upon financial charges, we will pay the Creditor for advising on the structuring and funding, a structuring commission of 0.10% (ten one-hundredths percentage points), calculated on the Principal amount and paid on the date of its full disbursement, the withheld taxes payable for which will be for the account of this Issuer. We authorize the Creditor to debit our Current Account, by advice, the amount due for such purpose.

9. TERMS OF PAYMENT - Regardless of early settlement and other obligations stated in this document, we will pay the Creditor the amounts pertaining to this Bill, on the following terms: a) Main Obligation: it will be paid in 3 (three) installments, at the following dates and amounts: on 10/30/2015, R\$ 133,333,333.33 (one hundred and thirty three million, three hundred and thirty three thousand three hundred and thirty three reais and thirty three cents); on 10/31/2016, R\$ 133,333,333.33 (one hundred and thirty three million, three hundred and thirty three thousand three hundred and thirty three reais and thirty three cents), and on 10/31/2017, R\$ 133,333,333.33 (one hundred and thirty three million, three hundred and thirty three thousand three hundred and thirty three reais and thirty three cents) (each of these dates is a "Main Obligation Payment Date"); and b) Financial Charges: every six months, on each Charges Payment Date, according to Clause 1.2 of the Introduction of this Bill, we agree to pay with the last installment of the Main Obligation, on 10/31/2017, all the monetary obligations resulting from this Bill.

Any payment of the installments that is done outside the agreed upon dates will be considered a mere delay, and will not affect in any way the installment dates or the remaining Clauses and terms of this Bill, nor will it result in the novation or modification of the agreed terms, including the charges resulting from default.

10. DEFAULT AND OTHER TERMS:

10.1 The Creditor may consider as default, in full right, the obligations agreed upon on this Bill, and demand the full payment of the debt herein contracted, by previous confirmation through the notification of the Issuer, with 2 (two) days advance, with the amount owed, when any of the following situations are liable to our party:

a) Noncompliance, by the Issuer, with any of the obligations of a monetary nature that are contained in this Bill, that are not resolved in the period of 1 (one) bank day after the original payment date:

b) Noncompliance by the Issuer, with any of the non-monetary obligations stated in this Bill which are not resolved in the period of 30 (thirty) days after the notification from the Creditor regarding the facts;

c) default of any other monetary obligation on the Issuer's part, by unit or accrued amount above R\$ 10,000,000.00 (ten million reais) which is not resolved in a period of 10 (ten) bank days, after the notification sent by the Creditor, except in the case of those obligations having their payments suspended by administrative or judicial decision, or if such a decision is guaranteed;

d) Default of any other monetary obligation on the Issuer's part to the Creditor, that is not resolved in the deadlines agreed upon in their respective documents;

e) Exchange protest against the Issuer in unit value or accrued amount, above R\$ 10,000,000.00 (ten million reais) which is not resolved in a period of 30 bank days, after the notification sent by the Creditor, except in the case of those obligations having their payments suspended by administrative or judicial decision, or if such a decision is guaranteed;

f) (i) voluntary liquidation by the Issuer; (ii) voluntary liquidation by the Issuer demanded by any third parties and not contested in the appropriate deadline; (iii) declaration of the Issuer's bankruptcy; (iv) judicial or extra-judicial rehabilitation request by the Issuer;

g) Liquidation, dissolution or extinction of the Issuer;

h) Use of the resources for purposes different from the ones stated in the Purpose and Disbursement of the Credit Clause.

i) in case the index obtained by the division of the Liquid Debt by the EBITDA is superior to 2.5 (two point five), calculated as per Clause 10.2, while complying with the terms in Clauses 10.4 and 10.5

10.2. For the purposes of the stated in Clause 10.1, item “i”, the index obtained by the division of the Liquid Debt by the EBITDA, will be determined in the following manner: (i) every six months, based on non-audited financial statements as of June 30th of every year, and (ii) annually, the financial statements as of December 31 of every year, consolidated and audited by the auditing firm of repute in the market.

10.3. We agree to present to the Creditor, during the life of this Bill, a note of compliance to the index contained in Annex I, (i) every six months, based on non-audited financial statements as of June 30th until August 15th every year, and (ii) the financial statements as of December 31st, consolidated and audited, until May 5th of every year.

10.4. If the Issuer does not comply with any of the above stated obligations within their agreed upon deadlines, the Issuer will have an additional 10 (ten) bank days period after they are notified by the Creditor to do so, to resolve the default, by use of any operation through which the above mentioned index may be re-established, including, but not restricted to, share capital increase to reduce the Liquid Debt, with or without partial settlement of this Bill. In this case, if obtained within the above mentioned 10 (ten) day period, and with the Creditors’ agreement in written form, the re-establishment should be considered as having been obtained in the original date, with no penalties to the Issuer.

10.5. Also for the purpose of the stated in Clause 10.1, item “i”:

a) “Liquid Debt” is the amount as calculated on a consolidated basis, at the respective date of assessment, determined in agreement with the accounting principles generally accepted in Brazil, and is equal to (a) the sum of all liabilities with Financial Institutions, all issued stock and bond assets that represent a debt, and the liquid balance of derivative operations (liabilities minus assets of derivative operations); minus (b) the balance (cash, banks, financial placements with immediate liquidity or short-term investments, stocks and bonds issued by the Issuer or by a third party, and public or private assets of any sort) and (c) the market effects of any derivative operations;

b) “EBITDA” refers to the Issuers’ operational profit, on a consolidated basis, regarding the last 112 (twelve) months, added to the expenses with depreciation and amortization, all of which are determined in accordance with the accounting principles generally accepted in Brazil; and

c) “Liabilities” refers to the main amount of securities which are representative of debt issued by financial institutions and registered in the Issuer’s consolidated financial statements at the verification dates, all determined according to accounting principles generally accepted in Brazil.

11. MANDATORY ADVANCE PAYMENT

11.1 We agree to pay the creditor in advance the sum of all the amounts due in the terms of this Bill, including Main Obligations and Financial Charges, in the chance of occurrence of any of the following events, as per previous request presented 5 (five) days before the due date, in writing, by the Creditor:

a) changes in the corporate objectives that imply a modification of the company's main activities, or that add to those activities in a way that might compromise or represent a deviation from the company's current main activities, or the reduction of our share capital without previous consent by the Creditor, which should not be denied without justifiable cause;

b) any company re-structuring, such as a merging, incorporation or division, except if the division is partial and not above 10% of our liquid assets, without previous consent by the Creditor, which should not be denied without justifiable cause, if it isn't done within the same financial group of companies;

c) obtaining of financial and corporate control which results in a change to the main corporate objectives, that imply a modification of the company's main activities, or that add to those activities in a way that might compromise or represent a deviation from the company's current main activities, or the reduction of our share capital without previous consent by the Creditor, which should not be denied without justifiable cause;

d) selling capital shares that imply a change in the corporate control of our company, directly or indirectly, without previous consent by the Creditor, which should not be denied without justifiable cause, the term corporate control expressly as defined in article 116 of Law # 6.404 of 12/15/1976.

12. INFORMATION - We irrevocably authorize the Creditor to, in the manner stated in all applicable regulations, to transmit or consult information regarding our company, and/or related to this operation to the credit information system kept by Banco Central do Brasil, and to register this Bill in any public records or instruments of any financial institutions that aid the financial market, including CETIP.

13. AUTHORIZATION FOR DIRECT DEBIT - In the terms of the present Bill, we authorize the Creditor to apply any amounts that are deposited in our current bank account to the payment of a part or the total amount of the debt reflected in the Loan Account.

14. SET-OFFS - We irrevocably authorize the Creditor to proceed to the set-off stated in article 368 of the Brazilian Civil Code, without previous warning, between the Creditors' credit, which equals the debt amount reflected in the Loan Account, and other credits of any nature that we might owe the Creditor, currently or in the future.

15. ASSIGNMENT - This Bill can may be subject to assignment and endorsement, with a prior advice of 10 (ten) banking days, pursuant to Civil and Commercial Law and it will not be necessary for the assignee/endorsee to be a financial institution or equivalent entity, except that this Bill cannot be assigned to any, direct or indirect, competitor, of this Issuer. For the purposes of this Clause, competitor will mean any company operating directly or indirectly in the telecommunications sector, including, but not limited to cell phone telephony operators. The assignee/endorsee will be subrogated in all the rights of the assignee/endorsee and may, even, collect interest and other charges as agreed herein.

16. ATTORNEYS' FEES - In the event that Creditor must seek recourse to means of collection to receive its credit, we agree to pay attorneys' fees over the amount of the net debt assessed in out-of-court collections, as agreed, in advance and in writing, between the Issuer and the Creditor, in the judicial collections as decided by the Judicial Authority.

17. CALCULATION SPREADSHEET FOR COLLECTION - The outstanding balance will be evidenced by the Creditor in strict accordance with this Bill, by means of calculation spreadsheets prepared for court or out-of-court collection; that this Bill will include for all legal purposes the amounts utilized, possible debt amortizations, financial charges and default charges applicable to the utilized credit.

18. LEGALIZATION- This Bill is issued in the number of counterparts indicated in item 1.2 of the recitals, only the first of which will be negotiable. The other counterparts contain the words "Non-negotiable copy".

18.1. This Bill can be amended, corrected and ratified by written amendment, with the requirements stipulated in Clause 18 above, as to the number of counterparts and the negotiable original, which will then comprise this Bill for all legal purposes.

19. PAYMENT LOCATION- We will fulfill the obligations assumed in this Bill at the Creditor's branch in which our Current Account mentioned in item 1 of the Recitals is held, place of payment that is designated as the venue of this Bill.

And, as it is our free and voluntary intent, we sign this Bank Credit Bill in 3 (three) counterparts of equal tenor, only one of which is negotiable, for all legal purposes.

São Paulo (SP), December 31, 2012.

ISSUER:

NEXTEL TELECOMUNICAÇÕES LTDA, limited liability company, with its head office in São Paulo (SP), at Alameda Santos No. 2.356/2.364, Cerqueira César, CEP: 01.418-200, registered in the CNPJ/MF under the No. 66.970.229/0001-67, represented herein by:

[initials] [signature] [initials] [signature]

Name: *RICARDO HAJIME YOSHIO WATANABE*
Profession: *INDUSTRIAL ENGINEER*
Marital Status: *MARRIED*
Nationality: *BRAZILIAN*
Resident in: *SÃO PAULO*
Identity No: *122.723.21 SSP/SP*
CPF/MF: *075.818.228-77*

Initials

Name: *SERGIO BORGES CHAIA*
Profession: *BUSINESS MANAGER*
Marital Status: *MARRIED*
Nationality: *BRAZILIAN*
Resident in: *SÃO PAULO*
Identity No: *14.642.867 SSP/SP*
CPF/MF: *104.746.138-28*

Initials

Annex I

DECLARATION OF COMPLIANCE WITH FINANCIAL OBLIGATIONS

São Paulo, [xxx] [xx], [xxxx].

BANCO DO BRASIL S.A.
Ag. Large Corporate 3070 (SP)
São Paulo (SP)
c/o José Reinaldo de Araújo Jr.

Dear Manager,

We refer to the Bank Credit Bill No. [x] signed on [x] [x], 2012, between Banco do Brasil S.A. and Nextel Telecomunicações Ltda. (“Nextel”). Through this declaration, Nextel confirms its compliance with the financial obligation to maintain the index obtained by division of the Net Debt by the EBITDA equal to or less than 2.5 on [x] [x], 2012, as evidenced below:

Net Debt by the EBITDA Status: xx/xx/xxxx

1.	Net Debt (R\$ 000)	
2.	EBITDA (R\$ 000)	
3.	Net Debt by the EBITDA	

NEXTEL TELECOMUNICAÇÕES LTDA.

