

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

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

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

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

a. Consolidated

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

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

a. Consolidated

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

b. Nextel Brazil

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

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

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

a. Consolidated

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

b. Nextel Brazil

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

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

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

a. Consolidated

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

b. Brazil

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

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

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

Three Months Ended March 31,

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

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

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

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