

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

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

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

a. Consolidated

	For the Three Months Ended 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	For the Three Months Ended June 30, 2017
	(US\$)				
Consolidated operating loss	\$ (28,751)	\$(1,386,696)	\$ (57,318)	\$ (79,849)	\$ (68,931)
Consolidated depreciation.....	29,660	66,293	9,366	8,886	5,717
Consolidated amortization	<u>11,054</u>	<u>11,912</u>	<u>3,993</u>	<u>4,139</u>	<u>3,618</u>
Consolidated operating income (loss) before depreciation and amortization.....	11,963	(1,308,491)	(43,959)	(66,824)	(59,596)
Reversal of accrued tax contingency.....	(8,133)	-	-	-	-
Asset impairment charges	7,243	1,317,583	23,648	3,559	241
Restructuring charges	<u>3,314</u>	<u>6,622</u>	<u>20,486</u>	<u>68,380</u>	<u>53,994</u>
Consolidated adjusted operating income (loss) before depreciation and amortization	<u>\$ 14,387</u>	<u>\$15,714</u>	<u>\$ 175</u>	<u>\$ 5,115</u>	<u>\$ (5,361)</u>
Consolidated adjusted operating income (loss) before depreciation and amortization margin ...	<u>6%</u>	<u>6%</u>	<u>-%</u>	<u>2%</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 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	For the Three Months Ended June 30, 2017
	(US\$)				
Digital service and other revenues	\$ 243,122	\$ 255,663	243,822	243,493	220,079
Less: other revenues.....	<u>(22,075)</u>	<u>(22,914)</u>	<u>(20,759)</u>	<u>(20,405)</u>	<u>(15,774)</u>
Total subscriber revenues.....	<u>\$ 221,047</u>	<u>\$ 232,749</u>	<u>\$ 223,063</u>	<u>\$ 223,088</u>	<u>\$ 204,305</u>
ARPU calculated with subscriber revenues ...	<u>\$ 19</u>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 21</u>	<u>\$ 19</u>
ARPU calculated with digital service and other revenues	<u>\$ 21</u>	<u>\$ 23</u>	<u>\$ 22</u>	<u>\$ 22</u>	<u>\$ 21</u>

b. Nextel Brazil

	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	For the Three Months Ended June 30, 2017
	(US\$)				
Digital service and other revenues	\$ 243,077	\$ 255,625	243,791	243,463	220,050
Less: other revenues.....	<u>(22,075)</u>	<u>(22,914)</u>	<u>(20,759)</u>	<u>(20,405)</u>	<u>(15,730)</u>
Total subscriber revenues.....	<u>\$ 221,002</u>	<u>\$ 232,711</u>	<u>\$ 223,032</u>	<u>\$ 223,058</u>	<u>\$ 204,320</u>
ARPU calculated with subscriber revenues ...	<u>\$ 19</u>	<u>\$ 21</u>	<u>\$ 20</u>	<u>\$ 21</u>	<u>\$ 19</u>
ARPU calculated with digital service and other revenues	<u>\$ 21</u>	<u>\$ 23</u>	<u>\$ 22</u>	<u>\$ 22</u>	<u>\$ 21</u>

	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	For the Three Months Ended June 30, 2017
	(BR R\$)				
Digital service and other revenues	R\$ 853,040	R\$ 829,967	R\$ 802,504	R\$ 765,179	R\$ 707,067
Less: other revenues.....	<u>(77,630)</u>	<u>(74,380)</u>	<u>(68,368)</u>	<u>(64,169)</u>	<u>(50,500)</u>
Total subscriber revenues.....	<u>R\$ 775,410</u>	<u>R\$ 755,587</u>	<u>R\$ 734,136</u>	<u>R\$ 701,010</u>	<u>R\$ 656,567</u>
ARPU calculated with subscriber revenues ...	<u>R\$ 66</u>	<u>R\$ 67</u>	<u>R\$ 67</u>	<u>R\$ 65</u>	<u>R\$ 62</u>
ARPU calculated with digital service and other revenues	<u>R\$ 72</u>	<u>R\$ 73</u>	<u>R\$ 73</u>	<u>R\$ 71</u>	<u>R\$ 67</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 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	For the Three Months Ended June 30, 2017
	(US\$)				
Handset and accessory revenues	\$ 6,091	\$ 5,173	\$ 4,618	\$ 7,462	\$ 5,055
Uninsured handset replacement revenue.....	<u>(44)</u>	<u>(73)</u>	<u>(44)</u>	<u>(43)</u>	<u>(68)</u>
Handset and accessory revenues, net	6,047	5,100	4,574	7,419	4,987
Less: cost of handsets and accessories	<u>8,861</u>	<u>5,780</u>	<u>3,466</u>	<u>8,665</u>	<u>13,042</u>
Handset subsidy costs	2,814	680	(1,108)	1,246	8,055
Selling and marketing	<u>27,998</u>	<u>30,439</u>	<u>36,047</u>	<u>27,184</u>	<u>23,383</u>
Costs per statement of operations	30,812	31,119	34,939	28,430	31,438
Less: costs unrelated to initial customer acquisition	<u>(1,729)</u>	<u>(1,918)</u>	<u>(2,042)</u>	<u>(1,177)</u>	<u>(2,303)</u>
Customer acquisition costs.....	<u>\$ 29,083</u>	<u>\$ 29,201</u>	<u>\$ 32,897</u>	<u>\$ 27,253</u>	<u>\$ 29,135</u>
Cost per Gross Add.....	<u>\$ 99</u>	<u>\$ 93</u>	<u>\$ 100</u>	<u>\$ 84</u>	<u>\$ 103</u>

b. Nextel Brazil

	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	For the Three Months Ended June 30, 2017
	(US\$)				
Handset and accessory revenues	\$ 6,091	\$ 5,173	\$ 4,618	\$ 7,462	\$ 5,055
Uninsured handset replacement revenue.....	<u>(44)</u>	<u>(73)</u>	<u>(44)</u>	<u>(43)</u>	<u>(68)</u>
Handset and accessory revenues, net	6,047	5,100	4,574	7,419	4,987
Less: cost of handsets and accessories	<u>8,861</u>	<u>5,780</u>	<u>3,466</u>	<u>8,665</u>	<u>13,042</u>
Handset subsidy costs	2,814	680	(1,108)	1,246	8,055
Selling and marketing	<u>27,982</u>	<u>30,439</u>	<u>36,047</u>	<u>27,184</u>	<u>23,383</u>
Costs per statement of operations	30,796	31,119	34,939	28,430	31,438
Less: costs unrelated to initial customer acquisition	<u>(1,729)</u>	<u>(1,918)</u>	<u>(2,042)</u>	<u>(1,177)</u>	<u>(2,303)</u>
Customer acquisition costs.....	<u>\$ 29,067</u>	<u>\$ 29,201</u>	<u>\$ 32,897</u>	<u>\$ 27,253</u>	<u>\$ 29,135</u>
Cost per Gross Add.....	<u>\$ 99</u>	<u>\$ 93</u>	<u>\$ 100</u>	<u>\$ 84</u>	<u>\$ 103</u>

	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	For the Three Months Ended June 30, 2017
	(BR R\$)				
Handset and accessory revenues	R\$ 21,437	R\$ 16,792	R\$ 15,149	R\$ 23,428	R\$ 16,268
Uninsured handset replacement revenue.....	<u>(154)</u>	<u>(237)</u>	<u>(144)</u>	<u>(134)</u>	<u>(219)</u>
Handset and accessory revenues, net	21,283	16,555	15,005	23,294	16,049
Less: cost of handsets and accessories	<u>31,507</u>	<u>18,785</u>	<u>11,459</u>	<u>27,161</u>	<u>41,986</u>
Handset subsidy costs	10,224	2,230	(3,546)	3,867	25,937
Selling and marketing	<u>97,871</u>	<u>98,806</u>	<u>119,194</u>	<u>85,412</u>	<u>75,027</u>
Costs per statement of operations	108,095	101,036	115,648	89,279	100,964
Less: costs unrelated to initial customer acquisition.....	<u>(6,071)</u>	<u>(6,224)</u>	<u>(6,723)</u>	<u>(3,699)</u>	<u>(7,437)</u>
Customer acquisition costs.....	<u>R\$ 102,024</u>	<u>R\$ 94,812</u>	<u>R\$ 108,925</u>	<u>R\$ 85,580</u>	<u>R\$ 93,527</u>
Cost per Gross Add.....	<u>R\$ 349</u>	<u>R\$ 301</u>	<u>R\$ 330</u>	<u>R\$ 264</u>	<u>R\$ 331</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 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	For the Three Months Ended June 30, 2017
	(US\$)				
Selling, general and administrative expenses	\$ 135,922	\$ 142,815	\$ 148,612	\$ 134,466	\$ 129,612
Less: selling and marketing expenses	<u>(27,997)</u>	<u>(30,439)</u>	<u>(36,047)</u>	<u>(27,184)</u>	<u>(23,384)</u>
General and administrative expenses	107,925	112,376	112,565	107,282	106,228
Cost of service	90,043	96,526	96,188	102,708	87,842
Customer retention costs and other	<u>1,729</u>	<u>1,918</u>	<u>2,042</u>	<u>1,177</u>	<u>2,303</u>
Total.....	<u>\$ 199,697</u>	<u>\$ 210,820</u>	<u>\$ 210,795</u>	<u>\$ 211,167</u>	<u>\$ 196,373</u>
Cash Cost per User	<u>\$ 17</u>	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ 20</u>	<u>\$ 19</u>

b. Brazil

	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	For the Three Months Ended June 30, 2017
	(US\$)				
Selling, general and administrative expenses	\$ 126,142	\$ 134,855	\$ 141,221	\$ 127,179	\$ 121,142
Less: selling and marketing expenses	<u>(27,982)</u>	<u>(30,439)</u>	<u>(36,047)</u>	<u>(27,184)</u>	<u>(23,384)</u>
General and administrative expenses	98,160	104,416	105,174	99,995	97,758
Cost of service	90,043	96,526	96,188	102,708	87,842
Customer retention costs and other	<u>1,729</u>	<u>1,918</u>	<u>2,042</u>	<u>1,177</u>	<u>2,303</u>
Total	<u>\$ 189,932</u>	<u>\$ 202,860</u>	<u>\$ 203,404</u>	<u>\$ 203,880</u>	<u>\$ 187,903</u>
Cash Cost per User	<u>\$ 16</u>	<u>\$ 18</u>	<u>\$ 19</u>	<u>\$ 19</u>	<u>\$ 18</u>

	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	For the Three Months Ended June 30, 2017
	(BR R\$)				
Selling, general and administrative expenses	R\$ 442,275	R\$ 437,988	R\$ 465,066	R\$ 399,575	R\$ 388,695
Less: selling and marketing expenses	<u>(97,871)</u>	<u>(98,806)</u>	<u>(119,194)</u>	<u>(85,412)</u>	<u>(75,027)</u>
General and administrative expenses	344,404	339,182	345,872	314,163	313,668
Cost of service	316,244	313,370	316,586	322,737	281,475
Customer retention costs and other	<u>6,071</u>	<u>6,224</u>	<u>6,723</u>	<u>3,699</u>	<u>7,437</u>
Total	<u>R\$ 666,719</u>	<u>R\$ 658,776</u>	<u>R\$ 669,181</u>	<u>R\$ 640,599</u>	<u>R\$ 602,580</u>
Cash Cost per User	<u>R\$ 56</u>	<u>R\$ 58</u>	<u>R\$ 61</u>	<u>R\$ 59</u>	<u>R\$ 57</u>

- (5) The following table shows the impact of changes in foreign currency exchange rates on certain financial measures for the three and six months ended June 30, 2016 compared to the same periods in 2017 by (i) adjusting the relevant measures for the three and six months ended June 30, 2016 to levels that would have resulted if the average foreign currency exchange rates for the three and six months ended June 30, 2016 were the same as the average foreign currency exchange rates that were in effect for the three and six months ended June 30, 2017; and (ii) comparing the actual and adjusted financial measures for the three and six months ended June 30, 2016 to the similar financial measures for the three and six months ended June 30, 2017 to show the percentage change in those measures before and after taking those adjustments into account. The amounts reflected in the following table for operating income before depreciation and amortization on a consolidated basis and segment earnings for Nextel Brazil, before the adjustments for changes in foreign currency exchange rates, are based on the calculations contained elsewhere in these non-GAAP reconciliations for the three and six months ended June 30, 2017 and 2016. The average foreign currency exchange rates for each of the relevant currencies during each of the three and six months ended June 30, 2017 and 2016 are included in the notes to the table below. The information reflected in the following table is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations. We believe that these calculations provide useful information concerning our relative performance for the three and six months ended June 30, 2017 compared to the same periods in 2016 by removing the impact of the significant difference in the average foreign currency exchange rates in effect for those periods.

Three Months Ended June 30,

	2Q 2016 Actual	2Q 2016 Adjustment (1)	2Q 2016 Normalized (1)	2Q 2017 Actual	2Q 2016 to 2Q 2017 Actual B(W) Growth (2)	2Q 2016 to 2Q 2017 Normalized B(W) Growth (3)
(dollars in thousands)						
Consolidated:						
Operating revenues	\$249,213	\$23,287	\$272,500	\$225,134	(10)%	(17)%
Adjusted operating income (loss) before depreciation and amortization	14,387	2,254	16,641	(5,361)	(137)%	(132)%
Nextel Brazil:						
Operating revenues	\$249,168	\$23,287	\$272,455	\$225,105	(10)%	(17)%
Adjusted operating income before depreciation and amortization	24,123	2,254	26,377	3,080	(87)%	(88)%

Six Months Ended June 30,

	YTD 2016 Actual	YTD 2016 Adjustment (1)	YTD 2016 Normalized (1)	YTD 2017 Actual	YTD 2016 to YTD 2017 Actual B(W) Growth (2)	YTD 2016 to YTD 2017 Normalized B(W) Growth (3)
(dollars in thousands)						
Consolidated:						
Operating revenues	\$475,770	\$81,029	\$556,799	\$476,089	—	(14)%
Adjusted operating income (loss) before depreciation and amortization	6,343	4,750	11,093	(246)	(104)%	(102)%
Nextel Brazil:						
Operating revenues	\$475,671	\$81,029	\$556,700	\$476,030	—	(14)%
Adjusted operating income before depreciation and amortization	27,883	4,750	32,633	15,453	(45)%	(53)%

- (1) The "2Q 2016 Normalized" and "YTD 2016 Normalized" amounts reflect the impact of applying the average foreign currency exchange rates for the three and six months ended June 30, 2017 to the operating revenues earned in foreign currencies and to the other components of each of the actual financial measures shown above for the three and six months ended June 30, 2016, other than certain components of those measures consisting of U.S. dollar-based operating expenses, which were not adjusted. The amounts included under the columns "2Q 2016 Normalized" and "YTD 2016 Normalized" reflect the amount determined by adding the "2Q 2016 Adjustment" and "YTD 2016 Adjustment" amounts calculated as described in the preceding sentence to the "2Q 2016 Actual" and "YTD 2016 Actual" amounts and reflect the impact of the year-over-year change in the average foreign currency exchange rates on each of the financial measures for the three and six months ended June 30, 2017. The average foreign currency exchange rates for each of the relevant currencies during the three and six months ended June 30, 2017 and 2016 for purposes of these calculations were as follows:

	Three Months Ended June 30,		Six Months Ended June 30,	
	2017	2016	2017	2016
Brazilian real	3.21	3.51	3.17	3.71

- (1) The percentage amounts in these columns reflect the growth rates for each of the financial measures comparing the amounts in the "2Q 2017 Actual" and "YTD 2017 Actual" columns with those in the "2Q 2016 Actual" and "YTD 2016 Actual" columns.
- (2) The percentage amounts in these columns reflect the growth rates for each of the financial measures comparing the amounts in the "2Q 2017 Actual" and "YTD 2017 Actual" columns with those in the "2Q 2016 Normalized" and "YTD 2016 Normalized" columns.
- (6) Operational free cash burn is an industry term that represents all of the Company's cash spending, with the exception of payments related to debt principal and interest, cash returned from escrow in connection with the sale of Nextel Mexico and cash recovered from certain performance bonds relating to the Company's obligations to deploy its WCDMA spectrum in Brazil. Operational free cash burn is not derived from or based on any measurement under accounting principles generally accepted in the United States but is instead calculated through the Company's cash forecasting process. For this reason, we believe that it would require unreasonable efforts to provide a quantitative reconciliation of this term.