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, 2016

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 001-37488

NII HOLDINGS, INC.

(Exact name of registrant as specified in its charter)

Delaware	**91-1671412**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1875 Explorer Street, Suite 800 **Reston, Virginia**	**20190**
(Address of principal executive offices)	(Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act:
Common Stock, par value $0.001 per share

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):

	Accelerated filer ☑	
Large accelerated filer ☐	Non-accelerated filer ☐ (Do not check if a smaller reporting company)	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, 2016: $320,661,412

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Section 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court. Yes ☑ No ☐

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 March 3, 2017**
Common Stock, $0.001 par value per share	100,778,744

Documents Incorporated By Reference

Portions of the registrant's proxy statement for the 2017 annual meeting of stockholders are incorporated by reference into Part III hereof.

NII HOLDINGS, INC.
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PART I

Item 1. Business

Corporate History

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 800, 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 wholly-owned Brazilian operating company, Nextel Telecomunicações Ltda., as Nextel Brazil. Nextel Brazil's operations are headquartered in São Paulo, with branch offices in Rio de Janeiro and various other cities in Brazil.

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.

Emergence from Chapter 11 Proceedings. On September 15, 2014, we and eight of our U.S. and Luxembourg-domiciled subsidiaries, including NII Capital Corp. and NII International Telecom, S.C.A., or NIIT, filed voluntary petitions seeking relief under Chapter 11 of Title 11 of the United States Bankruptcy Code, which we refer to as Chapter 11, in the United States Bankruptcy Court for the Southern District of New York, which we refer to as the Bankruptcy Court. In addition, subsequent to September 15, 2014, five additional subsidiaries of NII Holdings filed voluntary petitions seeking relief under Chapter 11 in the Bankruptcy Court. We refer to the companies that filed voluntary petitions seeking relief under Chapter 11 collectively as the Debtors. Nextel Brazil and our previous other operating subsidiaries in Latin America were not Debtors in these Chapter 11 cases.

As described in more detail in Note 3 to our consolidated financial statements, on June 19, 2015, the Bankruptcy Court entered an order approving and confirming the Plan of Reorganization. On June 26, 2015, the conditions of the Bankruptcy Court's order and the Plan of Reorganization were satisfied, the Plan of Reorganization became effective, and we and the other Debtors emerged from the Chapter 11 proceedings.

In accordance with the requirements of reorganization accounting, NII Holdings adopted the provisions of fresh start accounting as of June 30, 2015 and became a new entity for financial reporting purposes. References to the "Successor Company" relate to NII Holdings on or subsequent to June 30, 2015. References to the "Predecessor Company" relate to NII Holdings prior to June 30, 2015. For purposes of comparison to the years ended December 31, 2016 and 2014, we combined the results of operations for the six months ended December 31, 2015 with the results of operations for the six months ended June 30, 2015. However, as a result of the application of fresh start accounting and other events related to our reorganization under Chapter 11, the Successor Company's financial results for the six months ended December 31, 2015 are prepared under a new basis of accounting and are not directly comparable to the Predecessor Company's financial results for the six months ended June 30, 2015. For the same reasons, our results of operations for the combined twelve-month period ended December 31, 2015 are not fully comparable to our results of operations for the years ended December 31, 2016 or 2014.

Divestitures. On January 27, 2016, two of our indirect subsidiaries completed the sale of our Argentine operations to Grupo Clarin. The transaction was structured as a sale of all of the outstanding equity interests of Nextel Communications Argentina, S.R.L., or Nextel Argentina, for an aggregate purchase price of $178.0 million.

On April 30, 2015, we, together with one of our wholly-owned subsidiaries, completed the sale of our Mexican operations to New Cingular Wireless, an indirect subsidiary of AT&T. The transaction was structured as a sale of all the outstanding stock of the parent company of Comunicaciones Nextel de Mexico, S.A. de C.V., or Nextel Mexico, for a purchase price of $1.875 billion, including $187.5 million deposited in escrow to satisfy potential indemnification claims. The net proceeds of the sale were $1.448 billion after deducting Nextel Mexico's outstanding indebtedness and applying other specified price adjustments.

In August 2014, three of our wholly-owned subsidiaries completed the sale of all of the outstanding equity interests in our wholly-owned subsidiary Nextel Chile, S.A., or Nextel Chile, to Fucata, S.A., a venture comprised of Grupo Veintitres and Optimum Advisors for a de minimus amount.

In August 2013, two of our wholly-owned subsidiaries completed the sale of all of the outstanding equity interests in 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.

As a result of the sales of Nextel Argentina, Nextel Mexico, Nextel Chile and Nextel Peru, we are allocating almost all of our financial and other resources to our operations in Brazil.

Nextel Brazil Business Overview

We provide wireless communication services under the Nextel™ brand in Brazil with our principal operations located in major urban and suburban centers with high population densities and related transportation corridors of that country where we believe there is a concentration of Brazil's business users and economic activity, including primarily Rio de Janeiro and São Paulo.

In the second half of 2013, Nextel Brazil commercially launched services on its wideband code division multiple access, or WCDMA, network in São Paulo, Rio de Janeiro and surrounding areas and extended those services to other areas in Brazil by expanding the coverage of its network and utilizing roaming services and network sharing arrangements pursuant to agreements that it reached with another network operator in Brazil. Our WCDMA network enables us to offer a wide range of products and services supported by that technology, including data services provided at substantially higher speeds than can be delivered on our legacy integrated digital enhanced network, or iDEN.

Prior to the deployment of our WCDMA network, our services were primarily targeted to meet the needs of business subscribers. With the deployment of our WCDMA network in Brazil, our target market has shifted to individual consumers who use our services to meet both professional and personal needs. Our target subscribers generally exhibit above average usage, revenue and loyalty characteristics. We believe our target market is attracted to the services and pricing plans we offer, as well as the quality of and data speeds provided by our WCDMA network.

We also offer long-term evolution, or LTE, services in Rio de Janeiro, and starting in December 2016, in São Paulo, and we continue to provide services on our legacy iDEN network throughout various regions in Brazil. Our transition to standards-based technologies such as WCDMA also gives us more flexibility to offer subscribers the option of purchasing services by acquiring the subscriber identity module, or SIM, cards from us separately, and by 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.

The services we currently offer include:

- mobile telephone voice service;
- wireless data services, including mobile internet services, text messaging services and email services;
- push-to-talk services, including Direct Connect®, Prip and International Direct Connect® services, which allow subscribers to talk to each other instantly;
- 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 outside of our coverage areas.

As of December 31, 2016, Nextel Brazil had about 3.638 million total subscriber units in commercial service, which we estimate to be about 5% of total postpaid mobile handsets and other devices in commercial service in Brazil. We refer to these subscriber units in commercial service collectively as our subscriber base.

Operating Strategy

Our goal is to grow our WCDMA-based subscriber base and revenues and manage the decline of our iDEN-based subscriber base and revenues by providing differentiated wireless communications services that are valued by our existing and potential subscribers. We are also striving to manage our capital and operating expenditures in the near term and improve our profitability and cash flow over the long term. Our strategy for achieving these goals is based on several core principles, including:

- aligning our costs with our current business through continuous evaluation and streamlining of all capital and operating expenditures;
- focusing on higher value customer segments that generate higher average revenue per user, or ARPU, and lower subscriber turnover;
- utilizing the most profitable sales channels;

- offering a unique and superior customer experience, including a reliable and high quality wireless network and online self-care and rate plan flexibility; and
- building on the strength of the unique positioning of the Nextel brand.

To support our business plan, we have made significant capital and other investments as we deployed our WCDMA network and LTE upgrade. These investments have increased our costs and negatively impacted our profitability and are expected to continue to have that impact as we incur the fixed costs associated with our network while building the subscriber base it serves. However, we believe that our investments have enhanced, and will continue to 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 business.

Our results are being pressured by subscriber losses on our legacy iDEN network, which does not support the high speed data applications sought by many of our current and potential subscribers. Our consolidated operating revenues declined by 19% from the combined period ended December 31, 2015 to 2016 due to a 15% decrease in our consolidated subscriber base during 2016, almost all of which was driven by the 47% decrease in our iDEN subscriber base, and a 5% decline in the value of the Brazilian real compared to the U.S. dollar over the same period. While we were able to reduce our operating expenses by 30% in 2016, we generated an operating loss for the period, primarily as a result of a $1.34 billion non-cash asset impairment charge we recorded in 2016 to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values. We expect continued subscriber losses on our iDEN network and the current economic conditions in Brazil to continue to impact our results of operations for the foreseeable future.

As a result of the weak economy and challenging competitive environment in Brazil, we implemented and will continue to implement changes in our business to better align our organization and costs with our operational and financial results. These have included changes to our leadership team in Brazil in 2015, lower investments in costs to support subscriber growth, significant reductions in our headquarters staff through the reorganization of the roles and responsibilities of both our Brazil and corporate teams, and headcount reductions in Brazil, all of which are designed to reduce costs while maintaining the support necessary to meet our subscribers' needs. While some of these initiatives have led to better operating results, the challenges we face in Brazil, together with our debt service requirements, are placing significant pressure on our ability to fund our business beyond the first quarter of 2018. As a result, in February 2017, we and the lenders of our local bank loans in Brazil entered into amendments to these loan agreements under which principal payments will be suspended for four months while we seek to obtain long-term modifications of the financing arrangements, including potential further extensions of the existing amortization relief. See "*Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations — D. Future Capital Needs and Resources — Covenants Under Financing Arrangements*" for more information. In addition, last year, we hired a third party investment adviser to actively explore strategic options to provide sources of funding that will allow us to meet our future obligations or find a buyer for our company. While we continue to be focused on effectively managing our business in Brazil, the long-term viability of our business is dependent on the successful outcome of one or more of the external processes described above.

Economic Environment

Brazil continues to experience one of the worst economic recessions in its history. During 2016, the Brazilian economy contracted as domestic demand decreased due to a combination of relatively high inflation, high interest rates, growing unemployment, tighter credit conditions, a decline in business investments and political issues. According to reports issued by the International Monetary Fund, or the IMF, it is estimated that Brazil's gross domestic product, or GDP, fell about 3% in 2016 compared to 2015, and most economic forecasts currently project GDP growth of no more than 1% in 2017. In addition, the unemployment rate in Brazil was about 11% at the end of 2016. Real wages in Brazil have been falling since March 2015 and are expected to continue to fall. The foreign currency exchange rate in Brazil declined in value by almost 5% relative to the U.S. dollar from 2015 to 2016. These economic conditions are affecting the wireless telecommunications industry in Brazil, leading to lower customer credit and pressure on customer demand, pricing and customer turnover. Consumer confidence improved in late 2016 but remains at lower levels than those experienced in recent prior years.

Competitive Environment

We believe that the wireless communications industry in Brazil has been and will continue to be characterized by intense competition on the basis of price, the types of services offered, speed of data access and quality of service. In recent years, the prices we have been able to charge for services in Brazil have declined as a result of intensified price competition, including the introduction by our competitors of aggressive pricing promotions, such as plans that allow shared minutes between groups of callers. Beginning in the second half of 2015 and continuing in 2016, our competitors in Brazil began introducing even more aggressive pricing plans that provided more services and in some cases, unlimited calling, for lower rates than some of the plans we offer. This increased competition may continue to affect our ability to attract and retain subscribers in the future.

We compete with large, well-capitalized competitors in Brazil that have substantial financial and other resources. Nextel Brazil's largest competitors are Vivo, which is owned by Spain's Telefonica and has the largest market share in the São 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."

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, including both WCDMA and LTE, that support high speed data services. 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 and other devices 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.

In recent years, our largest competitors have increasingly focused their marketing efforts on attracting postpaid subscribers within our target segments by, among other things, enhancing their network quality and their customer care functions, which may minimize the value of our network quality and speed (for our WCDMA network) and the quality of our customer service as points of differentiation. 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.

We compete with other communications service providers based primarily on our simple and attractive pricing plans, high quality customer experience and differentiated wireless service offerings. We are continuing to pursue our target market with an expanded message that focuses on our transition to a full service wireless operator capable of providing high quality and high speed data services supported by our WCDMA network. Since our legacy iDEN network does not support high speed data applications, we are experiencing higher levels of migrations to lower price rate plans both within our iDEN network and from our iDEN network to our WCDMA network.

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 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' purchasing decisions, and in light of the economic conditions discussed above, 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.

In response to recent trends in Brazil's competitive environment, as well as the current economic climate, we have been taking the following actions:

- increasing our focus on high value customer segments in order to generate higher levels of ARPU;
- launching a new fully digital distribution channel that enables subscribers to purchase, activate and customize their plans through an online application;
- furthering cost reduction strategies in order to continue to lower cash costs per user and improve overall profitability;
- continuing to streamline distribution channels, including closing unprofitable retail stores;
- continuing to migrate subscribers from our legacy iDEN network to our WCDMA network;
- reviewing commission and subsidy strategies;
- eliminating non-critical capital expenditures;
- further utilizing sales strategies that incentivize subscribers to use their existing handsets when purchasing our services to keep subscriber acquisition costs at manageable levels;
- harvesting the profitability of our legacy iDEN network;
- streamlining our headquarters operations; and
- continuing to pursue initiatives to maintain and enhance our existing liquidity.

Our Networks and Wireless Technologies

We currently offer services supported by a network that utilizes WCDMA technology. WCDMA is a standards-based technology being deployed by wireless carriers throughout the world that provides service capabilities such as high speed internet access, increased network capacity and reduced costs for voice and data services when compared to previous technologies.

In late 2010, Nextel Brazil participated in a series of spectrum auctions and was the successful bidder for 20 megahertz, or MHz, of spectrum in the 1.9/2.1 gigahertz, or GHz, spectrum bands in 11 of the 13 auction lots covering approximately 98% of the Brazlian population for $714.4 million based on foreign currency exchange rates at the time. 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 is utilizing the 1.8 GHz spectrum to support the deployment of the 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. In December 2015, Nextel Brazil participated in a spectrum auction and was the successful bidder for 30 MHz of spectrum in the 1.8 GHz band for 455.0 million Brazilian reais, or approximately $116.7 million based on foreign currency exchange rates at the time. Nextel Brazil currently offers LTE services in Rio de Janeiro, and starting in December 2016, in São Paulo. These services are automatically available to subscribers with an existing mobile plan and compatible smartphone.

As we continue to transition from our legacy iDEN network to our WCDMA network, we will evaluate ways in which we can use our 800 MHz spectrum to support existing or new services. 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.

We also continue to offer services supported by our network that utilizes the legacy iDEN technology developed and designed by Motorola. The iDEN technology is a digital technology that is able to operate on non-contiguous spectrum frequencies, 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 currently designed to roam only on iDEN wireless networks.

Sales and Distribution

Our target customers include consumer market segments that value our attractive pricing plans, high quality network and our superior level of customer service, as well as the small, medium and large business markets that value our differentiated wireless communications, including our push-to-talk services. We use a variety of distribution channels to reach our target customers, including direct sales representatives, indirect sales agents, retail stores and kiosks, and other subscriber-convenient sales channels such as online purchasing. Nextel Brazil 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 segments.

We employ sales representatives who market our services directly to potential and existing customers. The focus of our direct sales force is primarily on customers 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 Nextel Brazil's direct sales force 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 expansion of services on our WCDMA network, we have realigned these sales 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 also utilize our website as a marketing tool that allows subscribers to compare our various rate plans and research our suite of products and services, including handsets, accessories and special promotions. We use online purchases as an additional sales channel to allow subscribers to purchase our services directly. In December 2016, Nextel Brazil launched Happy, a digital platform that allows customers to customize each aspect of their plan. Happy provides for the sale of both broadband and voice mobile telecommunications services through one application without

any interaction with a Nextel representative. Subscribers can purchase a subscriber identity module, or SIM, card at an accredited point of sale, install the SIM card on an Android or iOS smartphone, download the application, and activate and change rate plans.

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. Since 2002, we have offered services under the Nextel brand under a trademark license agreement with Nextel Communications, Inc. In 2011, we launched a new brand identity, which we believe enhanced the recognition of our brand and unified our brand identity. As a result of our efforts, the Nextel brand is recognized in Brazil as standing for both quality of service and the differentiated services and customer support we provide. With the launch of services supported by our WCDMA and LTE network, our marketing strategy has focused on the availability of the broader range of services and features that appeal to a wider range of consumers. This positioning of our brand continues to focus on customers who are attracted to our differentiated services and our reputation for providing a high quality customer experience.

Regulation of SMR and PCS Operations

In Brazil, the wireless communications regulations are based on a concept called calling party pays, which requires the mobile carrier of the subscriber initiating a call to pay the mobile carrier of the party receiving the call when mobile calls occur between subscribers of different carriers. These calling party pays charges are based on rates that we refer to as mobile termination rates. In 2012, ANATEL, Brazil's telecommunications regulatory agency, approved regulations to implement a transition to a cost-based model for determining mobile termination rates. Under the current regulations, the mobile termination rates are being gradually reduced over a transition period ending in 2019, when cost-based rates will take effect. The transition rules also provide for a partial "bill and keep" settlement process that applies to the settlement of mobile termination charges between smaller operators like Nextel Brazil and its larger competitors (who are considered to hold significant market power under the Brazilian regulations), which further reduces mobile termination charges for smaller operators. The lower costs resulting from this partial bill and keep settlement process, which is similar to the settlement process that has historically applied to termination charges relating to Nextel Brazil’s iDEN services, decline as mobile termination rates are reduced during the transition period, with the bill and keep settlement process terminating when cost-based rates are implemented.

Under the rules adopted by ANATEL relating to interconnection charges, Nextel Brazil has negotiated agreements with all significant fixed line and wireless operators in Brazil to reflect the payments between carriers as a result of the calling party pays charges. 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 issue, ANATEL implemented the partial bill and keep settlement process described above. Since the adoption of this process, Nextel Brazil has recognized significant cost savings when terminating calls originated on its networks. In the past, these cost savings enabled Nextel Brazil to develop and offer attractive pricing plans that reduced or eliminated 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. In connection with ANATEL’s transition plan, Nextel Brazil’s benefits under these partial bill and keep rules has declined, and recently, some of Nextel Brazil’s competitors have launched pricing plans with the same rates for on-net and off-net calls. In addition, in December 2015, two of Nextel Brazil’s competitors filed a lawsuit against ANATEL challenging the bill and keep rules. These competitors received an initial preliminary injunction, which was suspended after Anatel filed an appeal. A decision has not yet been made regarding the preliminary injunction or the lawsuit.

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.

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.

Employees

As of December 31, 2016, we had 2,645 employees, of which 2,618 were employees of Nextel Brazil. Nextel Brazil is a party to a legally mandated collective bargaining agreement that covers most of its employees and expires on August 31, 2017. NII Holdings is not a party to any collective bargaining agreement. We believe that the relationship between us and our employees, and between Nextel Brazil 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 and the Corporate Governance and Nominating 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 800, 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 any forward-looking statements that we make as a result of a variety of factors, including the risks described below. Please note that additional risks not presently known to us or that we currently deem immaterial may also impair our business and operations.

Risks Relating to Our Business and Results

1. Because our free cash flow was negative, and is expected to continue to be negative, we will likely need to meet our obligations and fund our working capital with cash on hand and through the recovery of amounts held in escrow and used to secure performance bonds.

Our free cash flow was negative in 2016, and based on our current plans, we expect our free cash flow to remain negative through at least 2017. Our current plans are based on a number of key assumptions relating to, among other things, our ability to manage our capital and operating expenses and to attract and retain customers. If any of our assumptions are not borne out or are otherwise not correct, our free cash flow could continue to be negative 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 free cash flow in the future.

Our current sources of funding include our cash and short-term investments, cash held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico, and cash pledged as collateral to secure certain performance bonds relating to our obligations to deploy our WCDMA spectrum in Brazil.

Based on the weak economy and challenging competitive environment in Brazil that we anticipate will continue, as well as the continued decline of our iDEN business, we expect that our cash flow from operations will be negative in 2017. In addition, we expect that our capital expenditures for 2017 will be at a similar level as 2016. During 2017, we are also required to pay an estimated $225.0 million for principal and interest in connection with our debt service obligations, including capital leases. As a result, we believe our current sources of funding may not be adequate to fund our business beyond the first quarter of 2018, and that we will need to obtain debt service relief from our lenders or to raise incremental capital to fund our business plan. We believe that the uncertainties relating to our business make it difficult for us to obtain new capital. Furthermore, if the ultimate amount recovered from our cash held in escrow or our cash pledged to secure performance bonds is not fully available to us or is delayed for a significant amount of time, we would need to obtain additional funding within the next six to twelve months and significantly reduce our planned spending to further preserve our liquidity. If we cannot reach an agreement with our lenders to modify the terms of our loans, obtain suitable financing if and when it is required, or obtain access to a significant portion of the escrowed funds as anticipated in our business plan, our results of operations and liquidity would be negatively impacted, and we may be unable to settle our obligations as they come due.

2. There is substantial doubt regarding our ability to continue as a going concern.

Our results of operations, including our operating revenues and operating cash flows, have been negatively affected by a number of factors, including significant deterioration in economic conditions in Brazil, increased competitive pressure, the overall depreciation of the value of the Brazilian real relative to the U.S. dollar, and the decline in our iDEN subscriber base resulting from the limited digital services available on our legacy iDEN network. These and other factors resulted in a reduction in our subscriber growth and revenues at a time when our costs reflected the operation of both of our networks and had a significant negative impact on our results and our ability to grow our revenue base to a level sufficient to reach the scale required to generate positive operating income.

We believe that the wireless communications industry in Brazil 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; speed of data access; and quality of service. In recent years, the prices we have been able to charge for services in Brazil have declined as a result of intensified price competition, including the introduction by our competitors of aggressive pricing promotions, such as plans that allow shared minutes between groups of callers and even more aggressive pricing plans that provide more services for lower rates than some of the plans we offer, which together with the impact of deteriorating economic conditions, reduced the number of new subscribers we added to our network in 2016. This increased competition may continue to affect our ability to attract and retain subscribers in the future.

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. In connection with the agreements governing Nextel

Brazil's local bank loans, we are required to meet a net debt financial covenant semiannually. In August 2016, Nextel Brazil secured waivers from the lenders of its local bank loans related to this financial covenant for the June 30, 2016 measurement date. In February 2017, Nextel Brazil secured additional waivers from the lenders of these loans related to this financial covenant as of December 31, 2016. The waivers also provide for a "covenant holiday" inclusive of the June 30, 2017 testing period, during which time no compliance will be required with respect to the net debt financial covenant. The next measurement date for this financial covenant will be December 31, 2017. Likewise, in connection with the agreement and related amendments governing Nextel Brazil's equipment financing facility, we are required to meet certain financial covenants semiannually beginning on December 31, 2017. Based on our current outlook, which reflects significant uncertainty about the economic and competitive conditions in Brazil that are currently impacting our ability to increase our revenues and generate profitability, we believe it is unlikely that we will satisfy the applicable financial covenants included in both of Nextel Brazil's local bank loans and in its equipment financing facility as of the next measurement date at December 31, 2017. If we are unable to negotiate amendments to the existing loan agreements or secure waivers from the lenders, we could be in default. If a default occurs, the lenders could require us to repay the amounts outstanding under these arrangements. In addition, these loan agreements contain cross-acceleration provisions. In February 2017, Nextel Brazil and the lenders of our local bank loans entered into amendments to these loan agreements. The amendments provide, among other things, a 120-day standstill period, effective March 2, 2017, during which time no amortization payments will be required with respect to the related loans while Nextel Brazil seeks to negotiate long-term modifications of the financing arrangements, including potential further extensions of the existing amortization relief. To the extent Nextel Brazil is unable to agree on long-term amendments by July 2017, we will be required to make catch-up principal payments totaling 84.4 million Brazilian reais, or approximately $25.2 million based on current foreign currency exchange rates, followed by the resumption of the amortization schedule contained in the second amendment. See Note 7 to our consolidated financial statements for more information.

In December 2015, Nextel Brazil participated in a spectrum auction and was the successful bidder for 30 MHz of spectrum in the 1.8 GHz band for 455 million Brazilian reais, or approximately $116.7 million based on foreign currency exchange rates at the time. In July 2016, Nextel Brazil paid 45.5 million Brazilian reais, or approximately $14.0 million based on foreign currency exchange rates at the time, in connection with the signing of this license agreement. Nextel Brazil elected to accept the government-provided spectrum financing for the remaining amount due under this spectrum financing. In connection with the foregoing, we are in the process of securing waivers from the lender of Nextel Brazil's equipment financing facility to permit Nextel Brazil to incur and maintain this spectrum financing. In addition, we have requested waivers of an event of default that resulted from a failure to timely notify this lender of a permitted merger that occurred between two guarantors in Brazil. As a result of either of these events of default, the lender of Nextel Brazil's equipment financing facility could provide notice to declare the amounts outstanding under this facility due and payable. All of the conditions described above create uncertainty regarding our ability to continue as a going concern.

If we cannot obtain waivers for the existing events of default under Nextel Brazil's equipment financing facility and for the applicable financial covenants we are required to meet as of the December 31, 2017 measurement date, modify the repayment terms of our loans, obtain suitable financing if and when it is required, or obtain access to a significant portion of the escrowed funds as anticipated in our business plan, our results of operations and liquidity would be negatively impacted, and we may be unable to settle our obligations as they come due. As a result of these conditions, our independent registered public accounting firm has included a statement with respect to our ability to continue as a going concern in its report on our consolidated financial statements for the year ended December 31, 2016. However, our financial statements have been prepared assuming we will continue to operate as a going concern and contemplate the realization of assets and the satisfaction of liabilities in the normal course of business. 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 conduct business 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. 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 Nextel Brazil's ability 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 Brazil. Our ability to compete successfully will depend on our ability to anticipate and respond to various competitive factors affecting the telecommunications industry in Brazil, 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 industry in Brazil is 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 Brazil is intense as multiple carriers seek to attract and retain customers. Some of the factors contributing to this competitive environment include the current economic environment in Brazil; a higher relative penetration of wireless services 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 on 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 discounted or free airtime or other services;
- 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;
- 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 Brazil, making it easier for wireless providers to effectively target and attract their competitors' customers.

The competitive environment in Brazil and competitive strategies of our competitors, including recent price competition, 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 ARPU, our operating results and our ability to attract and retain customers. 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 offer new services 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 and are offering services on our WCDMA network in Brazil and are continuing to expand and supplement that network, including by offering services utilizing LTE technologies in São Paulo and Rio de Janeiro, our competitors in Brazil have launched nationwide new or upgraded networks that use WCDMA and/or LTE technology and offer services that use high speed data transmission capabilities, including internet access and video telephony. 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 Brazil, our current 800 MHz spectrum holdings are largely contiguous, making it possible to use that spectrum to support future technologies, if certain technical, operational and regulatory requirements are met, including, for example, the availability of compatible network and subscriber equipment. Although our spectrum holdings in Brazil are contiguous, they are not located in the same portion of the 800 MHz spectrum band that is currently being used to support LTE network deployments elsewhere in the world including in the United States. Accordingly, it may be necessary to seek regulatory changes and to reconfigure the spectrum band and our spectrum holdings for them to be used to efficiently support LTE technologies.

c. Most of our competitors are financially stronger than we are, which limits our ability to compete based on price.

Because of their size, scale and resources, our competitors may be able to offer services to subscribers at prices that are below the prices that we 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. We are dependent on our competitors for support services that are critical to our operations.

We rely on our competitors for certain support services that are critical to our operations. For example, the services that we provide on our WCDMA network require significantly greater data capacity than our iDEN network, 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. Similarly, we have entered into roaming arrangements with one of our competitors that allow us to expand the coverage of our WCDMA network in Brazil by allowing our subscribers to roam on that competitor's network in areas outside our coverage area. Likewise, we have entered into a 10-year radio access network, or RAN, sharing agreement with the same competitor under which we are permitted to use its tower and equipment infrastructure to transmit telecommunications signals on Nextel Brazil's spectrum. As a result, we are dependent on entities that are or are affiliated with our competitors to provide us with the data transport services needed to support our networks and services, roaming services and infrastructure that enhance our coverage area. Our ability to offer services and our results of operations could be adversely affected if those entities were to allocate limited transport or network capacity to other customers including their wireless affiliates or otherwise make it more difficult for us to obtain the necessary transport and roaming capacity to support our networks and services.

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

In recent years, we have experienced higher customer turnover rates compared to earlier periods, which resulted primarily from the combined impact of weaker economic conditions and a more competitive sales environment in Brazil. In addition, there has been a significant increase in our customer turnover rate for subscribers to services on our iDEN network as customers

increasingly prefer services that are supported by high speed data capabilities including services on smartphones. Likewise, WCDMA subscriber turnover increased significantly as a result of more intense competition in the wireless market and the economic factors discussed above.

In addition, we have broadened our target market to include customers that have typically demonstrated a willingness to change service providers more frequently and have increased our usage of control plan payment terms as part of our service plans in order to attract more price sensitive customers. 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 average cost of acquiring a new subscriber is 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, our results of operations could be adversely affected.

f. 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; these issues limit our ability to deploy or expand our network capacity as currently planned; or these issues place us at a competitive disadvantage to other wireless providers.

g. 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.

When deciding whether to continue or begin service with us, 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. If customers or potential customers who are aware of our recent results of operations, or of current and future adjustments to our business 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. We assume that customers will find our services attractive and that we will be able to increase our subscriber base. 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 would adversely affect our revenues and our ability to generate the cash needed to fund our business and meet our other obligations.

4. We operate exclusively in Brazil, and our assets, subscribers and cash flows are concentrated in Brazil, which presents risks to our operating plans.

As a holding company with operations solely in Brazil, our growth and operating results are dependent on the strength and stability of the economic, political and regulatory environments in that country. Changes in the economic, political and regulatory environment or foreign currency exchange rates in Brazil will have a more significant impact on our operating results than has been the case historically when we held operations in multiple Latin American markets. As a result, our business and operations will be subject to a higher degree of risk and volatility due to the impact of the risks described below.

a. A decline in the foreign exchange rate of the Brazilian real may adversely affect our growth and our operating results.

Historically, the value of the Brazilian real relative to the U.S. dollar has been volatile. Recent weakness in the economy in Brazil has led to increased volatility in the real compared to the U.S. dollar. Nearly all of our revenues are earned in Brazilian reais, but we report our results in U.S. dollars. As a result, fluctuations in foreign currency exchange rates have had and can have a significant impact on our reported results that may not reflect the operating trends in our business. In addition, all of our outstanding debt is owed by Nextel Brazil, and 39% of the principal amount of our total debt outstanding is denominated in U.S. dollars. A decline in the value of the Brazilian real 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 Brazilian reais, 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, a decline in the value of the Brazilian real relative to the U.S. dollar result in reductions in our reported revenues, as well as a reduction in the carrying value of our assets, including the value of cash investments held in Brazilian reais. Depreciation of the Brazilian real also results in increased costs to us for imported equipment. Historically, 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. As a result, if the value of the Brazilian real continues to 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 Brazilian reais, to be adversely affected.

b. We face economic and political risks operating in Brazil, 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 economy in Brazil, which is considered to be an emerging market and has historically been subject to volatile economic cycles. More recently, Brazil has experienced one of the worst economic recessions in its history. As a result, the economic environment in Brazil is characterized by significant and rapid fluctuation in terms of commodity prices, local consumer prices, employment levels, gross domestic product, interest rates and inflation rates. These economic conditions are affecting the wireless telecommunications industry in Brazil, leading to lower customer credit and pressure on customer demand, pricing and customer turnover, and are negatively impacting our ability to attract and retain subscribers. During 2016, the Brazilian economy contracted as domestic demand decreased due to a combination of relatively high inflation, high interest rates, growing unemployment, tighter credit conditions, a decline in business investments and political issues. It is estimated that Brazil's GDP fell about 3% in 2016 compared to 2015, and most economic forecasts currently project GDP growth of no more than 1% in 2017. The unemployment rate in Brazil was about 11% at the end of 2016. Real wages in Brazil have been falling since March 2015 and are expected to continue to fall. The foreign currency exchange rate in Brazil declined in value by almost 5% relative to the U.S. dollar from 2015 to 2016. If the current economic conditions continue or worsen, the economic environment in Brazil may negatively impact our ability to meet our business plan.

In addition, in some instances, the economy in Brazil has also been negatively affected by other factors, including volatile political conditions. 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 Brazil may affect the economic programs developed under the prior administration, which in turn, may adversely affect the economy there. Other risks associated with political instability could include the risk of expropriation or nationalization of our assets by the government. We expect political, economic and social conditions in Brazil to affect our business, including our access to capital markets to obtain funding needed for our business or to refinance our existing indebtedness.

c. Our operating company is subject to local laws and government regulations, and we are subject to U.S. laws and regulations, which could limit our growth and strategic plans and negatively impact our financial results.

Our operations are subject to local laws and regulations in Brazil, which may differ substantially from those in the U.S., and we could become subject to penalties if we do not comply with those local laws and regulations. In addition, we are subject to U.S. laws and regulations, 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 Brazil, government regulatory agencies regulate the licensing, construction, acquisition, ownership and operation of our wireless communications systems, as well as the granting, maintenance and renewal of licenses to use spectrum and radio frequencies. 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. Our business may be negatively impacted if changes are implemented that:

- 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 Nextel Brazil is required to charge for its 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.

There has also been an increased focus on service and quality standards in Brazil as the local government monitors 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. In addition, regulations in Brazil permit third parties, including our competitors, to challenge our actions or decisions of the regulators 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 Brazil take actions against us in response to actions initiated by our competitors, our ability to grow our business and improve our results of operations could be adversely affected.

Finally, rules and regulations affecting placement and construction of our transmitter and receiver sites affect our ability to deploy and operate our networks, and therefore impact our business strategies. In some instances, local governments have adopted very stringent rules and regulations related to the placement and construction of wireless towers, 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. Compliance with such laws, rules and regulations 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 network in Brazil and the coverage requirements associated with the spectrum licenses being utilized in Brazil, 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 in Brazil require us to build our networks within prescribed time periods, and failure to meet the requirements may result in enforcement of performance bonds related to the licenses, forfeiture of the channels and revocation of licenses. 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 fines or, in some instances, the loss of spectrum licenses. We expect that when we complete the implementation of our radio access network, or RAN, sharing agreement with Telefonica, under which Telefonica permits Nextel Brazil to use some of its tower and equipment infrastructure to transmit telecommunications signals on Nextel Brazil's spectrum, Nextel Brazil will be in compliance with the applicable operational requirements of its licenses in all material respects.

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 Brazil. Network equipment and handsets may be subject to significant import duties and other taxes. 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 taxes, which may reduce the revenues of our operating subsidiary in Brazil, reduce the amounts we receive from Nextel Brazil or may increase our tax costs.

The government in Brazil, including the local municipalities, has increasingly turned to new taxes, as well as aggressive interpretations of current tax law, as a method of increasing revenue. For example, Nextel 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 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 or our ability to do so may be limited by competitive conditions. 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 Nextel Brazil may be subject to withholding taxes imposed by Brazil. Any of these taxes will reduce the amount of after-tax cash we can receive from our operations.

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.

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 subsidiaries 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.

5. The costs we incur to connect our networks with those of other carriers are subject to local laws and may increase, which could adversely impact our financial results.

Nextel Brazil must connect its 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, long distance and data 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, and often require us to negotiate agreements with the other carriers, most of which are our competitors, in order to provide our services. Our costs relating to these interconnection and transport arrangements are subject to fluctuation both as a result of changes in regulations 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.

6. Our failure to maintain effective internal controls over financial reporting may adversely affect the accuracy and timeliness of our financial reporting.

As described in "Part II. Item 9A. Controls and Procedures," included in this annual report on Form 10-K, we disclosed a material weakness in internal control over financial reporting related to Nextel Brazil's control environment and information and communication processes. Nextel Brazil's control environment was not effective because an appropriate tone at the top was not established at Nextel Brazil. In addition, the information and communication process was not effective because we did not identify information necessary to account for leases, certain accrued liabilities and operating expenses. As a result, we did not design and operate effective process level controls over the completeness and accuracy of data and assumptions used to support accounting analyses and reconciliations for the related accounts. Management is committed to remediating the material weakness in Nextel Brazil's internal control over financial reporting.

Our inability to maintain effective internal control over financial reporting, as described above, combined with issues or delays in implementing improvements, could result in a material misstatement to our financial statements or other disclosures, which could have an adverse effect on our business, financial condition or results of operations.

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

Our business depends upon third party distribution channels for securing a portion of the new customers to our services. In some instances, we rely on these third party dealers and retailers 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 or retailers terminate their relationship with us, if there are adverse changes in our relationships with them, if we alter our compensation arrangements with these dealers or retailers or if the financial condition of these dealers or retailers deteriorates.

8. 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 Nextel Brazil fails to comply with the terms of its licenses and other regulatory requirements, including installation deadlines and minimum loading or service availability requirements, they could be fined or their licenses could be revoked. This is particularly true with respect to the grants of licenses for spectrum we use to support our WCDMA network in Brazil, which impose strict deadlines for the construction of network infrastructure and supporting systems as a condition of the license. We expect that when we complete the implementation of our RAN sharing agreement with Telefonica, Nextel Brazil will be in compliance with the applicable operational requirements of its licenses in all material respects. 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 to grant or renew licenses, our licenses may not be renewed or, if renewed, renewal may not be on acceptable economic terms. In addition, regulations in Brazil permit 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 Brazil take actions modifying or revoking our licenses in response to these claims, our ability to grow our business and improve our results of operations could be materially adversely affected.

9. If we are not able to manage changes to our business, our operating results will suffer.

Our ability to achieve our long-range business goals and to grow profitably is dependent on our ability 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 expand network capacity and launch competitive services.

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

- expand the capacity and coverage of our network in Brazil;
- 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 and expansion of the coverage and capacity of our WCDMA network and the deployment of LTE technology in Brazil has required us to deploy new transmitter and receiver sites in order to meet the expanded coverage and capacity requirements for those networks resulting from differences in our commercial strategies, differences in the propagation characteristics of the spectrum bands being used to support our network in Brazil and the coverage requirements associated with the spectrum licenses being utilized to support our services. In some areas that we serve, individuals and governments are opposing new tower construction and supporting laws restricting the construction of towers and other transmitter and receiver sites. Compliance with such laws 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 to support our services in coming years will be substantial, and our failure to meet this demand could adversely affect our business.

In addition, as we launch a broader array of services on our network in Brazil, 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 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 expand our new network in Brazil as needed or complete the development and deployment of competitive services. Failure to successfully expand our network coverage and capacity and the services we offer 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. If this occurs, we may be unable to recover the substantial investment we have made in our new networks and the related costs we have incurred and will continue to incur to offer these new services.

b. 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 expanding our new network in Brazil, 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 our business evolves, 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 operations, our results of operations could be adversely affected.

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

Nextel Communications, Inc., or 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, which could have a material adverse effect on our operations.

11. 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 the past, more stringent network performance standards and reporting obligations have been adopted by the government in Brazil in order to ensure quality of service during unforeseen disturbances. We could be required to make significant investments in our existing networks in order to comply with these types of 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.

Risks Relating to Our Common Stock

12. There may be circumstances in which the interests of our significant stockholders could be in conflict with the interests of other stockholders.

Funds associated with Capital World Investors, subsidiaries of BlackRock, Inc. and subsidiaries of The Vanguard Group currently own approximately 25.5%, 11.5% and 10.2%, respectively, of our outstanding common stock. Two of our stockholders also have certain additional rights under our registration rights agreement dated June 26, 2015. Circumstances may arise in which these stockholders may have an interest in pursuing or preventing acquisitions, divestitures or other transactions, including the issuance of additional shares or debt, that, in their judgment, could enhance their investment in us or another company in which they invest. Such transactions might adversely affect us or other holders of our common stock. In addition, our significant concentration of share ownership may adversely affect the trading price of our common shares because investors may perceive disadvantages in owning shares in companies with significant stockholders.

13. The price of our common stock may be volatile.

The price of our common stock may fluctuate due to a variety of factors, including:

- concentration of our business operations in Brazil;
- low trading volumes for our common stock and the inability to sustain an active trading marketing for our common stock;
- actual or anticipated fluctuations in our quarterly and annual results and those of other public companies in our industry;
- industry cycles and trends;
- mergers and strategic alliances in the telecommunications industry;
- changes in government regulation;
- potential or actual military conflicts or acts of terrorism;
- the failure of securities analysts to publish research about us, or shortfalls in our operating results from levels forecast by securities analysts;
- future sales of our common stock by our stockholders, including in particular, those stockholders whose shares were included in our Registration Statement on Form S-3;
- announcements concerning us or our competitors; and
- the general state of the securities market.

As a result of these factors, investors in our common stock may not be able to resell their stock at or above the price they paid or at all. These broad market and industry factors may materially reduce the market price of our common stock, regardless of our operating performance.

14. Certain provisions of our certificate of incorporation and our bylaws may make it difficult for stockholders to change the composition of our Board and may discourage, delay or prevent a merger or acquisition that some stockholders may consider beneficial.

Certain provisions of our Amended and Restated Certificate of Incorporation (the “Charter”) and our Fifth Amended and Restated Bylaws (the “Bylaws”) may have the effect of delaying or preventing changes in control if our Board determines that such changes in control are not in the best interests of the Company and our stockholders. The provisions in our Charter and Bylaws include, among other things, those that:

- provide for a classified board of directors until the 2017 annual meeting;

- authorize our Board to issue preferred stock and to determine the price and other terms, including preferences and voting rights, of those shares without stockholder approval;
- establish advance notice procedures for nominating directors or presenting matters at stockholder meetings; and
- limit the persons who may call special meetings of stockholders.

While these provisions have the effect of encouraging persons seeking to acquire control of our Company to negotiate with our Board, they could enable the Board to hinder or frustrate a transaction that some, or a majority, of the stockholders may believe to be in their best interests and, in that case, may prevent or discourage attempts to remove and replace incumbent directors. These provisions may frustrate or prevent any attempts by our stockholders to replace or remove our current management by making it more difficult for stockholders to replace members of our Board, which is responsible for appointing the members of our management.

Item 1B. Unresolved Staff Comments

None.

Item 2. Properties

Our principal executive and administrative offices are located in Reston, Virginia, where we lease about 26,000 square feet of office space under a lease expiring in January 2020. In addition, Nextel Brazil leases office space in São Paulo and Rio de Janeiro. Nextel Brazil also leases transmitter and receiver sites under various individual site leases. As of December 31, 2016, Nextel Brazil had 10,031 constructed sites at leased and owned locations, including those constructed for its networks. In addition, Nextel Brazil also had 1,172 radio access network, or RAN, sharing sites, 507 global system for mobile, or GSM, sites and 484 indoor sites as of December 31, 2016.

Item 3. Legal Proceedings

We are subject to other 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 9 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.

PART II

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

1. Market for Common Stock

In connection with our Chapter 11 proceedings, all shares of our common stock that were outstanding prior to our emergence from Chapter 11 were canceled on June 26, 2015. On July 6, 2015, our common stock was listed on the Nasdaq Global Select Market (NASDAQ) under the symbol "NIHD." The following table sets forth on a per share basis the reported high and low sale prices for our common stock, as reported on the market at the time, since July 6, 2015.

	Price Range of Common Stock	
	High	**Low**
2015		
Third Quarter	$16.88	$6.21
Fourth Quarter	7.81	4.43
2016		
First Quarter	$5.72	$3.01
Second Quarter	5.65	2.64
Third Quarter	3.63	2.05
Fourth Quarter	3.33	1.70

2. Number of Stockholders of Record

As of March 3, 2017, there were approximately 95 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. 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

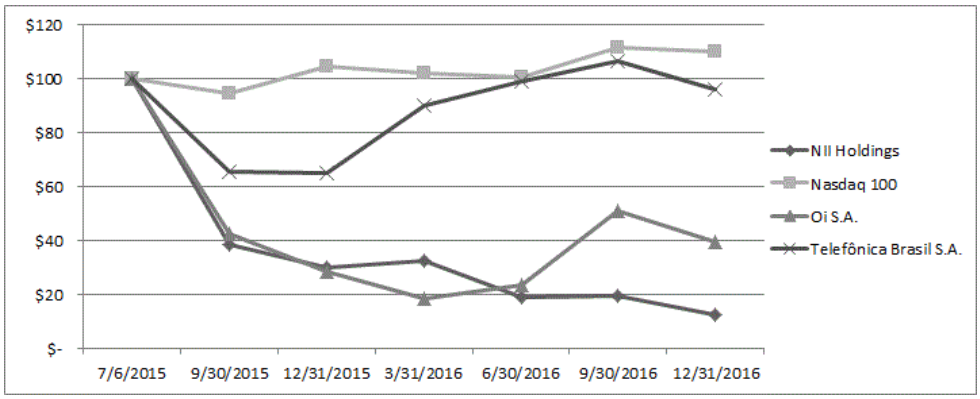
(b) The following table presents information related to repurchases of our common stock during the three months ended December 31, 2016:

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, 2016 - October 31, 2016	20,283	(1)	$ 3.23	20,283	
November 1, 2016 - November 30, 2016	20,929	(1)	2.50	20,929	
December 1, 2016 - December 31, 2016	—		—	—	
Total	41,212	(1)	2.86	41,212	$ —

(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 July 6, 2015 through December 31, 2016. This graph also compares our common stock to the cumulative total stockholder return on the Nasdaq 100 Index, the common stock of Oi S.A. and Telefônica Brasil S.A. The graph assumes an initial investment of $100 in our common stock as of July 6, 2015 and in each of the comparative indices or peer issuers, and that all dividends were reinvested.



Index	7/6/2015	9/30/2015	12/31/2015	3/31/2016	6/30/2016	9/30/2016	12/31/2016
NII Holdings	$ 100.00	$ 38.57	$ 29.92	$ 32.76	$ 18.84	$ 19.73	$ 12.74
Nasdaq 100	$ 100.00	$ 94.73	$ 104.42	$ 102.25	$ 100.44	$ 111.63	$ 110.28
Oi S.A.	$ 100.00	$ 42.39	$ 28.80	$ 18.64	$ 23.72	$ 51.17	$ 39.81
Telefônica Brasil S.A.	$ 100.00	$ 65.39	$ 65.22	$ 90.33	$ 99.32	$ 106.84	$ 96.03

Item 6. Selected Financial Data

On September 15, 2014, we and eight of our U.S. and Luxembourg-domiciled subsidiaries, including NII Capital Corp. and NIIT filed voluntary petitions seeking relief under Chapter 11 of Title 11 of the United States Bankruptcy Code, which we refer to as Chapter 11, in the United States Bankruptcy Court for the Southern District of New York, which we refer to as the Bankruptcy Court. In addition, subsequent to September 15, 2014, five additional subsidiaries of NII Holdings, Inc. filed voluntary petitions seeking relief under Chapter 11 in the Bankruptcy Court. We refer to the companies that filed voluntary petitions seeking relief under Chapter 11 collectively as the Debtors. Nextel Brazil and our previous other operating subsidiaries in Latin America were not Debtors in these Chapter 11 cases.

On June 19, 2015, the Bankruptcy Court entered an order approving and confirming the First Amended Joint Plan of Reorganization Proposed by the Plan Debtors and the Official Committee of Unsecured Creditors, dated April 20, 2015. We refer to this plan, as amended, as the Plan of Reorganization. On June 26, 2015, the conditions of the Bankruptcy Court's order and the Plan of Reorganization were satisfied, the Plan of Reorganization became effective, and we and the other Debtors emerged from the Chapter 11 proceedings. We refer to June 26, 2015 as the Emergence Date.

In connection with our emergence from Chapter 11, we were required to apply the provisions of fresh start accounting to our financial statements. Because our results of operations during the period from June 26, 2015 to June 30, 2015 were not material, we applied fresh start accounting to our consolidated financial statements as of the close of business on June 30, 2015. As a result of the application of fresh start accounting and other events related to our reorganization under Chapter 11, the Successor Company's financial results for the six months ended December 31, 2015 are prepared under a new basis of accounting and are not directly comparable to the Predecessor Company's financial results for the six months ended June 30, 2015.

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. The selected consolidated financial data presented below includes the results of Nextel Brazil and our corporate headquarters. In connection with the sales of Nextel Argentina, Nextel Mexico, Nextel Chile and Nextel Peru, we have included the results of these former operating companies for all periods presented as discontinued operations in the tables below. For more information regarding material uncertainties in our business, see Note 1 and Note 9 to our consolidated financial statements.

	Successor Company		Predecessor Company			
	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,	Year Ended December 31,		
	2016	2015	2015	2014	2013	2012
	(in thousands, except per share data)					
Consolidated Statement of Operations Data:						
Operating revenues	$ 985,046	$ 529,434	$ 683,711	$ 1,848,954	$ 2,203,040	$ 2,898,461
Impairment, restructuring and other charges	$ 1,384,811	$ 32,308	$ 36,792	$ 105,664	$ 121,578	$ 29,889
Foreign currency transaction gains (losses), net	$ 76,615	$ (99,737)	$ (63,948)	$ (51,149)	$ (92,456)	$ (25,946)
Net (loss) income from continuing operations	$ (1,533,879)	$ (292,491)	$ 1,519,401	$ (1,224,671)	$ (1,200,425)	$ (362,939)
Net (loss) income from continuing operations per common share, basic	$ (15.32)	$ (2.93)	$ 8.73	$ (7.11)	$ (6.98)	$ (2.12)
Net (loss) income from continuing operations per common share, diluted	$ (15.32)	$ (2.93)	$ 8.71	$ (7.11)	$ (6.98)	$ (2.12)

	Successor Company		Predecessor Company		
	December 31,		December 31,		
	2016	2015	2014	2013	2012
	(in thousands)				
Consolidated Balance Sheet Data:					
Total assets	$ 1,418,509	$ 2,729,908	$ 5,374,034	$ 8,679,954	$ 9,223,078
Long-term debt, including current portion	$ 756,316	$ 665,067	$ 925,271	$ 5,298,412	$ 4,066,487
Liabilities subject to compromise	$ —	$ —	$ 4,593,493	$ —	$ —

Impairment, Restructuring and Other Charges. During 2016, we reviewed our Nextel Brazil segment for potential impairment. While we are focused on effectively managing our business in Brazil, we are also considering potential strategic alternatives with third parties. Taking into consideration the current macroeconomic conditions in Brazil, our history of operating losses and the available sources of capital to fund our business plan, we currently believe that the most likely outcome for the future of our business is the sale of Nextel Brazil. During 2016, we compared the carrying value of Nextel Brazil's long-lived assets to our estimate of undiscounted future cash flows. Our estimate of undiscounted future cash flows was probability-weighted and took into consideration our ability to obtain capital necessary to fund our business plan. In addition, we assumed that the proceeds from any potential sale of Nextel Brazil would be significantly less than its carrying value. Based on our estimates, we determined that the carrying value of our Nextel Brazil segment was not fully recoverable. As a result, we recorded a non-cash asset impairment charge of $1.34 billion to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values. During the six months ended December 31, 2015 and the six months ended June 30, 2015, we recognized $32.3 million and $36.8 million, respectively, in impairment, restructuring and other charges primarily related to the shutdown or abandonment of certain transmitter and receiver sites in Brazil, retail store closures related to the realignment of distribution channels and restructuring charges incurred in connection with the realignment of our organization and staffing structure. During 2014, we recognized $105.7 million in impairment, restructuring and other charges primarily related to the discontinuation of certain projects related to the next generation of our push-to-talk services, restructuring charges incurred in connection with the realignment of our organization and staffing structure, and other asset impairment charges related to store closures and the shutdown or abandonment of transmitter and receiver sites in Brazil.

Foreign Currency Transaction Gains (Losses), Net. Consolidated foreign currency transaction gains during the year ended December 31, 2016 were primarily due to the appreciation in the value of the Brazilian real relative to the U.S. dollar during 2016 on Nextel Brazil's U.S. dollar-denominated net liabilities. Consolidated foreign currency transaction losses for each of the remaining periods presented primarily relate to the impact of the depreciation in the value of the Brazilian real relative to the U.S. dollar on Nextel Brazil's assets and liabilities. See “Critical Accounting Policies and Estimates — *Foreign Currency.*” for more information.

Net (Loss) Income From Continuing Operations. For the year ended December 31, 2016, net loss from continuing operations included the $1.34 billion non-cash asset impairment charge to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values discussed above. For the six months ended June 30, 2015, net income from continuing operations included $1,956.9 million in reorganization items, which represented a $1,775.8 million gain we recognized in connection with the settlement of our liabilities subject to compromise upon our emergence from Chapter 11 and a $261.8 million gain we recognized as a result of the implementation of fresh start accounting, partially offset by professional fees and other costs incurred in connection with our Chapter 11 filing.

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

INDEX TO MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Forward-Looking and Cautionary Statements

This annual report on Form 10-K may contain “forward-looking statements” within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934, as amended. 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. These forward-looking statements are generally identified by such words or phrases as “we expect,” “we believe,” “would be,” “will allow,” “expects to,” “will continue,” “is anticipated,” “estimate,” “project” or similar expressions. These forward-looking statements involve risk and uncertainty, and a variety of facts could cause our actual results and experience to differ materially from the anticipated results or other expectations expressed in these forward-looking statements. We do not have a policy of updating or revising forward-looking statements except as otherwise required by law.

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 annual report on Form 10-K, including unforeseen events.

Our ability to predict results or the actual effect of future plans or strategies is inherently uncertain. Factors that could have a material adverse effect on our operations and results of our business include, but are not limited to:

- our ability to attract and retain customers;
- our ability to satisfy the requirements of or obtain relief under our debt obligations;
- our ability to access sufficient debt or equity capital to meet any future operating and financial needs;
- our ability to meet established operating goals and generate cash flow;
- the availability of other funding sources, including the proceeds from the sale of Nextel Mexico held in escrow and proceeds derived from other asset sales;
- general economic conditions in Brazil and in the market segments that we are targeting for our services;
- the political and social conditions in Brazil, including political instability, which may affect Brazil's economy and the regulatory environment there;
- the impact of foreign currency exchange rate volatility in the local currency in Brazil when compared to the U.S. dollar and the impact of related currency depreciation in Brazil;
- our having 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;
- risks related to the operation and expansion of our WCDMA network in Brazil, including the potential need for additional funding to support enhanced coverage and capacity, and the risk that new services supported by the WCDMA network will not attract enough subscribers to support the related costs of deploying or operating the network;
- our ability to successfully scale our billing, collection, customer care and similar back-office operations to keep pace with customer growth as necessary, increased system usage rates and growth or to successfully deploy new systems that support those functions;
- 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;

- our ability to successfully manage and support our legacy iDEN network in Brazil;
- equipment failure, natural disasters, terrorist acts or other breaches of network or information technology security; and
- other risks and uncertainties described in Part I, Item 1A. "Risk Factors," in this annual report on Form 10-K and, from time to time, in our other reports filed with the SEC.

Introduction

The following is a discussion and analysis of:

- our consolidated financial condition as of December 31, 2016 and 2015 and our consolidated results of operations for the year ended December 31, 2016, for the six-month periods ended December 31, 2015 and June 30, 2015, for the combined twelve-month period ended December 31, 2015 and for the year ended December 31, 2014; 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 wholly-owned Brazilian operating company, Nextel Telecomunicações Ltda., as Nextel Brazil.

A. Executive Overview

Business Update

Leading up to 2014, our results of operations, including our operating revenues and operating cash flows, were negatively affected by a number of factors, including significant deterioration in economic conditions in Brazil, increased competitive pressure, the overall depreciation of the value of the Brazilian real relative to the U.S. dollar, and the decline in our iDEN subscriber base resulting from the limited digital services available on our legacy iDEN network. These and other factors resulted in a reduction in our subscriber growth and revenues at a time when our costs reflected the operation of both of our networks and had a significant negative impact on our results and our ability to grow our revenue base to a level sufficient to reach the scale required to generate positive operating income.

As a result, in 2014, we concluded that we were not able to maintain sufficient liquidity to support our business plan and repay our debts when they come due, including $4.35 billion of senior notes issued by NII International Telecom, S.C.A., or NIIT, and NII Capital Corp. On September 15, 2014, we and eight of our U.S. and Luxembourg-domiciled subsidiaries, filed voluntary petitions seeking relief under Chapter 11 of Title 11 of the United States Bankruptcy Code, which we refer to as Chapter 11, in the United States Bankruptcy Court for the Southern District of New York, which we refer to as the Bankruptcy Court. Subsequent to September 15, 2014, five additional subsidiaries filed voluntary petitions seeking relief under Chapter 11 in the Bankruptcy Court. On June 26, 2015, we and the other Debtors emerged from the Chapter 11 proceedings. Our operating subsidiaries in Brazil, Mexico and Argentina were not debtors in the Chapter 11 cases. See Note 3 to our consolidated financial statements for more information regarding the impact of the implementation of the Plan of Reorganization.

In accordance with the requirements of reorganization accounting, NII Holdings adopted the provisions of fresh start accounting as of June 30, 2015 and became a new entity for financial reporting purposes. References to the "Successor Company" relate to NII Holdings on or subsequent to June 30, 2015. References to the "Predecessor Company" relate to NII Holdings prior to June 30, 2015.

On January 27, 2016, two of our indirect subsidiaries completed the sale of our Argentine operations to Grupo Clarin. The transaction was structured as a sale of all of the outstanding equity interests of Nextel Communications Argentina, S.R.L., or Nextel Argentina, for an aggregate purchase price of $178.0 million, including $6.0 million deposited in escrow to satisfy potential indemnification claims. In the second half of 2016, $5.4 million of the escrow was released back to us, and we have no further obligations in connection with this transaction.

On April 30, 2015, we, together with one of our wholly-owned subsidiaries, completed the sale of our Mexican operations to New Cingular Wireless, an indirect subsidiary of AT&T. The transaction was structured as a sale of all the outstanding stock of the parent company of Comunicaciones Nextel de Mexico, S.A. de C.V., or Nextel Mexico, for a purchase price of $1.875 billion, including $187.5 million deposited in escrow to satisfy potential indemnification claims. The net proceeds of the sale were $1.448 billion after deducting Nextel Mexico's outstanding indebtedness and applying other specified price adjustments.

In August 2014, three of our wholly-owned subsidiaries completed the sale of all of the outstanding equity interests in our wholly-owned subsidiary Nextel Chile, S.A., or Nextel Chile, to Fucata, S.A., a venture comprised of Grupo Veintitres and Optimum Advisors for a de minimus amount.

In August 2013, two of our wholly-owned subsidiaries completed the sale of all of the outstanding equity interests in 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.

As a result of the sales of Nextel Argentina, Nextel Mexico, Nextel Chile and Nextel Peru, we have presented the results of these operating companies for all periods as discontinued operations in this annual report on Form 10-K. In addition, as a result of these sales, we are allocating almost all of our financial and other resources to our operations in Brazil.

Nextel Brazil Business Overview

We provide wireless communication services under the Nextel™ brand in Brazil with our principal operations located in major urban and suburban centers with high population densities and related transportation corridors of that country where we believe there is a concentration of Brazil's business users and economic activity, including primarily Rio de Janeiro and São Paulo.

In the second half of 2013, Nextel Brazil commercially launched services on its WCDMA network in São Paulo, Rio de Janeiro and surrounding areas and extended those services to other areas in Brazil by expanding the coverage of its network and utilizing roaming services and network sharing arrangements pursuant to agreements that it reached with another network operator in Brazil. Our WCDMA network enables us to offer a wide range of products and services supported by that technology, including data services provided at substantially higher speeds than can be delivered on our legacy iDEN network.

Prior to the deployment of our WCDMA network, our services were primarily targeted to meet the needs of business subscribers. With the deployment of our WCDMA network in Brazil, our target market has shifted to individual consumers who use our services to meet both professional and personal needs. Our target subscribers generally exhibit above average usage, revenue and loyalty characteristics. We believe our target market is attracted to the services and pricing plans we offer, as well as the quality of and data speeds provided by our WCDMA network.

We also offer long-term evolution, or LTE, services in Rio de Janeiro, and starting in December 2016, in São Paulo, and we continue to provide services on our legacy iDEN network throughout various regions in Brazil. Our transition to standards-based technologies such as WCDMA also gives us more flexibility to offer subscribers the option of purchasing services by acquiring SIM cards from us separately, and by 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.

The services we currently offer include:

- mobile telephone voice service;
- wireless data services, including mobile internet services, text messaging services and email services;
- push-to-talk services, including Direct Connect®, Prip and International Direct Connect® services, which allow subscribers to talk to each other instantly;
- 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 outside of our coverage areas.

As of December 31, 2016, Nextel Brazil had about 3.638 million total subscriber units in commercial service, which we estimate to be about 5% of total postpaid mobile handsets and other devices in commercial service in Brazil. We refer to these subscriber units in commercial service collectively as our subscriber base.

Our goal is to grow our WCDMA-based subscriber base and revenues and manage the decline of our iDEN-based subscriber base and revenues by providing differentiated wireless communications services that are valued by our existing and potential subscribers. We are also striving to manage our capital and operating expenditures in the near term and improve our profitability and cash flow over the long term. Our strategy for achieving these goals is based on several core principles, including:

- aligning our costs with our current business through continuous evaluation and streamlining of all capital and operating expenditures;
- focusing on higher value customer segments that generate higher average revenue per user, or ARPU, and lower subscriber turnover;

- utilizing the most profitable sales channels;
- offering a unique and superior customer experience, including a reliable and high quality wireless network and online self-care and rate plan flexibility; and
- building on the strength of the unique positioning of the Nextel brand.

To support our business plan, we have made significant capital and other investments as we deployed our WCDMA network and LTE upgrade. These investments have increased our costs and negatively impacted our profitability and are expected to continue to have that impact as we incur the fixed costs associated with our network while building the subscriber base it serves. However, we believe that our investments have enhanced, and will continue to 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 business.

As a result of the weak economy and challenging competitive environment in Brazil, we implemented and will continue to implement changes in our business to better align our organization and costs with our operational and financial results. These have included changes to our leadership team in Brazil in 2015, lower investments in costs to support subscriber growth, significant reductions in our headquarters staff through the reorganization of the roles and responsibilities of both our Brazil and corporate teams, and headcount reductions in Brazil, all of which are designed to reduce costs while maintaining the support necessary to meet our subscribers' needs. While some of these initiatives have led to better operating results, the challenges we face in Brazil, together with our debt service requirements, are placing significant pressure on our ability to fund our business beyond the first quarter of 2018. As a result, in February 2017, we and the lenders of our local bank loans in Brazil entered into amendments to these loan agreements under which principal payments will be suspended for four months while we seek to obtain long-term modifications of the financing arrangements, including potential further extensions of the existing amortization relief. In addition, last year, we hired a third party investment adviser to actively explore strategic options to provide sources of funding that will allow us to meet our future obligations or find a buyer for our company. While we continue to be focused on effectively managing our business in Brazil, the long-term viability of our business is dependent on the successful outcome of one or more of the external processes described above.

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.

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, variable charges for usage in excess of plan minutes or data in excess of plan limits, 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 network. 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.

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 estimable losses. We estimate this allowance based on historical experience, aging of accounts receivable and collections trends. 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. A 10% increase in our consolidated allowance for doubtful accounts as of December 31, 2016 would have resulted in $5.4 million of additional bad debt expense for the year ended December 31, 2016.

Depreciation of Property, Plant and Equipment. We record our network assets and other improvements that extend the useful lives of the underlying assets at cost and depreciate those assets over their estimated useful lives with the exception of property, plant and equipment owned as of the date of our implementation of fresh start accounting. As of June 30, 2015, as a result of the application of fresh start accounting in connection with our emergence from Chapter 11, we adjusted all existing property, plant and equipment to its estimated fair value and revised the associated depreciable lives. See Note 3 to our consolidated financial statements for more information. 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 network software and 3 to 10 years for software, office equipment, furniture and fixtures, and other, which includes non-network internal use software. 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 expected. 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.

Amortization of Intangible Assets. Prior to the implementation of fresh start accounting in connection with our emergence from Chapter 11, our intangible assets primarily consisted of our telecommunications licenses. As a result of the implementation of fresh start accounting in connection with our emergence from Chapter 11, we recorded our intangible assets, which consisted of our telecommunications licenses, our exclusive right to use the Nextel tradename in Brazil and our customer relationships, at their estimated fair values. We calculate amortization on our licenses and our tradename using the straight-line method based on estimated useful lives of 26 to 30 years. We calculate amortization on our customer relationships using the straight-line method based on an estimated useful life of 4 years. While the terms of our licenses, including renewals, range from 10 to 40 years, the political and regulatory environment in Brazil is continuously changing and, as a result, the cost of renewing our licenses beyond that range could be significant. In addition, the wireless telecommunications industry is experiencing significant technological change, and the commercial life of any particular technology is difficult to predict. In light of these uncertainties, we classify our licenses as definite 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. As a result of the implementation of fresh start accounting, we revised the remaining estimated useful lives of our licenses to include renewal periods in cases where it is probable that a renewal will occur.

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. If the total of the expected undiscounted future cash flows is less than the carrying value of our assets, we recognize a loss for the difference between the estimated fair value and the carrying value of the assets.

During 2016, we reviewed our Nextel Brazil segment for potential impairment. While we are focused on effectively managing our business in Brazil, we are also considering potential strategic alternatives with third parties. Taking into consideration the current macroeconomic conditions in Brazil, our history of operating losses and the available sources of capital to fund our business plan, we currently believe that the most likely outcome for the future of our business is the sale of Nextel Brazil. During 2016, we compared the carrying value of Nextel Brazil's long-lived assets to our estimate of undiscounted future cash flows. Our estimate of undiscounted future cash flows was probability-weighted and took into consideration our ability to obtain capital necessary to fund our business plan. In addition, we assumed that the proceeds from any potential sale of Nextel Brazil would be significantly less than its carrying value. Based on our estimates, we determined that the carrying value of our Nextel Brazil segment was not fully recoverable.

As a result, in 2016, we recorded a non-cash asset impairment charge of $1.34 billion to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values. We estimated the fair value of our Nextel Brazil segment using a market approach. While we may ultimately complete a sale with a third party that is valued at more or less than our current market value, we estimated the fair value of our equity based on our market capitalization and combined it with the fair value of our outstanding debt obligations to determine the impairment charge. See Note 8 to our consolidated financial statements for more information

on our estimate of the fair value of our debt obligations. We allocated the non-cash asset impairment charge first to reduce the $36.8 million carrying value of our trademark intangible asset to zero, and the remainder between property, plant and equipment, and spectrum licenses on a pro rata basis.

Foreign Currency. We translate Nextel Brazil's results of operations from the Brazilian real 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 Nextel Brazil's operations using average exchange rates, its operating trends may be impacted by the translation.

We report the effect of changes in exchange rates on U.S. dollar-denominated assets and liabilities held by Nextel Brazil 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. and Luxembourg subsidiaries to Nextel Brazil. 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 comprehensive loss. 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, material 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 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.

The realization of deferred tax assets is dependent on the generation of future taxable income sufficient to realize our tax loss carryforwards and other tax deductions. As of December 31, 2016, we recorded full valuation allowances on the deferred tax assets of Nextel Brazil, our U.S. parent company and subsidiaries and our foreign holding companies due to substantial negative evidence, including the recent history of cumulative losses and the projected losses for 2017 and subsequent years. As a result, the valuation allowance on our deferred tax assets increased by $1.7 billion during 2016. We do not anticipate that we will recognize significant tax benefits with respect to our deferred tax assets.

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 that 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

For purposes of comparison to the year ended December 31, 2016, we combined the results of operations for the six months ended December 31, 2015 with the results of operations for the six months ended June 30, 2015. However, as a result of the application of fresh start accounting and other events related to our reorganization under Chapter 11, the Successor Company's financial results for the six months ended December 31, 2015 are prepared under a new basis of accounting and are not directly comparable to the Predecessor Company's financial results for the six months ended June 30, 2015. For the same reasons, our results of operations for the combined twelve-month period ended December 31, 2015 are not fully comparable to our results of operations for the year ended December 31, 2016 or 2014.

In accordance with accounting principles generally accepted in the U.S., we translated the results of operations of our Brazilian operating segment using the average exchange rates for the years ended December 31, 2016 and 2014 and for the combined twelve-month period ended December 31, 2015. The following table presents the average exchange rates we used to translate Nextel Brazil's results of operations, as well as changes from the average exchange rates utilized in prior periods.

	Successor Company		Predecessor Company	Combined	Predecessor Company		
	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2015	Year Ended December 31, 2014	2015 to 2016 Percent Change	2014 to 2015 Percent Change
Brazilian real	3.49	3.70	2.97	3.33	2.35	(4.8)%	(41.7)%

The following table presents the currency exchange rates in effect at the end of 2014, as well as the end of each of the quarters in 2015 and 2016. If the values of these exchange rates 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.

	Successor Company						Predecessor Company		
	2016				2015				2014
	December	September	June	March	December	September	June	March	December
Brazilian real	3.26	3.25	3.21	3.56	3.90	3.97	3.10	3.21	2.66

To provide better insight into Nextel Brazil's results, we present the year-over-year percentage change in each of the line items presented on a consolidated basis and for Nextel Brazil 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 combined twelve-month period ended December 31, 2015 to amounts that would have resulted if the average foreign currency exchange rates for the combined twelve-month period ended December 31, 2015 were the same as the average foreign currency exchange rates that were in effect for the year ended December 31, 2016; and (ii) by comparing the constant currency financial measures for the combined twelve-month period ended December 31, 2015 to the actual financial measures for the year ended December 31, 2016. 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 combined twelve-month period ended December 31, 2015. 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, 2016 vs. Combined Period Ended December 31, 2015*

a. Consolidated

	Successor Company		Predecessor Company	Combined			
	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2015	Actual Change from Previous Year		Constant Currency Change from Previous Year
					Dollars	Percent	Percent
				(dollars in thousands)			
Brazil segment earnings (losses)	$ 67,186	$ (15,925)	$ (75,234)	$ (91,159)	$ 158,345	(174)%	(177)%
Corporate segment losses and eliminations	(36,821)	(26,100)	(37,982)	(64,082)	27,261	(43)%	(43)%
Consolidated segment earnings (losses)	30,365	(42,025)	(113,216)	(155,241)	185,606	(120)%	(120)%
Impairment, restructuring and other charges	(1,384,811)	(32,308)	(36,792)	(69,100)	(1,315,711)	*NM*	*NM*
Depreciation and amortization	(172,383)	(85,364)	(153,878)	(239,242)	66,859	(28)%	(25)%
Operating loss	(1,526,829)	(159,697)	(303,886)	(463,583)	(1,063,246)	229 %	242 %
Interest expense, net	(113,732)	(55,563)	(82,820)	(138,383)	24,651	(18)%	(13)%
Interest income	37,689	17,200	15,327	32,527	5,162	16 %	21 %
Foreign currency transaction gains (losses), net	76,615	(99,737)	(63,948)	(163,685)	240,300	(147)%	(149)%
Other expense, net	(9,711)	(1,176)	(137)	(1,313)	(8,398)	*NM*	*NM*
Loss from continuing operations before reorganization items and income tax benefit (provision)	(1,535,968)	(298,973)	(435,464)	(734,437)	(801,531)	109 %	118 %
Reorganization items	(803)	1,467	1,956,874	1,958,341	(1,959,144)	(100)%	(100)%
Income tax benefit (provision)	2,892	5,015	(2,009)	3,006	(114)	(4)%	6 %
Net (loss) income from continuing operations	(1,533,879)	(292,491)	1,519,401	1,226,910	(2,760,789)	(225)%	(222)%
(Loss) income from discontinued operations, net of income taxes	(19,994)	11,608	221,114	232,722	(252,716)	(109)%	(109)%
Net (loss) income	$ (1,553,873)	$ (280,883)	$ 1,740,515	$ 1,459,632	$ (3,013,505)	(206)%	(204)%

NM-Not Meaningful

We define segment earnings (losses) as operating loss before depreciation, amortization and impairment, restructuring and other charges. We recognized consolidated segment earnings of $30.4 million in 2016 compared to consolidated segment losses of $155.2 million in the combined period ended December 31, 2015. Our consolidated results include the results of operations of our Brazil segment and our corporate operations in the sections that follow.

1. Impairment, restructuring and other charges

In 2016, we determined that the carrying value of our Nextel Brazil segment was not fully recoverable. As a result of this determination, we recorded a $1.34 billion non-cash asset impairment charge to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values, as well as to impair our trademark intangible asset and other property, plant and equipment at the corporate level. See Note 4 to our consolidated financial statements for more information on this impairment charge. Consolidated impairment, restructuring and other charges recognized in 2016 also included the following:

- $21.4 million in restructuring charges related to the early termination of leases for approximately 600 transmitter and receiver sites in connection with the RAN sharing agreement Nextel Brazil entered into with Telefonica Brazil, S.A., or Telefonica, in May 2016;

- $11.0 million in non-cash asset impairment charges primarily related to the abandonment of transmitter and receiver sites in Brazil;

- $10.8 million in restructuring charges primarily related to future lease costs for certain transmitter and receiver sites that are no longer required in Nextel Brazil's business and office closures; and

- $3.2 million in severance and other related costs at the corporate level as a result of the separation of employees in an effort to further streamline our organizational structure and reduce general and administrative expenses.

In addition, in connection with the RAN sharing agreement mentioned above, Nextel Brazil expects to use this agreement to fulfill the regulatory coverage obligations under its spectrum licenses rather than utilizing its own network. We expect to incur restructuring costs of approximately $30.0 million in 2017 in connection with the termination of an additional 1,400 transmitter and receiver sites in low-usage areas.

A portion of the restructuring charges described above relates to the removal of certain iDEN transmitter and receiver sites in locations where we have excess capacity in an effort to reduce iDEN-related costs. We plan to continue to remove iDEN transmitter and receiver sites that are no longer necessary, which will result in additional restructuring charges.

Consolidated impairment, restructuring and other charges recognized for the combined period ended December 31, 2015 primarily related to the following:

- $43.7 million in non-cash asset impairment charges, the majority of which related to the shutdown or abandonment of transmitter and receiver sites and the discontinuation of certain information technology projects in Brazil;

- $14.4 million in severance and other related costs incurred in Brazil and at the corporate level resulting from the separation of employees in an effort to streamline our organizational structure and reduce general and administrative expenses; and

- $8.4 million in restructuring charges in Brazil related to future lease costs for certain transmitter and receiver sites that are no longer necessary in our business plan.

2. Depreciation and amortization

The $66.9 million, or 28%, decrease in consolidated depreciation and amortization on a reported basis, and the 25% decrease on a constant currency basis, for 2016 compared to the combined period ended December 31, 2015 was principally the result of a decrease in the value of Nextel Brazil's property, plant and equipment in connection with the implementation of fresh start accounting in 2015 and the $1.34 billion non-cash asset impairment charge we recognized in 2016. As a result of the impairment charge we recognized in 2016, we expect consolidated depreciation and amortization to continue to decrease in future periods relative to 2016. See Note 4 to our consolidated financial statements for more information on this impairment charge.

3. Interest expense, net

Consolidated net interest expense decreased $24.7 million, or 18%, on a reported basis, and 13% on a constant currency basis, for 2016 compared to combined period ended December 31, 2015 primarily as a result of principal payments related to Nextel Brazil's equipment financing facility and local bank loans, and the revaluation of some of our capital leases in connection with the implementation of fresh start accounting.

4. Foreign currency transaction gains (losses), net

Consolidated foreign currency transaction gains of $76.6 million during the year ended December 31, 2016 were primarily due to the appreciation in the value of the Brazilian real relative to the U.S. dollar during 2016 on Nextel Brazil's U.S. dollar-denominated net liabilities.

Consolidated foreign currency transaction losses of $163.7 million during the combined period ended December 31, 2015 were largely the result of the impact of the depreciation in the value of the Brazilian real relative to the U.S. dollar during the combined period ended December 31, 2015 on Nextel Brazil's U.S. dollar-denominated net liabilities.

5. Reorganization items

Reorganization items of $1,958.3 million in 2015 were primarily related to the $1,775.8 million gain we recognized in connection with the settlement of our liabilities subject to compromise upon our emergence from Chapter 11 and a $261.8 million

gain as a result of the implementation of fresh start accounting, partially offset by professional fees and other costs incurred in connection with our Chapter 11 filing.

b. Nextel Brazil

	Successor Company			Predecessor Company	Combined				
	Year Ended December 31, 2016	% of Nextel Brazil's Operating Revenues	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2015	% of Nextel Brazil's Operating Revenues	Actual Change from Previous Year		Constant Currency Change from Previous Year
							Dollars	Percent	Percent
	(dollars in thousands)								
Service and other revenues	$ 963,041	98 %	$ 501,028	$ 643,804	$ 1,144,832	94 %	$ (181,791)	(16)%	(12)%
Handset and accessory revenues	21,837	2 %	28,304	39,807	68,111	6 %	(46,274)	(68)%	(66)%
Cost of handsets and accessories	(29,273)	(3)%	(46,904)	(121,143)	(168,047)	(14)%	138,774	(83)%	(82)%
Handset and accessory net subsidy	(7,436)	(1)%	(18,600)	(81,336)	(99,936)	(8)%	92,500	(93)%	(92)%
Cost of service (exclusive of depreciation and amortization)	(364,648)	(37)%	(212,866)	(256,153)	(469,019)	(39)%	104,371	(22)%	(19)%
Selling and marketing expenses	(116,538)	(12)%	(71,557)	(105,357)	(176,914)	(15)%	60,376	(34)%	(31)%
General and administrative expenses	(407,233)	(41)%	(213,930)	(276,192)	(490,122)	(40)%	82,889	(17)%	(13)%
Segment earnings (losses)	$ 67,186	7 %	$ (15,925)	$ (75,234)	$ (91,159)	(8)%	$ 158,345	(174)%	(177)%

The average value of the Brazilian real depreciated relative to the U.S. dollar during the year ended December 31, 2016 by 5% compared to the average value that prevailed during the year ended December 31, 2015. As a result, the components of Nextel Brazil's results of operations for 2016, 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 depreciates relative to the U.S. dollar, Nextel Brazil's future reported results of operations will be adversely affected.

We use the term "subscriber unit," which we also refer to as a subscriber, to represent an active subscriber identity module, or SIM, card, which is the level at which we track subscribers. The table below provides an overview of Nextel Brazil's subscriber units in commercial service on both its iDEN and WCDMA networks, as well as Nextel Brazil's subscriber turnover rates for each of the quarters in 2015 and 2016. We calculate subscriber turnover by dividing subscriber deactivations for the period by the average number of subscriber units during that period.

	Predecessor Company		Successor Company					
	Three Months Ended		Three Months Ended					
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016
	(subscribers in thousands)							
iDEN subscriber units	2,667.5	2,414.5	2,166.2	1,842.0	1,552.0	1,315.1	1,127.8	962.1
WCDMA subscriber units	1,672.2	1,970.4	2,254.2	2,597.7	2,744.7	2,708.7	2,717.1	2,746.3
Total subscriber units in commercial service — beginning of period	4,339.7	4,384.9	4,420.4	4,439.7	4,296.7	4,023.8	3,844.9	3,708.4
iDEN net subscriber losses	(194.7)	(189.0)	(208.1)	(211.5)	(195.2)	(149.7)	(130.8)	(110.1)
WCDMA net subscriber additions (losses)	239.9	224.5	227.3	68.5	(77.7)	(29.2)	(5.7)	39.6
Total net subscriber additions (losses)	45.2	35.5	19.2	(143.0)	(272.9)	(178.9)	(136.5)	(70.5)
Migrations from iDEN to WCDMA	58.3	59.3	116.2	78.5	41.7	37.6	34.9	29.3
iDEN subscriber units	2,414.5	2,166.2	1,842.0	1,552.0	1,315.1	1,127.8	962.1	822.7
WCDMA subscriber units	1,970.4	2,254.2	2,597.7	2,744.7	2,708.7	2,717.1	2,746.3	2,815.2
Total subscriber units in commercial service — end of period	4,384.9	4,420.4	4,439.7	4,296.7	4,023.8	3,844.9	3,708.4	3,637.9
Total subscriber turnover	3.15%	3.34%	3.54%	3.74%	4.34%	3.99%	3.99%	3.65%
iDEN subscriber turnover	3.25%	3.54%	3.94%	4.48%	4.80%	4.46%	4.65%	4.71%
WCDMA subscriber turnover	2.99%	3.13%	3.21%	3.27%	4.10%	3.78%	3.73%	3.31%

The following table represents Nextel Brazil's average monthly revenue per subscriber, or ARPU, for subscribers on both its iDEN and WCDMA networks for each of the quarters in 2015 and 2016 in both U.S. dollars (US$) and in Brazilian reais (BRL). We calculate service ARPU by dividing service revenues per period by the weighted average number of subscriber units in commercial service during that period.

	Predecessor Company		Successor Company		Combined	Successor Company				
	Three Months Ended		Three Months Ended		Year Ended	Three Months Ended				Year Ended
	March 31, 2015	June 30, 2015	September 30, 2015	December 31, 2015	December 31, 2015	March 31, 2016	June 30, 2016	September 30, 2016	December 31, 2016	December 31, 2016
Total service ARPU (US$)	23	20	18	16	19	16	19	21	20	19
WCDMA service ARPU (US$)	25	22	19	17	20	16	20	21	21	20
iDEN service ARPU (US$)	22	19	17	15	19	15	16	19	18	16
Total service ARPU (BRL)	66	62	62	62	63	62	66	67	67	65
WCDMA service ARPU (BRL)	70	66	66	65	67	64	70	69	69	68
iDEN service ARPU (BRL)	62	59	58	58	59	57	56	60	59	58

Results Overview.

Brazil continues to experience one of the worst economic recessions in its history. As a result, the economic environment in Brazil is characterized by negative real wage growth, a net loss of jobs, higher unemployment and lower consumer confidence. Consumers in Brazil are also being impacted by rising costs of food and other essentials, with the inflation of food costs significantly exceeding both inflation levels experienced in prior years and the consumer price index. These conditions and trends have resulted in a decline in the amount of consumer disposable income that is available to purchase telecommunications services and have had an adverse impact on our ability to attract and retain subscribers and on our collection rates. We expect that the current economic conditions will continue to have a negative impact on Nextel Brazil's reported results of operations in 2017.

Nextel Brazil began offering a full range of voice and data services on its WCDMA network in late 2013 and experienced subscriber growth on its WCDMA network and an increase in its WCDMA service ARPU in Brazilian reais through the end of 2014. Nextel Brazil's WCDMA subscriber units increased from 337.9 thousand subscribers as of January 1, 2014 to 2.8 million subscribers as of December 31, 2016. Nextel Brazil's WCDMA service ARPU in Brazilian reais decreased throughout the course of 2015 and into the first quarter of 2016, and its WCDMA subscriber turnover increased significantly in the first quarter of 2016 compared to 2015 as a result of more intense competition in the wireless market and the economic factors discussed above. Beginning in the second quarter of 2016, WCDMA subscriber turnover decreased as a result of various loyalty actions Nextel Brazil implemented in an effort to retain existing subscribers at the end of 2015 and into the early part of 2016.

In the second quarter of 2015, Nextel Brazil implemented several new rate plans and promotions to improve the attractiveness of its service offerings, expand targeted customer segments and provide economic incentives to attract new subscribers and retain existing subscribers. These new simplified rate plans further incentivize subscribers to utilize their existing handsets when purchasing Nextel Brazil's services, which generally result in similar or higher service ARPU levels. During the fourth quarter of 2015, Nextel Brazil launched promotions to increase prices on certain rate plans, which resulted in higher service ARPU levels for new WCDMA subscribers during 2016 compared to the levels experienced during the fourth quarter of 2015. In addition, during the second quarter of 2016, Nextel Brazil modified its billing process, which allows Nextel Brazil to retain a larger portion of its customer billings. This modification resulted in decreases in certain revenue-based taxes and contributed to the improvement in Nextel Brazil's service ARPU in 2016.

Nextel Brazil continues to offer services on its iDEN network, which does not support data services that are competitive with the higher speed data services offered by its competitors or available on its WCDMA network. As a result, Nextel Brazil has had to offer iDEN service plans with lower ARPU levels to retain subscribers on its iDEN network and offer incentives to transition those subscribers to services on its WCDMA network. Nextel Brazil has experienced net subscriber losses and overall declines in its iDEN service ARPU; however, Nextel Brazil's iDEN service ARPU increased in the third quarter of 2016 as the result of an annual inflationary price adjustment.

In connection with our emergence from Chapter 11 in 2015, we made a number of changes within our senior management team and modified our business plan to reflect our available cash resources and the impact of the current and expected economic and competitive conditions in Brazil on both our subscriber growth and revenues, and aligned our costs with this revised outlook. As a result, we targeted less aggressive subscriber growth in 2016 than in prior years with a focus on attracting high value subscribers while simultaneously reducing operating expenses and handset subsidies.

In May 2016, Nextel Brazil entered into an amendment to a nationwide roaming voice and data services agreement with Telefonica to reduce the usage rates for roaming traffic. Concurrently, Nextel Brazil entered into a 10-year RAN sharing agreement with Telefonica under which Telefonica will permit Nextel Brazil to use some of its tower and equipment infrastructure to transmit telecommunications signals on Nextel Brazil's spectrum. Nextel Brazil expects to use this RAN sharing agreement to fulfill the regulatory coverage obligations under its spectrum licenses rather than utilizing its own network. These agreements require Nextel Brazil to meet certain minimum annual commitments over a five-year period totaling 800 million Brazilian reais, or approximately $246.2 million based on foreign currency exchange rates at the time, which replaced the remaining commitments under the original roaming agreement. Nextel Brazil was required to prepay 250 million Brazilian reais, or approximately $76.9 million based on foreign currency exchange rates at the time, shortly after the agreements became effective with receipt of regulatory approvals, which occurred in August 2016. We are allocating the aggregate 800 million Brazilian reais in minimum payments on a relative fair value basis to the services being received. We are recognizing approximately 318 million Brazilian reais on a ratable basis over a period of five years for the amended roaming agreement, which began in August 2016, and approximately 482 million Brazilian reais over a period of approximately eight years for the RAN sharing agreement, which began in October 2016.

In the fourth quarter of 2016, Nextel Brazil negotiated the early termination of leases for approximately 600 transmitter and receiver sites in connection with this agreement and recognized $21.4 million in restructuring costs that we expect to be disbursed over the next eight years. We expect to incur restructuring costs of approximately $30.0 million in 2017 in connection with the termination of an additional 1,400 transmitter and receiver sites in low-usage areas, which would reduce future operating expenses from savings in rent, maintenance and energy costs. The actual amount of future savings will depend on our ability to early terminate

the remaining leases and related agreements, among other factors. In addition, Nextel Brazil is foregoing the construction of approximately 700 new transmitter and receiver sites, which is allowing us to avoid approximately $50.0 million in capital expenditures that we would otherwise have incurred through the end of 2017, as well as related future operating expenses.

Despite decreases in local currency operating revenues, Nextel Brazil recognized segment earnings of $67.2 million, and a segment earnings margin of 7%, during 2016 as a result of the execution of initiatives to reduce operating expenses included in our business plan. Nextel Brazil recognized segment earnings of $67.2 million during 2016 compared to segment losses of $91.2 million during the combined period ended December 31, 2015 as a result of the following:

1. Service and other revenues

The $181.8 million, or 16%, decrease in service and other revenues on a reported basis in 2016 compared to the combined period ended December 31, 2015 is primarily the result of the decline in Nextel Brazil's subscriber base and the impact of weaker foreign currency exchange rates on our reported results. On a constant currency basis, Nextel Brazil's service and other revenues decreased 12% in 2016 compared to the combined period ended December 31, 2015.

Nextel Brazil's WCDMA subscriber base grew slightly from 2.7 million subscribers as of the end of 2015 to 2.8 million subscribers as of the end of 2016. Nextel Brazil has continued to strategically facilitate the migration of iDEN subscribers to its WCDMA network, which resulted in 144 thousand migrations during 2016. As a result of the increase in its WCDMA service ARPU and the overall growth in its WCDMA subscriber base, Nextel Brazil's WCDMA-based service and other revenues increased $91.8 million, or 15%, from the combined period ended December 31, 2015 to 2016, or 21% on a constant currency basis. This increase was offset by a $273.6 million, or 50%, decrease in Nextel Brazil's iDEN-based service and other revenues from the combined period ended December 31, 2015 to 2016, or 47% on a constant currency basis, driven by a decrease in Nextel Brazil's iDEN subscriber base from 1.6 million subscribers as of the end of 2015 to 0.8 million subscribers as of the end of 2016.

2. Handset and accessory net subsidy

The $92.5 million, or 93%, decrease in handset and accessory net subsidy on a reported basis from the combined period ended December 31, 2015 to 2016 is largely related to an increased emphasis on new service plans under which services are provided to new subscribers using their existing handsets, as well as lower subsidies per handset. As a result of the new service plans, during 2016, 89% of Nextel Brazil's new WCDMA subscribers represented subscribers who utilized their existing handsets rather than purchasing one from Nextel Brazil compared to 70% during 2015. The decrease in handset and accessory net subsidy from the combined period ended December 31, 2015 to 2016 was also impacted by a $25.3 million charge that Nextel Brazil recognized in the second quarter of 2015 related to certain tax credits generated as a result of handset purchases that we estimated were not probable of being recovered. During 2016, we recovered $20.8 million of these credits and expect to recover the remaining portion in the first quarter of 2017. On a constant currency basis, Nextel Brazil's handset and accessory net subsidy decreased 92% in 2016 compared to the combined period ended December 31, 2015.

3. Cost of service

The $104.4 million, or 22%, decrease in cost of service on a reported basis from the combined period ended December 31, 2015 to 2016 is primarily the result of a $57.2 million, or 34%, decrease in interconnect costs related to the reduced volume of calls on Nextel Brazil's iDEN network and lower mobile termination rates, and a $41.2 million, or 15%, decrease in site and switch costs over the same period. The decrease in cost of service was also partially the result of the reversal of $8.1 million in certain non-income based tax-related contingent liabilities in the second quarter of 2016 based on a change in estimate. On a constant currency basis, Nextel Brazil's cost of service decreased 19% from the combined period ended December 31, 2015 to 2016.

In 2012, ANATEL approved regulations to implement a transition to a cost-based model for determining mobile termination rates. Under the current regulations, the mobile termination rates are being gradually reduced over a transition period ending in 2019, when cost-based rates will take effect. The transition rules also provide for a partial "bill and keep" settlement process that applies to the settlement of mobile termination charges between smaller operators like Nextel Brazil and its larger competitors (who are considered to hold significant market power under the Brazilian regulations), which further reduces mobile termination charges for smaller operators. The lower costs resulting from this partial bill and keep settlement process, which is similar to the settlement process that has historically applied to termination charges relating to our iDEN services, decline as mobile termination rates are reduced during the transition period, with the bill and keep settlement process terminating when cost-based rates are implemented.

4. Selling and marketing expenses

The $60.4 million, or 34%, decrease in selling and marketing expenses on a reported basis during 2016 compared to the combined period ended December 31, 2015 is primarily due to a reduction in sales and marketing personnel, lower advertising and media expenses resulting from cost reductions and retail store closures, and lower commissions due to a decrease in gross subscriber additions. Most of these cost reductions were the result of our efforts to align our costs with our business plan. On a constant currency basis, Nextel Brazil's selling and marketing expenses decreased 31% during 2016 compared to the combined period ended December 31, 2015.

5. General and administrative expenses

The $82.9 million, or 17%, decrease in general and administrative expenses on a reported basis during 2016 compared to the combined period ended December 31, 2015 is primarily the result of lower customer care expenses related to a decrease in the number of calls Nextel Brazil has received in its call centers, a reduction in payroll costs resulting from fewer general and administrative personnel following reductions in force and a decrease in bad debt expense primarily resulting from higher levels in 2015 caused by deteriorating macroeconomic conditions in Brazil. These decreases were partially offset by increases in certain consulting expenses. On a constant currency basis, Nextel Brazil's general and administrative expenses decreased 13% during 2016 compared to the combined period ended December 31, 2015.

c. Corporate

	Successor Company		Predecessor Company	Combined		
	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2015	Actual Change from Previous Year	
					Dollars	Percent
Service and other revenues	$ 168	$ 116	$ 168	$ 284	$ (116)	(41)%
Selling, general and administrative expenses	(36,989)	(26,216)	(39,071)	(65,287)	28,298	(43)%
Segment losses	$ (36,821)	$ (26,100)	$ (38,903)	$ (65,003)	$ 28,182	(43)%

Segment losses decreased $28.2 million, or 43%, in 2016 compared to the combined period ended December 31, 2015 primarily due to a reduction in payroll costs resulting from fewer general and administrative personnel following reductions in force, lower consulting expenses and lower information technology costs.

2. *Combined Period Ended December 31, 2015 vs. Year Ended December 31, 2014*

a. Consolidated

	Successor Company	Predecessor Company	Combined	Predecessor Company			
	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2015	Year Ended December 31, 2014	Actual Change from Previous Year		Constant Currency Change from Previous Year
					Dollars	Percent	Percent
	(dollars in thousands)						
Brazil segment losses	$ (15,925)	$ (75,234)	$ (91,159)	$ (133,691)	$ 42,532	(32)%	(58)%
Corporate segment losses and eliminations	(26,100)	(37,982)	(64,082)	(123,141)	59,059	(48)%	(48)%
Consolidated segment losses	(42,025)	(113,216)	(155,241)	(256,832)	101,591	(40)%	(27)%
Impairment, restructuring and other charges	(32,308)	(36,792)	(69,100)	(105,664)	36,564	(35)%	(26)%
Depreciation and amortization	(85,364)	(153,878)	(239,242)	(394,061)	154,819	(39)%	(15)%
Operating loss	(159,697)	(303,886)	(463,583)	(756,557)	292,974	(39)%	(21)%
Interest expense, net	(55,563)	(82,820)	(138,383)	(372,904)	234,521	(63)%	(59)%
Interest income	17,200	15,327	32,527	38,345	(5,818)	(15)%	19 %
Foreign currency transaction losses, net	(99,737)	(63,948)	(163,685)	(51,149)	(112,536)	220 %	*NM*
Other expense, net	(1,176)	(137)	(1,313)	(5,829)	4,516	(77)%	(65)%
Loss from continuing operations before reorganization items and income tax benefit (provision)	(298,973)	(435,464)	(734,437)	(1,148,094)	413,657	(36)%	(21)%
Reorganization items	1,467	1,956,874	1,958,341	(71,601)	2,029,942	*NM*	*NM*
Income tax benefit (provision)	5,015	(2,009)	3,006	(4,976)	7,982	(160)%	(161)%
Net (loss) income from continuing operations	(292,491)	1,519,401	1,226,910	(1,224,671)	2,451,581	(200)%	(221)%
Income (loss) from discontinued operations, net of income taxes	11,608	221,114	232,722	(733,027)	965,749	(132)%	(135)%
Net (loss) income	$ (280,883)	$ 1,740,515	$ 1,459,632	$ (1,957,698)	$ 3,417,330	(175)%	(187)%

NM-Not Meaningful

We define segment losses as operating loss before depreciation, amortization and impairment, restructuring and other charges. Consolidated segment losses decreased $101.6 million, or 40%, for the combined period ended December 31, 2015 compared to 2014 and include the results of operations of our Brazil segment and our corporate operations in the sections that follow.

1. Impairment, restructuring and other charges

Consolidated impairment, restructuring and other charges recognized for the combined period ended December 31, 2015 primarily consisted of the following:

- $43.7 million in non-cash asset impairment charges, the majority of which related to the shutdown or abandonment of transmitter and receiver sites and the discontinuation of certain information technology projects in Brazil;
- $14.4 million in severance and other related costs incurred in Brazil and at the corporate level resulting from the separation of employees in an effort to streamline our organizational structure and reduce general and administrative expenses; and
- $8.4 million in restructuring charges in Brazil related to future lease costs for certain transmitter and receiver sites that are no longer necessary in our business plan.

Consolidated impairment, restructuring and other charges recognized in 2014 primarily related to the following:

- a $42.8 million non-cash asset impairment charge related to our decision to cease further development on one of the strategic options for the next generation of our push-to-talk services;

- $27.7 million in severance and related costs incurred at the corporate level and in Brazil from the separation of employees in an effort to streamline our organizational structure and reduce general and administrative expenses; and

- $21.9 million in other non-cash asset impairment charges, the majority of which related to the shutdown or abandonment of certain transmitter and receiver sites in Brazil and certain retail store closures in Brazil related to the realignment of our distribution channels.

2. Depreciation and amortization

The $154.8 million, or 39%, decrease in consolidated depreciation and amortization on a reported basis, and the 15% decrease on a constant currency basis, for the combined period ended December 31, 2015 compared to 2014 was principally the result of a decrease in the value of Nextel Brazil's property, plant and equipment resulting from the implementation of fresh start accounting. See Note 3 to our consolidated financial statements for more information.

3. Interest expense, net

Consolidated net interest expense decreased $234.5 million, or 63%, on a reported basis, and 59% on a constant currency basis, for the combined period ended December 31, 2015 compared to 2014 primarily as a result of the suspension of interest on all series of our senior notes in connection with our Chapter 11 filing and subsequent cancellation of these notes in connection with our emergence from Chapter 11. See Note 3 to our consolidated financial statements for more information.

4. Reorganization items

Reorganization items of $1,958.3 million in 2015 were primarily related to the $1,775.8 million gain we recognized in connection with the settlement of our liabilities subject to compromise upon our emergence from Chapter 11 and a $261.8 million gain as a result of the implementation of fresh start accounting, partially offset by professional fees and other costs incurred in connection with our Chapter 11 filing.

Reorganization items of $71.6 million in 2014 were related to the write-off of discounts, premiums and unamortized financing costs associated with our NII Capital Corp. and NIIT senior notes, as well as professional fees and other costs incurred in connection with our Chapter 11 filing.

5. Income tax benefit (provision)

The $8.0 million, or 160%, change in the consolidated income tax provision from 2014 to the combined period ended December 31, 2015 is primarily due to the reversal of a liability for uncertain tax positions due to the expiration of certain statutes of limitations in Brazil and the reduction of the valuation allowance.

b. Nextel Brazil

	Successor Company	Predecessor Company	Combined		Predecessor Company				
	Six Months Ended December 30, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2015	% of Nextel Brazil's Operating Revenues	Year Ended December 31, 2014	% of Nextel Brazil's Operating Revenues	Actual Change from Previous Year		Constant Currency Change from Previous Year
							Dollars	Percent	Percent
					(dollars in thousands)				
Service and other revenues	$ 501,028	$ 643,804	$ 1,144,832	94 %	$ 1,694,181	92 %	$ (549,349)	(32)%	(4)%
Handset and accessory revenues	28,304	39,807	68,111	6 %	154,737	8 %	(86,626)	(56)%	(38)%
Cost of handsets and accessories	(46,904)	(121,143)	(168,047)	(14)%	(415,082)	(22)%	247,035	(60)%	(60)%
Handset and accessory net subsidy	(18,600)	(81,336)	(99,936)	(8)%	(260,345)	(14)%	160,409	(62)%	(67)%
Cost of service (exclusive of depreciation and amortization)	(212,866)	(256,153)	(469,019)	(39)%	(693,004)	(38)%	223,985	(32)%	(4)%
Selling and marketing expenses	(71,557)	(105,357)	(176,914)	(15)%	(267,574)	(14)%	90,660	(34)%	(6)%
General and administrative expenses	(213,930)	(276,192)	(490,122)	(40)%	(606,949)	(33)%	116,827	(19)%	14 %
Segment losses	$ (15,925)	$ (75,234)	$ (91,159)	(8)%	$ (133,691)	(7)%	$ 42,532	(32)%	(58)%

Nextel Brazil's segment losses decreased $42.5 million, or 32%, on a reported basis, and 58% on a constant currency basis, for the combined period ending December 31, 2015 compared to the year ended December 31, 2014, as a result of the following:

1. Service and other revenues

The $549.3 million, or 32%, decrease in service and other revenues on a reported basis in the combined period ended December 31, 2015 compared to 2014 is primarily the result of the impact of weaker foreign currency exchange rates on our reported results and the decline in ARPU discussed above. On a constant currency basis, Nextel Brazil's service and other revenues decreased 4% in the combined period ended December 31, 2015 compared to 2014.

Nextel Brazil's WCDMA subscriber base grew from 1.7 million subscribers as of the end of 2014 to 2.8 million subscribers as of the end of 2015. During 2015, Nextel Brazil strategically facilitated the migration of iDEN subscribers to its WCDMA network, which resulted in 312 thousand migrations during the combined period ended December 31, 2015. As a result of these migrations and the overall growth in its WCDMA subscriber base, Nextel Brazil's WCDMA-based service and other revenues increased $245.4 million, or 71%, from 2014 to the combined period ended December 31, 2015. This increase was offset by a $794.8 million, or 59%, decrease in Nextel Brazil's iDEN-based service and other revenues from 2014 to the combined period ended December 31, 2015 driven by a decrease in Nextel Brazil's iDEN subscriber base from 2.7 million subscribers as of the end of 2014 to 1.6 million subscribers as of the end of 2015 and a decline in its iDEN-based average revenue per subscriber from $30 for 2014 to $17 for the combined period ended December 31, 2015. On a constant currency basis, Nextel Brazil's WCDMA-based service and other revenues increased 142% from 2014 to the combined period ended December 31, 2015 and its iDEN-based service and other revenues decreased 42% over the same period.

2. Handset and accessory net subsidy

The $160.4 million, or 62%, decrease in handset and accessory net subsidy on a reported basis from 2014 to the combined period ended December 31, 2015 is largely related to an increased emphasis on new service plans under which services are provided to new subscribers using their existing handsets, as well as lower subsidies per handset. As a result of the new service plans, 70% of Nextel Brazil's new WCDMA subscribers during the combined period ended December 31, 2015 represented customers who

utilized their existing handsets compared to 34% of new WCDMA subscribers utilizing their existing handsets during 2014. This decrease in handset and accessory net subsidy was partially offset by a $25.3 million charge recognized in the second quarter of 2015 related to certain tax credits that we did not believe were probable of being recovered. On a constant currency basis, Nextel Brazil's handset and accessory net subsidy decreased 67% for the combined period ended December 31, 2015 compared to 2014.

3. Cost of service

The $224.0 million, or 32%, decrease in cost of service on a reported basis for the combined period ended December 31, 2015 compared to 2014 is primarily caused by the impact of weaker foreign currency exchange rates described above. On a constant currency basis, Nextel Brazil's cost of service decreased 4% from 2014 to the combined period ended December 31, 2015 primarily as the result of a decrease in interconnect costs related to the changes in the regulated interconnect cost structure described above. In addition, on a constant currency basis, Nextel Brazil recognized significant cost savings in the combined period ended December 31, 2015 compared to 2014 as a result of insourcing certain engineering functions that were previously performed by third party service providers. Also, with the continuing decline in the number of iDEN subscribers in Nextel Brazil's subscriber base, Nextel Brazil's service and repair costs related to its iDEN handset maintenance program continued to decrease. These decreases were partially offset by an increase in costs related to our nationwide roaming arrangement, as well as an increase in direct switch and transmitter and receiver site costs on a local currency basis resulting from an 8% increase in the number of sites in service from December 31, 2014 to December 31, 2015.

4. Selling and marketing expenses

The $90.7 million, or 34%, decrease in selling and marketing expenses on a reported basis during the combined period ended December 31, 2015 compared to 2014 is largely due to the impact of weaker foreign currency exchange rates described above. On a constant currency basis, Nextel Brazil's selling and marketing expenses decreased 6% in the combined period ended December 31, 2015 compared to 2014 as a result of a reduction in sales and marketing personnel and reduced advertising and media expenses.

5. General and administrative expenses

The $116.8 million, or 19%, decrease in general and administrative expenses on a reported basis for the combined period ended December 31, 2015 compared to 2014 is primarily due to the impact of weaker foreign currency exchange rates described above. On a constant currency basis, Nextel Brazil's general and administrative expenses increased 14% over the same period primarily as a result of an increase in bad debt expense caused by a significant decrease in collections related to deteriorating economic conditions in Brazil and higher costs related to civil contingencies initiated by customers. These increases were partially offset by a decrease in payroll and related expenses on a local currency basis resulting from workforce reductions, as well as lower customer care expenses on a local currency basis resulting from the outsourcing of Nextel Brazil's customer care function and a reduction in the volume of customer care calls received.

c. Corporate

	Successor Company	Predecessor Company	Combined	Predecessor Company	Actual Change from Previous Year	
	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2015	Year Ended December 31, 2014	Dollars	Percent
Service and other revenues	$ 116	$ 168	$ 284	$ 351	$ (67)	(19)%
Selling, general and administrative expenses	(26,216)	(39,071)	(65,287)	(128,604)	63,317	(49)%
Segment losses	$ (26,100)	$ (38,903)	$ (65,003)	$ (128,253)	63,250	(49)%

Segment losses decreased $63.3 million, or 49%, in the combined period ended December 31, 2015 compared to 2014 primarily due to reduced payroll costs resulting from fewer general and administrative personnel following reductions in force that we implemented in 2014 and 2015, lower consulting expenses, lower information technology costs and $22.6 million in professional fees incurred in 2014 in connection with the preparation of our Chapter 11 filing.

C. Liquidity and Capital Resources

As of December 31, 2016, we had a working capital deficit of $119.7 million compared to a working capital deficit of $177.4 million as of December 31, 2015. As of December 31, 2016, our working capital included $257.4 million in cash and cash equivalents, of which $3.5 million was held by Nextel Brazil in Brazilian reais, and $73.9 million in short-term investments, the majority of which was held in Brazilian reais. In addition, as of December 31, 2016, we had $87.4 million of cash collateral securing certain performance bonds relating to our obligations to deploy spectrum in Brazil, of which we recorded $56.5 million as a component of other assets and the remaining $30.9 million of which we recorded as a component of prepaid expenses and other in our consolidated balance sheet. As of December 31, 2016, we also had $163.4 million in cash held in escrow in connection with the sale of Nextel Mexico and $85.1 million in judicial deposits in Brazil, both of which we classified as restricted cash.

A substantial portion of our U.S. dollar-denominated cash, cash equivalents and short-term investments is held in bank deposits, and our cash, cash equivalents and short-term investments held in Brazilian reais 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 Brazilian reais will fluctuate in U.S. dollars based on changes in the exchange rate of the Brazilian real relative to the U.S. dollar.

Cash Flows

	Successor Company		Predecessor Company		
	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Combined Year Ended December 31, 2015	Year Ended December 31, 2014
Cash and cash equivalents, beginning of period	$ 342,184	$ 423,135	$ 334,194	$ 334,194	$ 1,147,682
Net cash used in operating activities	(45,205)	(78,485)	(254,757)	(333,242)	(628,716)
Net cash provided by (used in) investing activities	54,450	(976)	1,027,821	1,026,845	(347,538)
Net cash used in financing activities	(93,004)	(25,068)	(778,231)	(803,299)	(128,272)
Effect of exchange rate changes on cash and cash equivalents	(1,045)	916	(9,152)	(8,236)	(55,657)
Change in cash and cash equivalents related to discontinued operations	—	22,662	103,260	125,922	346,695
Cash and cash equivalents, end of period	$ 257,380	$ 342,184	$ 423,135	$ 342,184	$ 334,194

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

We used $45.2 million of cash in our operating activities during 2016, which represents a $288.0 million improvement from the combined year ended December 31, 2015, largely caused by lower operating losses resulting from cost reduction efforts and the sale of our operations in Mexico, partially offset by a $76.9 million upfront payment related to Nextel Brazil's roaming and RAN sharing agreements with Telefonica. We used $78.5 million and $254.8 million of cash in our operating activities during the six months ended December 31, 2015 and June 30, 2015, respectively, primarily to fund operating losses and interest expense. We used $176.3 million less cash during the six months ended December 31, 2015 compared to the six months ended June 30, 2015 primarily as a result of lower operating losses in Brazil and cash conservation efforts both in Brazil and at the corporate level. We used $628.7 million of cash in our operating activities during 2014, primarily due to operating losses, interest expense and the prepayment of certain costs associated with a roaming arrangement in Brazil.

Our investing activities provided us with $54.5 million of cash during 2016, primarily due to $81.1 million of net cash returned to us from the release of performance bonds and $27.4 million in net proceeds from maturities of our short-term investments in Brazil and at the corporate level, partially offset by $61.3 million in cash capital expenditures and $13.2 million we paid for judicial deposits.

We used $1.0 million of cash in our investing activities during the six months ended December 31, 2015, primarily due to $76.6 million in cash capital expenditures and $50.5 million in deposits to secure certain performance bonds relating to our obligations to deploy spectrum in Brazil, offset by net cash proceeds of $153.8 million that we received in connection with the sale of Nextel Argentina (excluding $18.1 million of U.S. treasury notes received as part of the proceeds). Our investing activities provided us with $1,027.8 million in cash during the six months ended June 30, 2015, primarily due to the sale of Nextel Mexico

for which we received net proceeds of $1.448 billion, including $187.5 million in cash deposited in escrow. The net proceeds from the sale of Nextel Mexico were partially offset by $88.5 million in cash capital expenditures and $20.0 million in deposits to secure certain performance bonds relating to our obligations to deploy spectrum in Brazil.

We used $347.5 million of cash in our investing activities during 2014, primarily due to $372.7 million in cash used in our discontinued operations, $326.2 million in cash capital expenditures and $119.7 million in deposits to secure certain performance bonds relating to our obligation to deploy spectrum in Brazil, partially offset by $499.2 million in net proceeds received from maturities of our short-term investments in Brazil and at the corporate level.

We used $93.0 million of cash in our financing activities during 2016, primarily due to $48.4 million in semi-annual principal payments under Nextel Brazil's equipment financing facility and $42.5 million in principal payments under Nextel Brazil's local bank loans.

We used $25.1 million of cash in our financing activities during the six months ended December 31, 2015, largely due to a principal repayment under Nextel Brazil's equipment financing facility. We used $778.2 million of cash in our financing activities during the six months ended June 30, 2015, largely due to $745.2 million of cash distributions paid in settlement of certain claims in connection with our emergence from Chapter 11.

We used $128.3 million of cash in our financing activities during 2014, largely due to $107.1 million in repayments of bank loans, capital leases and other borrowings, partially offset by $14.6 million in borrowings under Nextel Brazil's equipment financing facility and other borrowings.

D. Future Capital Needs and Resources

Capital Resources. Our ongoing capital resources depend on a variety of factors, including our existing cash, cash equivalents and investment balances, cash flows generated by our operating activities, cash that we recover from the amounts held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico, the return of cash pledged as collateral to secure certain performance bonds relating to our obligations to deploy our spectrum in Brazil, external financial sources, other financing arrangements and the availability of cash proceeds from the sale of assets.

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

Due to the impact of our recent and projected results of operations and other factors, our access to the capital markets in the near term is limited. See "—*Future Outlook, Liquidity and Going Concern*" for more information.

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 network and the deployment of LTE in other commercial areas in Brazil;
- payments in connection with previous spectrum purchases and ongoing spectrum license fees;
- debt service requirements;
- 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, 2016. The information included in the table below 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.

Most of the amounts included in the table below will be settled in Brazilian reais. Future events could cause actual payments to differ significantly from these amounts. See "Forward-Looking and Cautionary Statements."

	Payments due by Period				
Contractual Obligations	Less than 1 Year	1-3 Years	3-5 Years	More than 5 Years	Total
			(in thousands)		
Capital leases and tower financing obligations (1)	$ 55,708	$ 88,666	$ 83,132	$ 631,216	$ 858,722
Operating leases (2)	126,011	215,698	179,885	203,718	725,312
Purchase obligations (3)	276,207	87,953	74,960	—	439,120
Equipment financing (4)	303,303	15,871	9,472	2,285	330,931
Bank loans (5)	269,847	20,082	—	—	289,929
Spectrum financing (6)	—	30,695	69,783	125,654	226,132
Other long-term obligations (7)	17,641	3,006	984	155,321	176,952
Total contractual commitments	$ 1,048,717	$ 461,971	$ 418,216	$ 1,118,194	$ 3,047,098

(1) These amounts represent principal and interest payments due under our co-location agreements, our tower financing arrangements and our sale of towers in Brazil in 2013, which are guaranteed by NIIT.
(2) These amounts principally include future lease costs related to our transmitter and receiver sites and switches, as well as our office facilities.
(3) These amounts include maximum contractual purchase obligations under various agreements with our vendors, including the roaming and RAN sharing agreements that Nextel Brazil entered into with Telefonica in May 2016. See Note 9 to our consolidated financial statements for more information regarding these agreements.
(4) These amounts include a loan agreement with the China Development Bank in Brazil to finance infrastructure equipment, which is guaranteed by NII Holdings. These amounts also include future interest payments to which we are contractually obligated in the periods in which they are due. As a result of certain events of default related to this facility, we classified the principal amount outstanding under this facility as due in less than one year. We are contractually obligated to make principal payments of $48.9 million in less than one year, $97.9 million in one to three years, $97.9 million in three to five years and the remaining $48.9 million in more than five years under this equipment financing facility.
(5) These amounts represent principal and interest payments associated with our local bank loans in Brazil and include future interest payments to which we are contractually obligated in the periods in which they are due. Because it is unlikely that we will be able to satisfy one of the applicable financial covenants included in this loan agreement as of the next measurement date at December 31, 2017, we classified the principal amount outstanding under these local bank loans as due in less than one year. Based on foreign currency exchange rates in effect as of December 31, 2016, we are contractually obligated to make principal payments of $79.5 million in less than one year and the remaining $157.9 million in one to three years under these local bank loans.
(6) These amounts represent principal and interest payments in connection with the signing of the license agreement related to our acquisition of 30MHz of spectrum in the 1.8 GHz band in July 2016.
(7) 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 $51.3 million for the year ended December 31, 2016, $72.6 million for the six months ended December 31, 2015, $69.2 million for the six months ended June 30, 2015 and $233.4 million for the year ended December 31, 2014. We have reduced our investments in capital expenditures, including making substantial reductions to our investments in network development and deployment. We expect to continue these efforts to conserve our cash resources while simultaneously meeting the capacity needs of our network.

Our capital spending and related expenses are expected to be driven by several factors, including:

- the amount we spend to enhance our WCDMA network in Brazil and deploy LTE;
- the extent to which we expand the coverage of our network in new or existing market areas;
- the number of additional transmitter and receiver sites we build in order to increase system capacity, maintain system quality and meet our regulatory requirements, 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.

Covenants Under Financing Agreements. As of December 31, 2016, we had $237.4 million principal amount outstanding under Nextel Brazil's local bank loans. As discussed in more detail in Note 1 and Note 7 to our consolidated financial statements, we are required to meet a net debt financial covenant semiannually in connection with the agreements governing Nextel Brazil's local bank loans. In August 2016, Nextel Brazil secured waivers from the lenders of its local bank loans related to this financial covenant for the June 30, 2016 measurement date. In February 2017, Nextel Brazil secured additional waivers from the lenders of these loans related to this financial covenant as of December 31, 2016. The waivers also provide for a "covenant holiday" inclusive of the June 30, 2017 testing period, during which time no compliance will be required with respect to the net debt financial covenant. The next measurement date for this financial covenant will be December 31, 2017. Based on our current outlook, which reflects significant uncertainty about the economic and competitive conditions in Brazil that are currently impacting our ability to increase our revenues and generate profitability, we believe it is unlikely that we will satisfy one of the applicable financial covenants included in both of Nextel Brazil's local bank loan agreements as of the next measurement date at December 31, 2017. If we are unable to negotiate amendments to the existing loan agreements or secure waivers from the lenders, we could be in default. If a default occurs, the lenders could require us to repay the amounts outstanding under these arrangements. As a result of this uncertainty, we have continued to classify the amounts outstanding under Nextel Brazil's local bank loans as current liabilities in our consolidated balance sheet as of December 31, 2016. In addition, Nextel Brazil's local bank loans and its equipment financing facility each contain cross-acceleration provisions.

In February 2017, Nextel Brazil and the lenders of our local bank loans entered into amendments to these loan agreements. The amendments provide, among other things, a 120-day standstill period, effective March 2, 2017, during which time no amortization payments will be required with respect to the related loans while Nextel Brazil seeks to negotiate long-term modifications of the financing arrangements, including potential further extensions of the existing amortization relief. To the extent Nextel Brazil is unable to agree on long-term amendments by July 2017, we will be required to make catch-up principal payments totaling 84.4 million Brazilian reais, or approximately $25.2 million based on current foreign currency exchange rates, followed by the resumption of the amortization schedule contained in the amended agreements.

In December 2014, Nextel Brazil and the lender under the equipment financing facility agreed to amend this facility to remove all financial covenants beginning with the December 31, 2014 measurement date through the June 30, 2017 measurement date so that the first measurement date under the amended facility will be December 31, 2017. Based on our current outlook, we believe it is unlikely that we will satisfy the applicable financial covenants included in Nextel Brazil's equipment financing facility as of the next measurement date at December 31, 2017. As of December 31, 2016, we had $293.6 million principal amount outstanding under Nextel Brazil's equipment financing facility. As a result of the events of default described below, we have continued to classify the amount outstanding under this facility as a current liability in our consolidated balance sheet as of December 31, 2016.

In December 2015, Nextel Brazil participated in a spectrum auction and was the successful bidder for 30 MHz of spectrum in the 1.8 GHz band for 455 million Brazilian reais, or approximately $116.7 million based on foreign currency exchange rates at the time. In July 2016, Nextel Brazil paid 45.5 million Brazilian reais, or approximately $14.0 million based on foreign currency exchange rates at the time, in connection with the signing of this license agreement. Nextel Brazil elected to accept the government-provided spectrum financing for the remaining amount due under this spectrum financing. In connection with the foregoing, we are in the process of securing waivers from the lender of Nextel Brazil's equipment financing facility to permit Nextel Brazil to incur and maintain this spectrum financing. In addition, we have requested waivers of an event of default that resulted from a failure to timely notify this lender of a permitted merger that occurred between two guarantors in Brazil. As a result of either of these events of default, the lender of Nextel Brazil's equipment financing facility could provide notice to declare the amounts outstanding under this facility due and payable.

Future Outlook, Liquidity and Going Concern. Our current sources of funding include $331.2 million in cash and short-term investments, $163.4 million in cash held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico, and $87.4 million in cash pledged as collateral to secure certain performance bonds relating to our obligations to deploy our WCDMA spectrum in Brazil. Based on the weak economy and challenging competitive environment in Brazil that we anticipate will continue, as well as the continued decline of our iDEN business, we expect that our cash flow from operations will be negative in 2017. In addition, we expect that our capital expenditures for 2017 will be at a similar level as 2016. During 2017, we are also required to pay an estimated $225.0 million for principal and interest in connection with our debt service obligations, including capital leases. As a result, we believe our current sources of funding may not be adequate to fund our business beyond the first quarter of 2018, and that we will need to obtain debt service relief from our lenders or to raise incremental capital to fund our business plan. We believe that the uncertainties relating to our business make it difficult for us to obtain new capital. Furthermore, if the ultimate amount recovered from our cash held in escrow or our cash pledged to secure performance bonds is not fully

available to us or is delayed for a significant amount of time, we would need to obtain additional funding within the next six to twelve months and significantly reduce our planned spending to further preserve our liquidity.

If we cannot obtain waivers for the existing events of default under Nextel Brazil's equipment financing facility and for the applicable financial covenants we are required to meet as of the December 31, 2017 measurement date, modify the repayment terms of our loans, obtain suitable financing if and when it is required, or obtain access to a significant portion of the escrowed funds as anticipated in our business plan, our results of operations and liquidity would be negatively impacted, and we may be unable to settle our obligations as they come due. The combination of these conditions continues to raise substantial doubt about our ability to continue as a going concern.

In making the assessment of our funding needs and the adequacy of our current sources of funding, we have considered:

- cash and cash equivalents on hand and short-term investments available to fund our operations;
- restricted cash currently held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico;
- the future return of cash pledged as collateral to secure certain performance bonds relating to our obligations to deploy our spectrum in Brazil;
- expected cash flows from our operations in Brazil;
- the timing of spectrum payments, including ongoing fees for spectrum use;
- our anticipated level of capital expenditures;
- our scheduled debt service obligations;
- our 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:

- based on the continued development of our business plans and strategy;
- if currency values in Brazil 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 Brazil do not improve or worsen;
- if competitive practices in the mobile wireless telecommunications industry in Brazil 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.

E. Effect of Inflation and Foreign Currency Exchange

Our net assets are subject to foreign currency exchange risks since they are primarily maintained in Brazilian reais. Additionally, some of Nextel Brazil's debt is denominated entirely in U.S. dollars, which exposes us to foreign currency exchange risks. We conduct business solely in Brazil where 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 Nextel Brazil 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 Brazil have been historically volatile. 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

In November 2016, the Financial Accounting Standards Board, or the FASB, issued Accounting Standard Update, or ASU, No. 2016-18, “Statement of Cash Flows (Topic 230): Restricted Cash,” which provides guidance regarding cash flow statement classification and presentation of changes in restricted cash. The new standard will be effective for interim and annual reporting periods beginning on January 1, 2018, with early adoption permitted. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile this total to amounts on the consolidated balance sheet and disclose the nature of the restrictions. We are currently evaluating the timing of adoption, as well as the effect ASU No. 2016-18 will have on our consolidated statement of cash flows.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU No. 2016-02 will require lessees to recognize most leases on their balance sheet as liabilities, with corresponding "right-of-use" assets, and is effective for interim and annual reporting periods beginning after December 15, 2018, subject to early adoption. The new standard allows us to make an accounting policy election not to recognize lease assets and liabilities on the balance sheet for leases with a term of 12 months or less. The accounting applied by a lessor is largely unchanged from previous guidance. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that we may elect to apply. We are currently evaluating the timing of adoption, as well as the effect ASU No. 2016-02 will have on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," which will provide us with a single revenue recognition model for recognizing revenue from contracts with customers and significantly expand the disclosure requirements for revenue arrangements. The new standard, as amended, will be effective for interim and annual reporting periods beginning on January 1, 2018, at which point we plan to adopt the standard. The two permitted transition methods under the new standard are the full retrospective method, in which the standard would be applied to each prior reporting period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application, with disclosure of results under the new and old standards for the first year of adoption. We are in the process of evaluating the available adoption methods.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Our revenues are primarily denominated in Brazilian reais, while a portion of our operations are financed in U.S. dollars. As a result, fluctuations in the Brazilian real 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 Brazilian real. In addition, Nextel Brazil pays the purchase price for some of its capital assets and a portion of its handsets in U.S. dollars, but generates revenue from its 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 the years ended December 31, 2016 and 2014, as well as during the six months ended December 31, 2015 and the six months ended June 30, 2015, Nextel Brazil entered into hedge agreements to manage foreign currency risk on certain forecasted transactions. The fair 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, 2016, approximately 30% of our consolidated principal amount of debt was fixed rate debt, and the remaining 70% of our total consolidated debt was variable rate debt.

The table below presents projected principal amounts, related interest rates by year of maturity and aggregate amounts as of December 31, 2016 for both our fixed and variable rate debt obligations, all of which have been determined at their fair values. See Note 3 to our consolidated financial statements for more information. Because it is unlikely that we will be able to satisfy one of the applicable financial covenants included in Nextel Brazil's local bank loans as of the next measurement date at December 31, 2017, and as a result of certain events of default related to Nextel Brazil's equipment financing facility, we classified the principal amounts outstanding under these facilities as current liabilities in our consolidated balance sheet as of December 31, 2016. The changes in the fair values of our debt obligations compared to their fair values as of December 31, 2015 reflect changes in applicable market conditions and changes in other company-specific conditions during 2016. In addition, the interest rates presented below reflect the impact of the implementation of fresh start accounting on our capital lease obligations. 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 debt obligations are denominated in U.S. dollars (US$) and Brazilian reais (BRL).

	Successor Company								Predecessor Company	
	Year of Maturity						2016		2015	
	1 Year	2 Years	3 Years	4 Years	5 Years	Thereafter	Total	Fair Value	Total	Fair Value
	(dollars in thousands)									
Fixed Rate (BRL)	$ 5,187	$ 4,129	$ 21,961	$ 22,836	$ 23,833	$ 144,843	$ 222,789	$ 214,164	$ 85,055	$ 85,055
Average Interest Rate	93.8%	99.2%	21.4%	23.1%	26.2%	47.3%	42.1%		74.5%	
Variable Rate (US$)	$ 293,550	$ —	$ —	$ —	$ —	$ —	$ 293,550	$ 280,893	$ 342,475	$ 340,189
Average Interest Rate	3.5%	—	—	—	—	—	3.5%		3.0%	
Variable Rate (BRL)	$ 237,235	$ —	$ —	$ —	$ —	$ —	$ 237,235	$ 221,075	$ 233,559	$ 228,606
Average Interest Rate	19.1%	—	—	—	—	—	19.1%		19.7%	

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, 2016, 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 Brazil, 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 not effective due to a material weakness in the Company's internal control over financial reporting in Brazil, as described below. A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, that creates a reasonable possibility that a material misstatement of the Company's annual or interim financial statements will not be prevented or detected on a timely basis.

We performed procedures to mitigate the impact of these deficiencies on our consolidated financial statements, including reviews and validations performed by staff at our headquarters office who were not part of the financial close process in Brazil. Based on these procedures, management believes that the consolidated financial statements included in this report have been prepared in accordance with generally accepted accounting principles, and present fairly, in all material respects, the financial position, results of operations and cash flows of the Company, as of and for the periods presented.

Changes in Internal Control over Financial Reporting

Over the course of 2016, we took a number of actions to improve the control environment and risk assessment processes. Specifically, we:

- enhanced the formal monthly processes that exist to improve communication between Nextel Brazil's accounting function and other functional areas throughout the organization;
- performed a redesigned and enhanced financial reporting risk assessment and mapping of key controls;
- increased the level of accountability for performance of internal controls and for remediation of control deficiencies;

- replaced Nextel Brazil's controller and improved the number and quality of other key individuals within Nextel Brazil's accounting function;
- provided continued training to Nextel Brazil personnel on U.S. generally accepted accounting principles;
- made design improvements to numerous process level controls including those over revenue, accounts receivable, and bad debt expense; and
- implemented new contract and purchase order review controls.

As a result of these actions, we believe that we have remediated the control deficiencies pertaining to the previously disclosed material weakness related to an organizational structure with insufficiently trained resources where supervisory roles, responsibilities and monitoring activities were not aligned with financial reporting objectives. However, as described below, a material weakness in internal control over financial reporting continues to exist as of December 31, 2016.

In addition, we completed a financial reporting risk assessment for recent significant and unusual transactions, and as a result, we implemented or enhanced existing controls related to the completeness and accuracy of inputs to asset impairment calculations and the accounting for Nextel Brazil's roaming and RAN sharing agreements.

These changes, as well as those discussed below, have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

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 (2013)*, issued by the Committee of Sponsoring Organizations of the Treadway Commission, or COSO. Based on this assessment, management concluded that the Company's internal control over financial reporting was not effective as of December 31, 2016 due to a material weakness in Nextel Brazil's control environment and information and communication processes. Specifically:

- The control environment was not effective because an appropriate tone at the top was not established at Nextel Brazil, which could result in management override of internal control over financial reporting.
- The information and communication process was not effective because we did not identify information necessary to account for leases, certain accrued liabilities and operating expenses. As a result, we did not design and operate effective process level controls over the completeness and accuracy of data and assumptions used to support accounting analyses and reconciliations for the related accounts.

The control deficiencies described above resulted in certain immaterial misstatements to the consolidated financial statements and create a reasonable possibility that a material misstatement to our consolidated financial statements will not be prevented or detected on a timely basis.

KPMG LLP, an independent registered public accounting firm, has expressed an adverse report in the operating effectiveness of our internal control over financial reporting as of December 31, 2016. KPMG LLP's report appears on Page F-2 of this annual report on Form 10-K.

Plan for Remediation of Nextel Brazil's Material Weakness

Management is committed to remediating the material weakness in Nextel Brazil's internal control over financial reporting. We have modified the reporting structure between Nextel Brazil and our corporate headquarters and provided training to senior leadership in Nextel Brazil related to Sarbanes-Oxley and other SEC rules and regulations, and we are continuing to reinforce compliance with our code of conduct. Also, we will implement controls to identify and evidence the completeness and accuracy of data and assumptions used to support accounting analyses and reconciliations.

Item 9B. Other Information

None.

PART III

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

The information required by this item will be provided by being incorporated herein by reference to the Company's definitive proxy statement for the 2017 Annual Meeting of Stockholders, which we expect will be held on May 24, 2017.

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 2017 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 2017 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 2017 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 2017 Annual Meeting of Stockholders.

PART IV

Item 15. Exhibits, Financial Statement Schedules.

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

(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.

(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/ TIMOTHY M. MULIERI

Timothy M. Mulieri
Vice President, Corporate Controller
(on behalf of the registrant and as
Principal Accounting Officer)

March 9, 2017

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 March 9, 2017.

Signature	Title
/s/ Steven M. Shindler Steven M. Shindler	Chief Executive Officer and Director
/s/ Daniel E. Freiman Daniel E. Freiman	Chief Financial Officer (Principal Financial Officer)
/s/ Kevin L. Beebe Kevin L. Beebe	Chairman of the Board of Directors
/s/ James V. Continenza James V. Continenza	Director
/s/ Howard S. Hoffmann Howard S. Hoffmann	Director
/s/ Ricardo Knoepfelmacher Ricardo Knoepfelmacher	Director
/s/ Christopher T. Rogers Christopher T. Rogers	Director
/s/ Robert A. Schriesheim Robert A. Schriesheim	Director

NII HOLDINGS, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
NII Holdings, Inc.:

We have audited the accompanying consolidated balance sheets of NII Holdings, Inc. and subsidiaries (the Company) as of December 31, 2016 and 2015 (Successor), and the related consolidated statements of comprehensive (loss) income, changes in stockholders' equity, and cash flows for the year ended December 31, 2016 (Successor), for the six month periods ended December 31, 2015 (Successor) and June 30, 2015 (Predecessor) and for the year ended December 31, 2014 (Predecessor). In connection with our audits of the consolidated financial statements, we also have audited financial statement schedules as listed in the accompanying index. These consolidated financial statements and financial statement schedules are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements and financial statement schedules based on our 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 audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of NII Holdings, Inc. and subsidiaries as of December 31, 2016 and 2015 (Successor), and the results of their operations and their cash flows for the year ended December 31, 2016 (Successor), for the six month periods ended December 31, 2015 (Successor) and June 30, 2015 (Predecessor) and for the year ended December 31, 2014 (Predecessor), in conformity with U.S. generally accepted accounting principles. Also in our opinion, the related financial statement schedules, when considered in relation to the basic consolidated financial statements taken as a whole, present fairly, in all material respects, the information set forth therein.

The accompanying consolidated financial statements and financial statement schedules have been prepared assuming that the Company will continue as a going concern. As discussed in Note 1 to the consolidated financial statements, the Company believes that if it cannot obtain waivers for the existing events of default under Nextel Brazil's equipment financing facility and for the applicable financial covenants it is required to meet as of the December 31, 2017 measurement date, modify the repayment terms on its loans, obtain suitable financing if and when it is required, or obtain access to a significant portion of certain escrowed funds as anticipated in its business plan, the Company's results of operations and liquidity would be negatively impacted, and the Company may be unable to settle its obligations as they come due. The combination of these conditions continues to raise substantial doubt about the Company's ability to continue as a going concern. Management's plans in regard to these matters are also described in Note 1. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

As discussed in Note 3 to the consolidated financial statements, on June 26, 2015, the Company satisfied the conditions to emerge from Chapter 11 bankruptcy proceedings. Accordingly, the accompanying consolidated financial statements as of and for the year ended December 31, 2016 (Successor) and for the six month period ended June 30, 2015 (Successor) have been prepared in accordance with Accounting Standards Codification Topic 852, *Reorganizations*. The Company applied fresh-start reporting as of June 30, 2015 and recognized net assets at fair value, resulting in a lack of comparability with the consolidated financial statements of the Predecessor.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), NII Holdings, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), and our report dated March 9, 2017 expressed an adverse opinion on the effectiveness of the Company's internal control over financial reporting.

/s/ KPMG LLP
McLean, Virginia
March 9, 2017

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

The Board of Directors and Stockholders
NII Holdings, Inc.:

We have audited NII Holdings, Inc.'s internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control - Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). NII Holdings, Inc.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying *Management Report on Internal Control over Financial Reporting*. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit 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 audit also included performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

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 (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) 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 (3) 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.

A material weakness is a deficiency, or a combination of deficiencies, in internal control over financial reporting, such that there is a reasonable possibility that a material misstatement of the company's annual or interim financial statements will not be prevented or detected on a timely basis. A material weakness related to an ineffective tone at the top at Nextel Brazil which could result in management override of internal control over financial reporting and an ineffective information and communication process related to the identification of information necessary to account for leases, certain accrued liabilities and operating expenses resulting in ineffective process-level controls over the completeness and accuracy of data and assumptions used to support accounting analyses and reconciliations for the related accounts was identified and included in management's assessment.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of NII Holdings, Inc. and subsidiaries as of December 31, 2016 and 2015 (Successor), and the related statements of comprehensive (loss) income, changes in stockholders' equity, and cash flows for the year ended December 31, 2016 (Successor), for the six month periods ended December 31, 2015 (Successor) and June 30, 2015 (Predecessor) and for the year ended December 31, 2014 (Predecessor). The material weakness was considered in determining the nature, timing, and extent of audit tests applied in our audit of the 2016 consolidated financial statements, and this report does not affect our report dated March 9, 2017, which expressed an unqualified opinion on those consolidated financial statements.

In our opinion, because of the effect of the aforementioned material weakness on the achievement of the objectives of the control criteria, NII Holdings, Inc. has not maintained effective internal control over financial reporting as of December 31, 2016, based on criteria established in *Internal Control-Integrated Framework (2013)* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO).

/s/ KPMG LLP
McLean, Virginia
March 9, 2017

NII HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(in thousands, except par values)

	Successor Company	
	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 257,380	$ 342,184
Short-term investments	73,859	84,317
Accounts receivable, net of allowance for doubtful accounts of $54,221 and $39,033	153,806	144,629
Handset and accessory inventory	8,295	24,358
Prepaid expenses and other	280,145	132,534
Total current assets	773,485	728,022
Property, plant and equipment, net	129,475	555,023
Intangible assets, net	243,681	892,622
Other assets	271,868	554,241
Total assets	$ 1,418,509	$ 2,729,908
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Accounts payable	$ 69,186	$ 43,765
Accrued expenses and other	271,899	268,858
Deferred revenues	11,614	10,386
Current portion of long-term debt	540,474	582,420
Total current liabilities	893,173	905,429
Long-term debt	215,842	82,647
Other long-term liabilities	143,472	197,837
Total liabilities	1,252,487	1,185,913
Commitments and contingencies (Note 9)		
Stockholders' equity		
Undesignated preferred stock, par value $0.001, 10,000 shares authorized, no shares issued or outstanding	—	—
Common stock, par value $0.001, 140,000 shares authorized, 100,258 shares issued and outstanding — 2016, 100,001 shares issued and outstanding — 2015	100	100
Paid-in capital	2,076,612	2,070,497
Accumulated deficit	(1,834,756)	(280,883)
Accumulated other comprehensive loss	(75,934)	(245,719)
Total stockholders' equity	166,022	1,543,995
Total liabilities and stockholders' equity	$ 1,418,509	$ 2,729,908

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

NII HOLDINGS, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME
(in thousands, except per share amounts)

	Successor Company		Predecessor Company	
	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2014
Operating revenues				
Service and other revenues	$ 963,209	$ 501,130	$ 643,904	$ 1,691,849
Handset and accessory revenues	21,837	28,304	39,807	157,105
	985,046	529,434	683,711	1,848,954
Operating expenses				
Cost of service (exclusive of depreciation and amortization included below)	364,648	212,852	256,085	692,601
Cost of handsets and accessories	29,273	46,904	121,143	415,450
Selling, general and administrative	560,760	311,703	419,699	997,735
Impairment, restructuring and other charges	1,384,811	32,308	36,792	105,664
Depreciation	135,429	64,108	126,789	340,159
Amortization	36,954	21,256	27,089	53,902
	2,511,875	689,131	987,597	2,605,511
Operating loss	(1,526,829)	(159,697)	(303,886)	(756,557)
Other (expense) income				
Interest expense, net	(113,732)	(55,563)	(82,820)	(372,904)
Interest income	37,689	17,200	15,327	38,345
Foreign currency transaction gains (losses), net	76,615	(99,737)	(63,948)	(51,149)
Other expense, net	(9,711)	(1,176)	(137)	(5,829)
	(9,139)	(139,276)	(131,578)	(391,537)
Loss from continuing operations before reorganization items and income tax benefit (provision)	(1,535,968)	(298,973)	(435,464)	(1,148,094)
Reorganization items (Note 3)	(803)	1,467	1,956,874	(71,601)
Income tax benefit (provision) (Note 11)	2,892	5,015	(2,009)	(4,976)
Net (loss) income from continuing operations	(1,533,879)	(292,491)	1,519,401	(1,224,671)
(Loss) income from discontinued operations, net of income taxes (Note 6)	(19,994)	11,608	221,114	(733,027)
Net (loss) income	$ (1,553,873)	$ (280,883)	$ 1,740,515	$ (1,957,698)
Net (loss) income from continuing operations per common share, basic	$ (15.32)	$ (2.93)	$ 8.73	$ (7.11)
Net (loss) income from discontinued operations per common share, basic	(0.20)	0.12	1.27	(4.25)
Net (loss) income per common share, basic	$ (15.52)	$ (2.81)	$ 10.00	$ (11.36)
Net (loss) income from continuing operations per common share, diluted	$ (15.32)	$ (2.93)	$ 8.71	$ (7.11)
Net (loss) income from discontinued operations per common share, diluted	(0.20)	0.12	1.27	(4.25)
Net (loss) income per common share, diluted	$ (15.52)	$ (2.81)	$ 9.98	$ (11.36)
Weighted average number of common shares outstanding, basic	100,098	100,000	172,363	172,283
Weighted average number of common shares outstanding, diluted	100,098	100,000	172,691	172,283
Comprehensive (loss) income, net of income taxes				
Foreign currency translation adjustment	$ 169,785	$ (248,781)	$ (205,899)	$ (340,847)
Reclassification adjustment for sale of Nextel Argentina, Nextel Mexico and Nextel Chile (Note 6)	—	(1,672)	421,953	(33,885)
Other	—	4,734	2,956	(544)
Other comprehensive income (loss)	169,785	(245,719)	219,010	(375,276)
Net (loss) income	(1,553,873)	(280,883)	1,740,515	(1,957,698)
Total comprehensive (loss) income	$ (1,384,088)	$ (526,602)	$ 1,959,525	$ (2,332,974)

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					
	Shares	Amount	Paid-in Capital	Accumulated Deficit	Accumulated Other Comprehensive Loss	Total Stockholders' Equity
Balance, January 1, 2014 — Predecessor Company	172,105	$ 172	$ 1,504,258	$ (192,966)	$ (956,077)	$ 355,387
Net loss	—	—	—	(1,957,698)	—	(1,957,698)
Other comprehensive loss	—	—	—	—	(375,276)	(375,276)
Share-based compensation activity	258	—	12,823	—	—	12,823
Balance, December 31, 2014 — Predecessor Company	172,363	172	1,517,081	(2,150,664)	(1,331,353)	(1,964,764)
Net income	—	—	—	1,740,515	—	1,740,515
Other comprehensive income	—	—	—	—	219,010	219,010
Share-based compensation activity	—	—	5,239	—	—	5,239
Balance, June 30, 2015 — Predecessor Company	172,363	172	1,522,320	(410,149)	(1,112,343)	—
Elimination of Predecessor Company's equity	(172,363)	(172)	(1,522,320)	410,149	1,112,343	—
Issuance of Successor Company's common stock	100,000	100	2,067,565	—	—	2,067,665
Balance, July 1, 2015 — Successor Company	100,000	100	2,067,565	—	—	2,067,665
Net loss	—	—	—	(280,883)	—	(280,883)
Other comprehensive loss	—	—	—	—	(245,719)	(245,719)
Share-based compensation activity	1	—	2,932	—	—	2,932
Balance, December 31, 2015 — Successor Company	100,001	100	2,070,497	(280,883)	(245,719)	1,543,995
Net loss	—	—	—	(1,553,873)	—	(1,553,873)
Other comprehensive income	—	—	—	—	169,785	169,785
Share-based compensation activity	257	—	6,115	—	—	6,115
Balance, December 31, 2016 — Successor Company	100,258	$ 100	$ 2,076,612	$ (1,834,756)	$ (75,934)	$ 166,022

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

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

	Successor Company		Predecessor Company	
	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,	Year Ended December 31,
	2016	2015	2015	2014
Cash flows from operating activities:				
Net (loss) income	$ (1,553,873)	$ (280,883)	$ 1,740,515	$ (1,957,698)
Adjustments to reconcile net (loss) income to net cash used in operating activities:				
Loss (income) from discontinued operations	19,994	(11,608)	(221,114)	733,027
Amortization of debt (premiums) discounts and financing costs	(4,570)	181	18,753	14,889
Depreciation and amortization	172,383	85,364	153,878	394,061
Provision for losses on accounts receivable	77,883	32,279	65,396	57,418
Provision for inventory obsolescence	1,731	2,156	—	29,308
Foreign currency transaction (gains) losses, net	(76,615)	99,737	63,948	51,149
Impairment charges, restructuring charges and losses on disposal of fixed assets	1,352,667	13,354	31,471	79,929
Deferred income tax (benefit) provision	(3,183)	(2,513)	905	2,052
Share-based compensation expense	6,076	2,923	5,239	10,041
Reorganization items in connection with emergence from Chapter 11	—	—	(1,775,787)	54,851
Fresh start adjustments, net	—	—	(248,709)	—
Other, net	1,898	(3,829)	(11,083)	(9,560)
Changes in assets and liabilities:				
Accounts receivable	(58,951)	(38,756)	(35,013)	(73,430)
Prepaid value-added taxes	15,894	9,311	50,564	(72,657)
Handset and accessory inventory	17,273	13,940	7,513	(32,963)
Prepaid expenses and other	8,903	(21,027)	(26,688)	(18,426)
Other long-term assets	(41,447)	20,981	47,253	(136,056)
Accrued value-added taxes	(7,565)	(285)	(7,941)	(1,772)
Other long-term liabilities	41,851	23,876	(32,819)	(534)
Accounts payable, accrued expenses and other	(15,554)	(46,674)	18,565	281,919
Total operating cash used in continuing operations	(45,205)	(101,473)	(155,154)	(594,452)
Total operating cash provided by (used in) discontinued operations	—	22,988	(99,603)	(34,264)
Net cash used in operating activities	(45,205)	(78,485)	(254,757)	(628,716)
Cash flows from investing activities:				
Capital expenditures	(61,291)	(76,630)	(88,485)	(326,246)
Purchases of investments	(1,075,119)	(558,883)	(757,714)	(1,593,250)
Proceeds from sales of investments	1,102,492	575,838	756,546	2,092,459
Purchase of licenses	(16,936)	(4,018)	(5,391)	(31,861)
Costs related to sale of towers, net	—	—	—	(15,517)
Change in restricted cash and other deposits	67,894	(51,235)	(57,074)	(132,080)
Proceeds from sale of corporate aircraft	—	—	—	32,390
Other, net	(2,243)	4,697	3,501	(782)
Total investing cash provided by (used in) continuing operations	14,797	(110,231)	(148,617)	25,113
Total investing cash provided by (used in) discontinued operations	39,653	109,255	1,176,438	(372,651)
Net cash provided by (used in) investing activities	54,450	(976)	1,027,821	(347,538)
Cash flows from financing activities:				
Repayments under equipment financing facility and local bank loans	(90,843)	(24,452)	(124)	(54,067)
Repayments under capital leases and other	(2,161)	(616)	(1,884)	(53,032)
Claims paid to senior noteholders	—	—	(745,221)	—
Net proceeds from debtor-in-possession loan	—	—	340,375	—
Repayment of debtor-in-possession loan	—	—	(340,375)	—
Borrowings under equipment financing facilities and other	—	—	—	14,590
Other, net	—	—	(4,291)	(396)
Total financing cash used in continuing operations	(93,004)	(25,068)	(751,520)	(92,905)
Total financing cash used in discontinued operations	—	—	(26,711)	(35,367)
Net cash used in financing activities	(93,004)	(25,068)	(778,231)	(128,272)

Effect of exchange rate changes on cash and cash equivalents	(1,045)	916	(9,152)	(55,657)
Change in cash and cash equivalents related to discontinued operations	—	22,662	103,260	346,695
Net (decrease) increase in cash and cash equivalents	(84,804)	(80,951)	88,941	(813,488)
Cash and cash equivalents, beginning of period	342,184	423,135	334,194	1,147,682
Cash and cash equivalents, end of period	$ 257,380	$ 342,184	$ 423,135	$ 334,194

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

1. Summary of Operations

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 wholly-owned Brazilian operating company, Nextel Telecomunicações Ltda., as Nextel Brazil. Our consolidated results from continuing operations in this annual report on Form 10-K include the results of operations of Nextel Brazil and our corporate headquarters. We provide wireless communication services under the Nextel™ brand in Brazil with our principal operations located in major urban and suburban centers with high population densities and related transportation corridors of that country where we believe there is a concentration of Brazil's business users and economic activity, including primarily Rio de Janeiro and São Paulo.

In the second half of 2013, Nextel Brazil commercially launched services on its wideband code division multiple access, or WCDMA, network in São Paulo, Rio de Janeiro and surrounding areas and extended those services to other areas in Brazil by expanding the coverage of its network and utilizing roaming services and network sharing arrangements pursuant to agreements that it reached with another network operator in Brazil. Our WCDMA network enables us to offer a wide range of products and services supported by that technology, including data services provided at substantially higher speeds than can be delivered on our legacy integrated digital enhanced network, or iDEN.

Prior to the deployment of our WCDMA network, our services were primarily targeted to meet the needs of business customers. With the deployment of our WCDMA network in Brazil, our target market has shifted to individual consumers who use our services to meet both professional and personal needs. Our target subscribers generally exhibit above average usage, revenue and loyalty characteristics. We believe our target market is attracted to the services and pricing plans we offer, as well as the quality of and data speeds provided by our WCDMA network.

We also offer long-term evolution, or LTE, services in Rio de Janeiro, and starting in December 2016, in São Paulo, and we continue to provide services on our legacy iDEN network throughout various regions in Brazil. Our transition to standards-based technologies such as WCDMA also gives us more flexibility to offer customers the option of purchasing services by acquiring the subscriber identity module, or SIM, cards from us separately, and by 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.

The services we currently offer include:

- mobile telephone voice service;
- wireless data services, including text messaging services, mobile internet services and email services;
- push-to-talk services, including Direct Connect®, Prip and International Direct Connect® services, which allow subscribers to talk to each other instantly;
- 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 outside of our coverage areas.

Revision of Prior Period Financial Statements. In connection with the preparation of our condensed consolidated financial statements for the three months ended March 31, 2016, we determined that an error existed in our previously issued financial statements. Specifically, selling, general and administrative expenses for the six months ended December 31, 2015 were understated by $6.9 million as the result of a failure to properly accrue expenses for services Nextel Brazil received under a management consulting services arrangement. We evaluated this error under the SEC's authoritative guidance on materiality and the quantification of the effect of prior period misstatements on financial statements, and we determined that the impact of this error on our prior period consolidated financial statements is immaterial. However, since the correction of this error in the first quarter of 2016 would have been material to our results of operations for the three months ended March 31, 2016, we revised our prior period financial statements herein to correct this error.

As a result of the correction of this error, as of December 31, 2015, accrued expenses and other increased by $6.8 million, accumulated deficit increased by $6.9 million and accumulated other comprehensive loss decreased by $0.1 million. For the six months ended December 31, 2015, this error resulted in a $6.9 million increase to selling, general and administrative expenses,

operating loss, loss from continuing operations before reorganization items and income tax benefit, net loss from continuing operations and net loss. In addition, for the six months ended December 31, 2015, the correction of this error resulted in a $0.07 increase in both net loss from continuing operations per basic and diluted common share and net loss per basic and diluted common share. This error did not relate to any periods prior to the six months ended December 31, 2015.

Going Concern. The accompanying consolidated financial statements have been prepared on a going concern basis, which contemplates the realization of assets and 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 the uncertainties described below.

Over the course of the last year, we have implemented changes in our business to better align our organization and costs with our available sources of funding, as well as to respond to the impact of the current and expected economic and competitive conditions in Brazil. These changes have included changes to our leadership team; improvements to our operations; and the implementation of cost savings measures, spending reductions and headcount reductions. As a result of these changes, we reduced the amount of cash used in our operating activities for the year ended December 31, 2016 compared to the combined period ended December 31, 2015.

Our current sources of funding include $331.2 million of cash and short-term investments, $163.4 million in cash held in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico, and $87.4 million in cash pledged as collateral to secure certain performance bonds relating to our obligations to deploy our WCDMA spectrum in Brazil.

Based on the weak economy and challenging competitive environment in Brazil that we anticipate will continue, as well as the continued decline of our iDEN business, we expect that our cash flow from operations will be negative in 2017. In addition, we expect that our capital expenditures for 2017 will be at a similar level as 2016. During 2017, we are also required to pay an estimated $225.0 million for principal and interest in connection with our debt service obligations, including capital leases. As a result, we believe our current sources of funding may not be adequate to fund our business beyond the first quarter of 2018, and that we will need to obtain debt service relief from our lenders or to raise incremental capital to fund our business plan. Furthermore, if the ultimate amount recovered from our cash held in escrow or our cash pledged to secure performance bonds is not fully available to us or is delayed for a significant amount of time, we would need to obtain additional funding within the next six to twelve months and significantly reduce our planned spending to further preserve our liquidity. If we cannot reach an agreement with our lenders to modify the terms of our loans, obtain suitable financing if and when it is required, or obtain access to a significant portion of the escrowed funds as anticipated in our business plan, our results of operations and liquidity would be negatively impacted, and we may be unable to settle our obligations as they come due.

In connection with the agreements governing Nextel Brazil's local bank loans, we are required to meet a net debt financial covenant semiannually. In August 2016, Nextel Brazil secured waivers from the lenders of its local bank loans related to this financial covenant for the June 30, 2016 measurement date. In February 2017, Nextel Brazil secured additional waivers from the lenders of these loans related to this financial covenant as of December 31, 2016. The waivers also provide for a "covenant holiday" inclusive of the June 30, 2017 testing period, during which time no compliance will be required with respect to the net debt financial covenant. The next measurement date for this financial covenant will be December 31, 2017. Likewise, in connection with the agreement and related amendments governing Nextel Brazil's equipment financing facility, we are required to meet certain financial covenants semiannually beginning on December 31, 2017. Based on our current outlook, which reflects significant uncertainty about the economic and competitive conditions in Brazil that are currently impacting our ability to increase our revenues and generate profitability, we believe it is unlikely that we will satisfy the applicable financial covenants included in both of Nextel Brazil's local bank loans and in its equipment financing facility as of the next measurement date at December 31, 2017. If we are unable to negotiate amendments to the existing loan agreements or secure waivers from the lenders, we could be in default. If a default occurs, the lenders could require us to repay the amounts outstanding under these arrangements. In addition, these loan agreements contain cross-acceleration provisions. As of December 31, 2016, we had $237.4 million principal amount outstanding under Nextel Brazil's local bank loans and $293.6 million principal amount outstanding under Nextel Brazil's equipment financing facility. See Note 7 for more information.

In addition, in December 2015, Nextel Brazil participated in a spectrum auction and was the successful bidder for 30 MHz of spectrum in the 1.8 GHz band for 455 million Brazilian reais, or approximately $116.7 million based on foreign currency exchange rates at the time. In July 2016, Nextel Brazil paid 45.5 million Brazilian reais, or approximately $14.0 million based on foreign currency exchange rates at the time, in connection with the signing of this license agreement. Nextel Brazil elected to accept the government-provided spectrum financing for the remaining amount due under this spectrum financing. In connection with the foregoing, we are in the process of securing waivers from the lender of Nextel Brazil's equipment financing facility to permit Nextel Brazil to incur and maintain this spectrum financing. In addition, we have requested waivers of an event of default that resulted from a failure to timely notify this lender of a permitted merger that occurred between two guarantors in Brazil. As

a result of either of these events of default, the lender of Nextel Brazil's equipment financing facility could provide notice to declare the amounts outstanding under this facility due and payable.

If we cannot obtain waivers for the existing events of default under Nextel Brazil's equipment financing facility and for the applicable financial covenants we are required to meet as of the December 31, 2017 measurement date, modify the repayment terms of our loans, obtain suitable financing if and when it is required, or obtain access to a significant portion of the escrowed funds as anticipated in our business plan, our results of operations and liquidity would be negatively impacted, and we may be unable to settle our obligations as they come due. The combination of these conditions continues to raise substantial doubt about our ability to continue as a going concern.

2. Summary of Significant Accounting Policies

Reorganization Accounting. In accordance with the requirements of reorganization accounting, NII Holdings adopted the provisions of fresh start accounting as of June 30, 2015 and became a new entity for financial reporting purposes. References to the "Successor Company" relate to NII Holdings on or subsequent to June 30, 2015. References to the "Predecessor Company" relate to NII Holdings prior to June 30, 2015. See Note 3 for more information regarding the implementation of fresh start accounting.

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.

Concentrations of Risk. Substantially all of our revenues are generated from our operations located in Brazil. Political, financial and economic developments in Brazil could impact the recoverability of our assets. Regulatory entities in Brazil 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 Brazil could adversely affect our business. In addition, as of December 31, 2016, 71% of our total assets were owned by Nextel Brazil. Political, financial and economic developments in Brazil could impact the recoverability of our assets.

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. See Note 8 for further information. Our accounts receivable are generally unsecured. We routinely assess the credit worthiness of our subscribers and maintain allowances for probable losses, where necessary.

Foreign Currency. We translate Nextel Brazil's results of operations from Brazilian reais to U.S. dollars 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 held by Nextel Brazil that are denominated in U.S. dollars give rise to realized and unrealized foreign currency transaction gains and losses, which we record in our consolidated statement of comprehensive (loss) income as foreign currency transaction losses, 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 are of a long-term investment nature.

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, except for certain certificates of deposit in Brazil that are redeemable on demand. We classify these certificates of deposit as short-term investments. Cash equivalents primarily consist of money market funds and other similarly structured funds.

Short-Term Investments. 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 comprehensive (loss) income. 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. As of December 31, 2016, the time deposits we held were not material. As of December 31, 2015, we had $9.3 million in time deposits. See Note 8 for additional information.

Handset and Accessory Inventory. We record handsets and accessories at the lower of cost or their net realizable value. 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 handsets and accessories. Inventory cost includes amounts associated with non-income based taxes.

We analyze the net realizable value 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 year ended December 31, 2016, we recorded losses related to inventory obsolescence of $1.7 million. In addition, for the six months ended December 31, 2015 and for the year ended December 31, 2014, we recorded losses related to inventory obsolescence of $2.2 million and $29.3 million, respectively. We did not record any losses related to inventory obsolescence during the six months ended June 30, 2015.

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 expense 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 network software and 3 to 10 years for software, office equipment, furniture and fixtures, and other, which includes non-network internal use software. We include depreciation expense on our 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 wireless network. 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.

As of June 30, 2015, in connection with the implementation of fresh start accounting, we adjusted our property, plant and equipment to its estimated fair value and revised the depreciable lives. We will continue to 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.

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 arise from certain of our leases and relate primarily to the cost of removing our communication towers and network equipment from leased sites. We recognize an ARO, and the associated ARC, 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 ARC 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 AROs as an additional liability and add this amount to the carrying amount of the associated ARC. We record decreases as a reduction in both the recorded liability and the carrying amount of the associated ARC.

As of June 30, 2015, in connection with the implementation of fresh start accounting, we adjusted our AROs to their estimated fair value.

As of December 31, 2016 and 2015, our asset retirement obligations were as follows (in thousands):

Balance, January 1, 2015 — Predecessor Company	19,177
New asset retirement obligations	350
Accretion	1,321
Settlement of asset retirement obligations	(168)
Foreign currency translation and other	(2,011)
Balance, June 30, 2015 — Predecessor Company	18,669
Fresh start adjustments	5,024
Balance, July 1, 2015 — Successor Company	23,693
New asset retirement obligations	547
Accretion	1,688
Settlement of asset retirement obligations	(1,337)
Foreign currency translation and other	(4,949)
Balance, December 31, 2015 — Successor Company	19,642
New asset retirement obligations	198
Change in assumptions	(1,619)
Accretion	2,552
Settlement of asset retirement obligations	(441)
Foreign currency translation and other	7,274
Balance, December 31, 2016 — Successor Company	$ 27,606

Derivative Financial Instruments. 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. See Note 8 for additional information.

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 telecommunications 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. Prior to our emergence from Chapter 11, intangible assets primarily consisted of our telecommunications licenses. We amortize our intangible assets using the straight-line method over the estimated benefit period. As a result of the implementation of fresh start accounting in connection with our emergence from Chapter 11, we recorded our intangible assets, which consisted of our telecommunications licenses, our exclusive right to use the Nextel tradename in Brazil and our customer relationships, at their estimated fair values. We calculate amortization on our licenses using the straight-line method based on an estimated useful life of 26 to 30 years. We calculate amortization on our customer relationships using the straight-line method based on an estimated useful life of 4 years.

In Brazil, licenses are customarily issued conditionally for specified periods of time ranging from 10 to 40 years, including renewals. In addition, the wireless telecommunications industry is experiencing significant technological change, and the commercial life of any particular technology is difficult to predict. In light of these uncertainties, we classify our licenses as definite lived intangible assets. In connection with the implementation of fresh start accounting, we revised the remaining estimated useful lives of our licenses to include renewal periods in cases where it is probable that a renewal will occur.

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.

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 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 network, 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.

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.

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 year ended December 31, 2016, we recognized $46.9 million in revenue-based taxes and other excise taxes. For the six months ended December 31, 2015 and the six months ended June 30, 2015, we recognized $30.9 million and $39.0 million in revenue-based taxes and other excise taxes, respectively. For the year ended December 31, 2014, we recognized $101.0 million in revenue-based taxes and other excise taxes.

Accounts Receivable. Accounts receivable represents amounts due from subscribers, net of an allowance for doubtful accounts, and includes amounts that have been billed to customers and amounts that have not yet been billed. 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 recent collections trends. 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 $30.9 million for the year ended December 31, 2016. We recognized $21.6 million in advertising costs during the six months ended December 31, 2015 and $28.7 million during the six months ended June 30, 2015, respectively. We recognized $88.7 million in advertising costs during the year ended December 31, 2014.

Share-Based Compensation. We measure and recognize compensation expense for all share-based compensation awards based on estimated fair values. We account for share-based awards exchanged for employee services in accordance with the authoritative guidance for stock compensation. Under that guidance, share-based compensation expense is measured at the grant date, based on the estimated fair value of the award when settled in shares, and is recognized 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. See Note 12 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.

As presented for the year ended December 31, 2016, we did not include 3.5 million stock options and 0.8 million in restricted common shares in our calculation of diluted net loss from continuing operations per common share because their effect would have been antidilutive. As presented for the six months ended December 31, 2015 and the six months ended June 30, 2015, we did not include 2.2 million and 4.8 million stock options, respectively, in our calculation of diluted net (loss) income from continuing operations per common share because their effect would have been antidilutive. In addition, for the six months ended December

31, 2015, we did not include an immaterial amount of restricted common shares in our calculation of diluted net (loss) income from continuing operations per common share because their effect would have been antidilutive. As presented for the year ended December 31, 2014, we did not include 5.4 million stock options and 0.9 million in restricted common shares in our calculation of diluted net loss from continuing operations per common share because their effect would have been antidilutive to our net loss from continuing operations per common share for that period.

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 recognize a valuation allowance on deferred tax assets unless it is determined that it is “more-likely-than-not” that the asset will be realized.

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

New Accounting Pronouncements. In November 2016, the Financial Accounting Standards Board, or the FASB, issued Accounting Standard Update, or ASU, No. 2016-18, "Statement of Cash Flows (Topic 230): Restricted Cash," which provides guidance regarding cash flow statement classification and presentation of changes in restricted cash. The new standard will be effective for interim and annual reporting periods beginning on January 1, 2018, with early adoption permitted. The amendments in this ASU require that a statement of cash flows explain the change during the period in the total of cash, cash equivalents and amounts generally described as restricted cash or restricted cash equivalents. Entities will also be required to reconcile this total to amounts on the consolidated balance sheet and disclose the nature of the restrictions. We are currently evaluating the timing of adoption, as well as the effect ASU No. 2016-18 will have on our consolidated statement of cash flows.

In February 2016, the FASB issued ASU No. 2016-02, "Leases (Topic 842)," which replaces existing leasing rules with a comprehensive lease measurement and recognition standard and expanded disclosure requirements. ASU No. 2016-02 will require lessees to recognize most leases on their balance sheet as liabilities, with corresponding "right-of-use" assets, and is effective for interim and annual reporting periods beginning after December 15, 2018, subject to early adoption. The new standard allows us to make an accounting policy election not to recognize lease assets and liabilities on the balance sheet for leases with a term of 12 months or less. The accounting applied by a lessor is largely unchanged from previous guidance. In transition, lessees and lessors are required to recognize and measure leases at the beginning of the earliest period presented using a modified retrospective approach. The modified retrospective approach includes a number of optional practical expedients that we may elect to apply. We are currently evaluating the timing of adoption, as well as the effect ASU No. 2016-02 will have on our consolidated financial statements.

In May 2014, the FASB issued ASU No. 2014-09, "Revenue from Contracts with Customers," which will provide us with a single revenue recognition model for recognizing revenue from contracts with customers and significantly expand the disclosure requirements for revenue arrangements. The new standard, as amended, will be effective for interim and annual reporting periods beginning on January 1, 2018, at which point we plan to adopt the standard. The two permitted transition methods under the new standard are the full retrospective method, in which the standard would be applied to each prior reporting period presented, or the modified retrospective method, in which case the cumulative effect of applying the standard would be recognized at the date of initial application, with disclosure of results under the new and old standards for the first year of adoption. We are in the process of evaluating the available adoption methods.

3. Emergence from Chapter 11 Proceedings and Fresh Start Accounting

On September 15, 2014, we and eight of our U.S. and Luxembourg-domiciled subsidiaries, including NII Capital Corp. and NII International Telecom, S.C.A., or NIIT, filed voluntary petitions seeking relief under Chapter 11 of Title 11 of the United States Bankruptcy Code, which we refer to as Chapter 11, in the United States Bankruptcy Court for the Southern District of New York, which we refer to as the Bankruptcy Court. In addition, subsequent to September 15, 2014, five additional subsidiaries of NII Holdings, Inc. filed voluntary petitions seeking relief under Chapter 11 in the Bankruptcy Court. We refer to the companies that filed voluntary petitions seeking relief under Chapter 11 collectively as the Debtors. Nextel Brazil and our previous other operating subsidiaries in Latin America were not Debtors in these Chapter 11 cases.

On June 19, 2015, the Bankruptcy Court entered an order approving and confirming the First Amended Joint Plan of Reorganization Proposed by the Plan Debtors and the Official Committee of Unsecured Creditors, dated April 20, 2015. We refer to this plan, as amended, as the Plan of Reorganization. On June 26, 2015, the conditions of the Bankruptcy Court's order and the Plan of Reorganization were satisfied, the Plan of Reorganization became effective, and we and the other Debtors emerged from the Chapter 11 proceedings. We refer to June 26, 2015 as the Emergence Date.

The significant transactions that occurred on the Emergence Date in connection with the effectiveness of our Plan of Reorganization included the following:

- NII Holdings canceled all shares of its common stock, preferred stock and other equity interests that existed prior to June 26, 2015;
- NII Holdings amended and restated its Bylaws and filed an Amended and Restated Certificate of Incorporation authorizing the Company to issue up to 140,000,000 shares of common stock, par value $0.001 per share, and up to 10,000,000 shares of undesignated preferred stock, par value $0.001 per share;
- NII Holdings issued 99,999,992 shares of new common stock, with a per share value of $20.68, and distributed cash of $776.3 million to the holders of claims and service providers in comprehensive settlement of numerous integrated claims and disputes approved by the Bankruptcy Court in connection with the confirmation of the Plan of Reorganization;
- In accordance with the Plan of Reorganization, all of the obligations of the Debtors with respect to the following indebtedness were canceled:
  - $700.0 million aggregate principal amount of 7.875% senior notes due 2019 issued by NIIT pursuant to an indenture, dated as of May 23, 2013, among NIIT (as issuer), the Company (as guarantor), and Wilmington Trust National Association (as trustee) and all amendments, supplements or modifications thereto and extensions thereof;
  - $900.0 million aggregate principal amount of 11.375% senior notes due 2019 issued by NIIT pursuant to an indenture, dated as of February 19, 2013, among NIIT (as issuer), the Company (as guarantor), and Wilmington Trust National Association (as trustee) and all amendments, supplements or modifications thereto and extensions thereof;
  - $1.45 billion aggregate principal amount of 7.625% senior notes due 2021 issued by NII Capital Corp. pursuant to an indenture, dated as of March 29, 2011, among NII Capital Corp. (as issuer), each of the guarantors party thereto and Wilmington Savings Fund Society, FSB (as successor trustee) and all amendments, supplements or modifications thereto and extensions thereof;
  - $500.0 million aggregate principal amount of 8.875% senior notes due 2019 issued by NII Capital Corp. pursuant to an indenture, dated as of December 15, 2009, among NII Capital Corp. (as issuer), each of the guarantors party thereto and U.S. Bank National Association (as successor trustee) and all amendments, supplements or modifications thereto and extensions thereof; and
  - $800.0 million aggregate principal amount of 10.0% senior notes due 2016 issued by NII Capital Corp. pursuant to an indenture, dated as of August 18, 2009, among NII Capital Corp. (as issuer), each of the guarantors party thereto and Wilmington Savings Fund Society, FSB (as successor trustee) and all amendments, supplements or modifications thereto and extensions thereof.

Pursuant to our Plan of Reorganization, we entered into a registration rights agreement to provide registration rights to parties that, together with their affiliates, received upon emergence 10% or more of the issued and outstanding common stock of NII Holdings in connection with the Plan of Reorganization. In satisfaction of this registration rights agreement, on July 14, 2015, we filed a Registration Statement on Form S-1 under the Securities Act of 1933 to register our common stock that may be offered for sale from time to time by certain selling stockholders. On July 21, 2015, this Form S-1 was declared effective. We are not selling any common stock under the related prospectus and will not receive any proceeds from the sale of common stock by the selling stockholders.

In connection with our emergence from Chapter 11, we were required to apply the provisions of fresh start accounting to our financial statements because: (i) the holders of existing voting shares of NII Holdings prior to its emergence from the Chapter 11 proceedings received less than 50% of the voting shares of NII Holdings outstanding following its emergence from the Chapter 11 proceedings; and (ii) the reorganization value of our assets immediately prior to confirmation of the Plan of Reorganization was less than the post-petition liabilities and allowed claims. Because our results of operations during the period from June 26, 2015 to June 30, 2015 were not material, we applied fresh start accounting to our consolidated financial statements as of the close of business on June 30, 2015. Under the principles of fresh start accounting, a new reporting entity is considered to be created, and as a result, we allocated the reorganization value of NII Holdings as of June 30, 2015 to our individual assets based on their estimated fair values at the date we applied fresh start accounting.

The total value of the cash and shares of common stock distributed under the Plan of Reorganization was $2.813 billion. We refer to this value as the Plan Distributable Value. The Plan Distributable Value was comprised of $745.2 million of cash paid to the holders of our NIIT and NII Capital Corp. senior notes and $2,067.7 million of new common stock. We also distributed an additional $2.8 million to other creditors. We determined the equity value of the Successor Company to be approximately $2,067.7 million, which represents the $2.813 billion Plan Distributable Value less $745.2 million in cash distributions.

The following condensed consolidated balance sheet reconciles the balance sheet of the Predecessor Company immediately prior to our emergence from Chapter 11 to the balance sheet of the Successor Company immediately subsequent to our emergence from Chapter 11. The adjustments set forth in the condensed consolidated balance sheet presented below reflect the consummation of the Plan of Reorganization, which are reflected in the "Reorganization Adjustments" column, and the fair value adjustments required by the implementation of fresh start accounting, which are reflected in the "Fresh Start Adjustments" column. The information presented below reflects changes in the estimated fair values of certain assets and liabilities that occurred in the second half of 2015 as we finalized fresh start accounting. This condensed consolidated balance sheet should be read in conjunction with the explanatory notes following the table.

The following is a reconciliation of the Successor Company's equity value to its reorganization value as of June 30, 2015 (in thousands):

Fair value of Successor Company's common stock	$ 2,067,665
Fair value of debt	774,616
Fair value of other liabilities	638,916
Reorganization value of Successor Company's assets	$ 3,481,197

	Predecessor Company June 30, 2015	Reorganization Adjustments		Fresh Start Adjustments		Successor Company July 1, 2015
	(in thousands)					
ASSETS						
Current assets						
Cash and cash equivalents	$ 1,199,441	$ (776,306)	(a)	$ —		$ 423,135
Short-term investments	97,395	—		—		97,395
Accounts receivable, net	174,649	—		—		174,649
Handset and accessory inventory	49,835	—		—		49,835
Prepaid expenses and other	159,346	—		(19,494)	(d)	139,852
Assets related to discontinued operations	242,487	—		—		242,487
Total current assets	1,923,153	(776,306)		(19,494)		1,127,353
Property, plant and equipment, net	1,079,947	—		(376,519)	(e)	703,428
Intangible assets, net	571,076	—		562,702	(f)	1,133,778
Other assets	516,235	—		(18,739)	(g)	497,496
Assets related to discontinued operations	32,246	—		(13,104)	(h)	19,142
Total assets	$ 4,122,657	$ (776,306)		$ 134,846		$ 3,481,197
LIABILITIES AND STOCKHOLDERS' (DEFICIT) EQUITY						
Liabilities not subject to compromise						
Current liabilities						
Accounts payable	$ 102,317	$ —		$ —		$ 102,317
Accrued expenses and other	323,480	—		(2,677)	(i)	320,803
Deferred revenues	17,908	—		(1,805)	(j)	16,103
Current portion of long-term debt	667,617	—		2,616	(k)	670,233
Liabilities related to discontinued operations	96,161	—		(1,727)	(h)	94,434
Total current liabilities	1,207,483	—		(3,593)		1,203,890
Long-term debt	176,738	—		(72,355)	(k)	104,383
Other long-term liabilities	149,632	—		(56,541)	(l)	93,091
Liabilities related to discontinued operations	5,763	—		6,405	(h)	12,168
Total liabilities not subject to compromise	1,539,616	—		(126,084)		1,413,532
Liabilities subject to compromise	4,591,452	(4,591,452)	(b)	—		—
Stockholders' (deficit) equity						
Undesignated preferred stock - Successor Company	—	—		—		—
Undesignated preferred stock - Predecessor Company	—	—		—		—
Common stock - Successor Company	—	100	(b)	—		100
Common stock - Predecessor Company	172	(172)	(c)	—		—
Paid-in capital - Successor Company	—	2,067,565	(b)	—		2,067,565
Paid-in capital - Predecessor Company	1,522,320	(1,522,320)	(c)	—		—
Accumulated deficit	(2,418,560)	3,269,973	(c)	(851,413)	(m)	—
Accumulated other comprehensive loss	(1,112,343)	—		1,112,343	(m)	—
Total stockholders' (deficit) equity	(2,008,411)	3,815,146		260,930		2,067,665
Total liabilities and stockholders' (deficit) equity	$ 4,122,657	$ (776,306)		$ 134,846		$ 3,481,197

Our condensed consolidated balance sheet as of July 1, 2015 presented above reflects the effect of the following adjustments:

(a) Reflects cash payments made in connection with the implementation of the Plan of Reorganization (in thousands):

Claims paid to senior noteholders	$ 745,221
Payments to other creditors	2,779
Total claims paid	748,000
Reorganization-related professional fees	28,306
Total cash payments	$ 776,306

(b) Represents the cancellation of debt and related transactions in connection with the implementation of the Plan of Reorganization on the Emergence Date. In accordance with the Plan of Reorganization, we distributed cash and shares of new common stock to holders of claims. The following table reflects the calculation of the total gain on the settlement of our liabilities subject to compromise (in thousands):

Total Predecessor Company liabilities subject to compromise	$ 4,591,452
Less: Common stock, Successor (at par)	(100)
Paid-in-capital, Successor	(2,067,565)
Total claims paid	(748,000)
Gain on settlement of liabilities subject to compromise	$ 1,775,787

(c) Reflects the cumulative impact of the reorganization adjustments discussed above. Additionally, these adjustments reflect the cancellation of the Predecessor Company's common stock and paid-in capital to accumulated deficit (in thousands):

Gain on settlement of liabilities subject to compromise	$ 1,775,787
Reorganization-related professional fees	(28,306)
Net gain on reorganization adjustments	1,747,481
Cancellation of Predecessor Company equity	1,522,492
Net impact to accumulated deficit	$ 3,269,973

(d) Represents the write-off of unamortized debt issuance costs primarily related to Nextel Brazil's equipment financing facility and local bank loans.

(e) Reflects the impact of fresh start adjustments on property, plant and equipment in Nextel Brazil and our corporate segment. We measured the fair value of property, plant and equipment using the cost approach as the primary method. The cost approach is based on the premise that a prudent investor would pay no more for an asset than its replacement or reproduction cost. The cost to replace the asset would include the cost of constructing a similar asset of equivalent utility at prices applicable at the time of the valuation analysis. The replacement or reproduction cost estimates were adjusted by losses in value attributable to physical deterioration, as well as functional and economic obsolescence. The following reflects the impact of fresh start adjustments (in thousands):

	Consolidated		
	Predecessor Company	Fresh Start Adjustments	Successor Company
Land	$ 3,341	$ —	$ 3,341
Leasehold improvements	35,515	(20,188)	15,327
Network equipment, communication towers and network software	1,819,759	(1,291,712)	528,047
Software, office equipment, furniture and fixtures and other	342,210	(261,342)	80,868
Less: Accumulated depreciation and amortization	(1,207,834)	1,207,834	—
	992,991	(365,408)	627,583
Construction in progress	86,956	(11,111)	75,845
	$ 1,079,947	$ (376,519)	$ 703,428

(f) Reflects the impact of fresh start adjustments on our intangible assets (in thousands):

	Nextel Brazil		
	Predecessor Company	Fresh Start Adjustments	Successor Company
Licenses	$ 553,076	$ 513,002	$ 1,066,078
Customer relationships	—	29,000	29,000

In Brazil, our spectrum holdings include 20 megahertz, or MHz, of 1.9 gigahertz, or GHz,/2.1 GHz spectrum and 20 MHz of 1.8 GHz spectrum that support our WCDMA network and, in Rio de Janeiro, our LTE network. We also have spectrum holdings in the 800 MHz specialized mobile radio, or SMR, spectrum band that currently can only be used to support our iDEN network. We valued Nextel Brazil's spectrum licenses using both the income approach and the market approach. The resulting value of these licenses was similar to the prices observed for comparable licenses in Brazil in recent guideline transactions. Our income approach used the Greenfield method specifically, whereby we estimated the discounted future cash flows of a hypothetical start-up business, based on certain assumptions, including: (i) forecasted revenues, profit margins, capital expenditures and cash flows attributable to the spectrum for the period from July 1, 2015 to June 1, 2041. This date represents the end of the current term of our spectrum licenses, including renewals solely at our option; and (ii) a discount rate of 16.5%, which is based on an after-tax weighted average cost of capital.

We valued our customer relationships using the excess earnings method, which is a form of the income approach, by estimating the discounted future cash flows attributable to existing subscribers. This estimation was based on certain assumptions, including: (i) forecasted revenues and cash flows attributable to the current subscriber base beginning on July 1, 2015; (ii) a churn rate ranging from 1.9% to 2.6%; and (iii) a discount rate of 16.5%, based on an after-tax weighted average cost of capital.

	Corporate		
	Predecessor Company	Fresh Start Adjustments	Successor Company
Trade name	18,000	20,700	38,700

Our trade name represents the right to use the Nextel name exclusively in our markets. We valued our trade name using the relief from royalty method, a form of the income approach that estimates the amount a market participant would pay to utilize that trade name, based on certain assumptions, including (i) forecasted revenues attributable to the trade name from July 1, 2015 to June 1, 2041; (ii) a royalty rate of 0.25% of expected revenues determined with regard to comparable market transactions; and (iii) a discount rate of 16.5%, which was based on an after-tax weighted average cost of capital.

(g) Represents a $13.5 million decrease in non-income based tax assets to reduce their values to their estimated fair values based on discounted cash flows to reflect the timing of their anticipated realization and a $5.2 million write-off of prepaid rent.

(h) Represents the net change in assets and liabilities related to Nextel Argentina as a result of remeasurement to their respective fair values.

(i) Represents the write-off of unamortized deferred gains related to the 2013 tower transactions.

(j) Represents the revaluation of deferred revenues to the fair value of related future performance obligations.

(k) Adjustments to Nextel Brazil's debt balances related to the remeasurement of its equipment financing facility, local bank loans, tower financings and capital lease obligations to their fair values were as follows (in thousands):

	Nextel Brazil		
	Predecessor Company	Fresh Start Adjustments	Successor Company
Brazil equipment financing	$ 366,937	$ (2,989)	$ 363,948
Brazil bank loans	294,322	9,987	304,309
Brazil capital lease and tower financing obligations	182,108	(76,737)	105,371
Other	988	—	988
Total debt	844,355	(69,739)	774,616
Less: current portion	(667,617)	(2,616)	(670,233)
	$ 176,738	$ (72,355)	$ 104,383

(l) Primarily represents the $61.3 million write-off of unamortized deferred gains related to the 2013 tower transactions and a $5.4 million increase related to the remeasurement of asset retirement obligations to their fair values.

(m) Reflects the cumulative impact of all fresh start adjustments and the elimination of the Predecessor Company's accumulated other comprehensive loss as follows (in thousands):

Intangible asset fair value adjustment	$ 562,702
Property, plant and equipment fair value adjustment	(376,519)
Debt fair value adjustment	69,739
Write-off of unamortized deferred gains on 2013 tower transactions	63,940
Other	(58,090)
Net gain on fresh start fair value adjustments	261,772
Tax impact of fresh start adjustments	(842)
Elimination of Predecessor Company's accumulated other comprehensive loss	(1,112,343)
Net impact on accumulated deficit	$ (851,413)

Reorganization Items.

The components of our reorganization items were as follows (in thousands):

	Successor Company		Predecessor Company	
	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2014
Gain on settlement of liabilities subject to compromise	$ —	$ —	$ 1,775,787	$ —
Net gain on fresh start fair value adjustments	—	—	261,772	—
Reorganization-related professional fees and other costs	(803)	1,467	(80,685)	(71,601)
Total reorganization items	$ (803)	$ 1,467	$ 1,956,874	$ (71,601)

4. Impairment, Restructuring and Other Charges

Long-Lived Asset Impairment.

During 2016, we reviewed our Nextel Brazil segment for potential impairment. While we are focused on effectively managing our business in Brazil, we are also considering potential strategic alternatives with third parties. Taking into consideration the current macroeconomic conditions in Brazil, our history of operating losses and the available sources of capital to fund our business plan, we currently believe that the most likely outcome for the future of our business is the sale of Nextel Brazil. We compared the carrying value of Nextel Brazil's long-lived assets to our estimate of undiscounted future cash flows. Our estimate of undiscounted future cash flows was probability-weighted and took into consideration our ability to obtain capital necessary to fund our business plan. In addition, we assumed that the proceeds from any potential sale of Nextel Brazil would be significantly less than its carrying value. Based on our estimates, we determined that the carrying value of our Nextel Brazil segment was not fully recoverable.

As a result, we recorded a non-cash asset impairment charge of $1.34 billion to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values. We estimated the fair value of our Nextel Brazil segment using a market approach. While we may ultimately complete a sale with a third party that is valued at more or less than our current market value, we estimated the fair value of our equity based on our market capitalization and combined it with the fair value of our outstanding debt obligations to determine the impairment charge. See Note 8 for more information on our estimate of the fair value of our debt obligations. We allocated the non-cash asset impairment charge first to reduce the $36.8 million carrying value of our trademark intangible asset to zero, and the remainder between property, plant and equipment and spectrum licenses on a pro rata basis.

Other Asset Impairments.

During 2016, Nextel Brazil recognized $11.0 million, in non-cash asset impairment charges primarily related to the abandonment of certain transmitter and receiver sites that are no longer required in its business.

During the six months ended December 31, 2015 and the six months ended June 30, 2015, we recognized $12.6 million and $31.1 million in non-cash asset impairment charges, the majority of which related to the shutdown or abandonment of transmitter and receiver sites that are no longer required in Nextel Brazil's business, retail store closures related to the realignment of distribution channels in Brazil and the discontinuation of certain information technology projects in Brazil and at the corporate level.

In 2014, we evaluated strategic options for the next generation of our push-to-talk services and determined that, for one of these options, further development was no longer probable. As a result, we recognized a $42.8 million asset impairment charge which was recognized at the corporate level.

We also recognized a $6.4 million asset impairment charge at the corporate level related to the sale of our corporate aircraft in 2014.

During 2014, Nextel Brazil recognized $21.9 million in non-cash asset impairment charges, the majority of which related to the shutdown or abandonment of transmitter and receiver sites and retail store closures related to the realignment of its distribution channels.

Restructuring Charges.

During the fourth quarter of 2016, in connection with the radio access network, or RAN, sharing agreement Nextel Brazil entered into in May 2016, we negotiated the early termination of certain leases with one of Nextel Brazil's tower operators. As a result, we recorded $21.4 million in restructuring costs in the fourth quarter of 2016 related to the early termination of leases for approximately 600 transmitter and receiver sites. We expect these costs to be disbursed over the next eight years. See Note 9 for more information related to this RAN sharing agreement.

During 2016, we recognized $3.2 million in severance and other related costs at the corporate level. In addition, during 2016, Nextel Brazil recognized $10.8 million in restructuring charges primarily related to future lease costs for certain transmitter and receiver sites that are no longer required in its business and certain office closures.

During the six months ended December 31, 2015, Nextel Brazil recognized $8.4 million in restructuring charges related to future lease costs for certain transmitter and receiver sites that are no longer necessary in our business plan. In addition, during the six months ended December 31, 2015, we recognized $9.9 million in severance and other related costs in Brazil and at the corporate level as a result of the separation of employees. These actions included the termination of:

- approximately 45 employees at the corporate level, all of whom were notified in the fourth quarter of 2015 of their severance date; and
- approximately 700 employees in Brazil, all of whom were severed in the second half of 2015.

We also recognized $5.4 million in severance and other related costs at the corporate level during the six months ended June 30, 2015 related to the separation of approximately 30 employees.

During 2014, we recognized $27.7 million in severance and related costs as a result of the termination of employees at the corporate level and in Brazil. These actions included the separation of:

- approximately 85 employees at the corporate level, all of whom were severed in the second quarter of 2014; and
- approximately 800 employees in Brazil, all of whom were severed in the third quarter of 2014.

During 2013, we restructured and amended an existing network outsourcing agreement. In 2014, we settled certain refund claims related to this outsourcing agreement, which resulted in a restructuring benefit of $3.2 million.

During 2014, we recognized a $4.5 million charge related to the cessation of our utilization of certain network services in Brazil.

Total impairment, restructuring and other charges were as follows (in thousands):

	Successor Company		Predecessor Company	
	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,	Year Ended December 31,
	2016	2015	2015	2014
Brazil	$ 1,340,610	$ 23,968	$ 28,072	$ 42,271
Corporate	44,201	8,340	8,720	63,393
Total impairment, restructuring and other charges	$ 1,384,811	$ 32,308	$ 36,792	$ 105,664

In addition, as of December 31, 2016, the total of our accrued restructuring charges was as follows (in thousands):

Balance, January 1, 2016 — Successor Company	$ 16,859
Restructuring and other charges	35,358
Cash payments	(30,569)
Foreign currency translation adjustment	2,455
Balance, December 31, 2016 — Successor Company	$ 24,103

5. Supplemental Financial Statement Information

Prepaid Expenses and Other.

The components of our prepaid expenses and other are as follows:

	Successor Company	
	December 31,	
	2016	2015
	(in thousands)	
Cash in escrow	$ 163,435	$ 6,000
Cash collateral related to performance bonds	30,928	47,450
Value-added taxes	29,829	33,467
Prepayment for roaming and RAN sharing agreements	27,731	20,556
Other prepaid assets	23,020	11,934
Other current assets	5,202	13,127
	$ 280,145	$ 132,534

Property, Plant and Equipment, Net.

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

	Successor Company	
	December 31,	
	2016	2015
	(in thousands)	
Land	$ 675	$ 2,655
Building and leasehold improvements	1,489	11,765
Network equipment, communication towers and network software	95,298	492,814
Software, office equipment, furniture and fixtures and other	10,952	65,747
Less: Accumulated depreciation and amortization	—	(59,987)
	108,414	512,994
Construction in progress	21,061	42,029
	$ 129,475	$ 555,023

See Note 4 for more information regarding the impairment of property, plant and equipment.

Intangible Assets, Net.

Our intangible assets, net include the following:

		Successor Company					
		December 31, 2016			December 31, 2015		
	Average Useful Life (Years)	Gross Carrying Value	Accumulated Amortization	Net Carrying Value	Gross Carrying Value	Accumulated Amortization	Net Carrying Value
		(in thousands)					
Amortizable intangible assets:							
Licenses	26	$ 226,426	$ —	$ 226,426	$ 850,818	$ (16,314)	$ 834,504
Tradename	26	—	—	—	38,700	(744)	37,956
Customer relationships	4	17,255	—	17,255	23,042	(2,880)	20,162
		$ 243,681	$ —	$ 243,681	$ 912,560	$ (19,938)	$ 892,622

See Note 4 for more information regarding the impairment of intangible assets. In addition, the weighted average useful lives of the intangible assets we acquired during the year ended December 31, 2016 was 30 years.

Based on the carrying amount of our intangible assets as of December 31, 2016 and current exchange rates, we estimate amortization expense for each of the next five years to be as follows (in thousands):

Years	Estimated Amortization Expense
2017	$ 15,922
2018	15,922
2019	12,471
2020	9,020
2021	9,020

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 foreign currency exchange rates and other relevant factors.

Accrued Expenses and Other.

The components of our accrued expenses and other are as follows:

	Successor Company	
	December 31,	
	2016	2015
	(in thousands)	
Contingencies	$ 54,260	$ 49,507
Network system and information technology	50,286	32,079
Payroll related items and commissions	45,187	31,734
Non-income based taxes	28,158	33,097
Capital expenditures	17,514	25,182
Other	76,494	97,259
	$ 271,899	$ 268,858

Other Assets.

The components of our other long-term assets are as follows:

	Successor Company	
	December 31,	
	2016	2015
	(in thousands)	
Restricted cash	$ 85,123	$ 275,235
Cash collateral related to performance bonds	56,523	94,236
Prepayment for roaming and RAN sharing agreements	37,433	—
Equity interest in Nextel Argentina	—	108,148
Other	92,789	76,622
	$ 271,868	$ 554,241

Restricted Cash.

The components of our restricted cash are as follows:

	Successor Company	
	December 31,	
	2016	2015
	(in thousands)	
Cash in escrow — Nextel Mexico sale	$ 163,435	$ 186,593
Brazil judicial deposits	85,123	54,289
Cash in escrow — Nextel Peru sale	—	34,353
Cash in escrow — Nextel Argentina sale	—	6,000
	$ 248,558	$ 281,235

Accumulated Other Comprehensive Loss. As of December 31, 2016 and 2015, the tax impact on our accumulated other comprehensive loss was not material. In addition, as of December 31, 2016 and 2015, all of our accumulated other comprehensive loss represented cumulative foreign currency translation adjustment.

Supplemental Cash Flow Information.

	Successor Company		Predecessor Company	
	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2014
	(in thousands)			
Capital expenditures				
Cash paid for capital expenditures, including capitalized interest	$ 61,291	$ 76,630	$ 88,485	$ 326,246
Change in capital expenditures accrued and unpaid or financed, including accreted interest capitalized	(9,984)	(4,018)	(19,282)	(92,884)
	$ 51,307	$ 72,612	$ 69,203	$ 233,362
Interest costs				
Interest expense, net	$ 113,732	$ 55,563	$ 82,820	$ 372,904
Interest capitalized	283	2,142	2,556	27,712
	$ 114,015	$ 57,705	$ 85,376	$ 400,616
Cash paid for interest, net of amounts capitalized	$ 105,636	$ 59,914	$ 65,598	$ 261,161

In connection with the completion of the sale of Nextel Argentina to Grupo Clarin in January 2016, the promissory note that was initially issued in connection with this transaction was canceled. See Note 6 for more information. In addition, as of December 31, 2016, we recorded $125.7 million as a component of long-term debt on our consolidated balance sheet in connection with the signing of the license agreement related to our acquisition of 30MHz of spectrum in the 1.8 GHz band in July 2016. Other than these two transactions, we did not have any significant non-cash investing or financing activities during the year ended December 31, 2016.

For the six months ended December 31, 2015, we had $25.0 million in non-cash investing activities, representing U.S. treasury notes that we received and cash placed in escrow to secure our indemnification obligations in connection with the sale of Nextel Argentina. For the six months ended June 30, 2015, we had the following non-cash investing and financing activities:

- $2,067.7 million in Successor Company common stock that we issued in partial satisfaction of certain claims that were settled in connection with our emergence from Chapter 11 (see Note 3 for more information); and
- $187.5 million in restricted cash that we received, which represents cash placed in escrow to secure our indemnification obligations in connection with the sale of Nextel Mexico.

For the year ended December 31, 2014, we had $170.9 million, in non-cash financing activities, primarily related to the short-term financing of imported handsets and infrastructure in Brazil and co-location capital lease obligations on our communication towers in Brazil.

6. Discontinued Operations

Sale of Nextel Argentina. On September 11, 2015, NII Mercosur Telecom, S.L.U. and NII Mercosur Moviles, S.L.U., both of which are indirect subsidiaries of NII Holdings, entered into a binding agreement with Grupo Clarin relating to the sale of all of the outstanding equity interests of Nextel Communications Argentina, S.R.L., or Nextel Argentina. This agreement provided for aggregate cash consideration of $178.0 million, of which $159.0 million was paid at signing in connection with the transfer of a 49% equity interest in Nextel Argentina and the grant of a call option that allowed Grupo Clarin or any of its affiliates to acquire the remaining 51% equity interest in Nextel Argentina upon receipt of required approvals from the regulatory authorities in Argentina. We received the remaining cash consideration in October 2015, including $6.0 million deposited in escrow to satisfy potential indemnification claims. On January 27, 2016, the agreement was amended to permit Grupo Clarin or any of its affiliates to exercise the right to acquire the remaining 51% equity interest prior to receiving regulatory approval, and Grupo Clarin and its affiliates immediately acquired the remaining 51% of Nextel Argentina for no additional proceeds. In the second half of 2016,

$5.4 million in escrow was released to us, and we entered into a mutual release agreement with Grupo Clarin for all current and future claims. As a result, we have no further obligations in connection with this transaction.

Sale of Nextel Mexico. On April 30, 2015, we, together with our wholly-owned subsidiary NIU Holdings LLC, completed the sale of our Mexican operations to New Cingular Wireless, an indirect subsidiary of AT&T. The transaction was structured as a sale of all of the outstanding stock of the parent company of Comunicaciones Nextel de Mexico, S.A. de C.V., or Nextel Mexico, for a purchase price of $1.875 billion, including $187.5 million deposited in escrow to satisfy potential indemnification claims. The net proceeds from this sale were $1.448 billion after deducting Nextel Mexico's outstanding indebtedness and applying other specified purchase price adjustments. As of December 31, 2016, we paid $4.2 million out of escrow to settle an indemnification claim, and in exchange, New Cingular Wireless released $20.0 million of the escrow to us. As of December 31, 2016, $163.4 million remained in escrow. To the extent there are no outstanding claims, we expect the remaining amount held in escrow will be released to us in early May 2017. If any new claims are submitted in the future, the amount and timing of the release of the remaining funds in escrow could be impacted.

We are currently subject to various ongoing tax audits by the federal tax authorities in Mexico related to certain years prior to the sale of Nextel Mexico for which we have indemnified New Cingular Wireless. To date, we have received one assessment in the amount of $10.0 million that we are vigorously disputing through an administrative appeals process. In addition, as of December 31, 2016, we accrued $2.9 million related to certain of the preliminary findings by the federal tax authorities in Mexico. We currently estimate the range of reasonably possible losses, excluding penalties and interest, related to these preliminary findings, for which we have not accrued liabilities as they are not deemed probable, to be between zero and approximately $60.0 million.

Sale of Nextel Chile. In August 2014, our wholly-owned subsidiaries NII Mercosur Telecom, S.L., NII Mercosur Moviles, S.L. and NII International Telecom S.C.A. completed the sale of all of the outstanding equity interests of our wholly-owned subsidiary, Nextel Chile S.A., or Nextel Chile, to Fucata, S.A., a venture comprised of Grupo Veintitres and Optimum Advisors, for a de minimus amount.

Sale of Nextel Peru. In August 2013, 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. In connection with this sale, $50.0 million was placed in escrow. Through December 31, 2015, we paid $15.6 million in response to certain claims. In December 2016, we paid $17.3 million out of the escrow account to settle all outstanding claims with Entel, and the remaining $17.1 million in escrow was released to us. As a result, Entel released us from all current and future indemnification obligations, and we have no further obligations in connection with this transaction.

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

	Successor Company		Predecessor Company	
	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,	Year Ended December 31,
	2016	2015	2015	2014
Operating revenues	$ —	$ 75,450	$ 599,038	$ 1,878,362
Operating expenses	—	(60,863)	(675,245)	(2,423,218)
Other income (expense), net	—	1,159	(49,974)	(148,641)
Income (loss) before income tax provision	—	15,746	(126,181)	(693,497)
Income tax provision	—	(4,770)	(8,065)	(69,115)
	—	10,976	(134,246)	(762,612)
(Loss) income on disposal of Nextel Argentina, Nextel Mexico, Nextel Chile and Nextel Peru	(19,994)	632	355,360	29,585
(Loss) income from discontinued operations, net of income taxes	$ (19,994)	$ 11,608	$ 221,114	$ (733,027)

7. Debt

In connection with the implementation of fresh start accounting in connection with our emergence from Chapter 11, we remeasured the components of our debt to their fair values as of June 30, 2015. As a result, the carrying values of our bank loans do not represent the outstanding principal balances. See Note 3 for more information. The components of our debt are as follows:

	Successor Company	
	December 31,	
	2016	2015
	(in thousands)	
Brazil equipment financing	$ 291,597	$ 339,850
Brazil bank loans	242,076	240,396
Brazil spectrum financing	125,684	—
Brazil capital lease and tower financing obligations	96,722	84,295
Other	237	526
Total debt	756,316	665,067
Less: current portion	(540,474)	(582,420)
	$ 215,842	$ 82,647

Brazil Equipment Financing Facility. In April 2012, Nextel Brazil entered into a U.S. dollar-denominated loan agreement with the China Development Bank, under which Nextel Brazil was able to borrow up to $500.0 million to finance infrastructure equipment and certain other costs related to the deployment of its WCDMA network. A portion of this financing has a floating interest rate based on LIBOR plus 2.90% (4.22% and 3.75% as of December 31, 2016 and 2015, respectively), and the remainder has a floating interest rate based on LIBOR plus 1.80% (3.12% and 2.65% as of December 31, 2016 and 2015, respectively). This financing is guaranteed by NII Holdings. In addition, the terms of this financing may limit Nextel Brazil's ability to pay dividends and other upstream payments. Loans under this agreement have a three-year borrowing period, a seven-year repayment term that began in August 2015 and a final maturity of June 2022. Assets purchased using the amounts borrowed under Nextel Brazil's equipment financing facility are pledged as collateral.

In December 2014, Nextel Brazil and the lender under the equipment financing facility agreed to amend this facility to remove all financial covenants beginning with the December 31, 2014 measurement date through the June 30, 2017 measurement date so that the first measurement date under the amended facility will be December 31, 2017. In exchange for that covenant relief, Nextel Brazil granted the lender preferential rights to the amounts held in certain bank accounts. Based on our current outlook,

which reflects significant uncertainty about the economic and competitive conditions in Brazil that are currently impacting our ability to increase our revenues and generate profitability, we believe it is unlikely that we will satisfy the applicable financial covenants included in Nextel Brazil's equipment financing facility as of the next measurement date at December 31, 2017.

In connection with our acceptance of the government-provided spectrum financing discussed below, we are in the process of securing waivers from the lender of Nextel Brazil's equipment financing facility to permit Nextel Brazil to incur and maintain this spectrum financing. In addition, we have requested waivers of an event of default that resulted from a failure to timely notify this lender of a permitted merger that occurred between two guarantors in Brazil. As a result of either of these events of default, the lender of Nextel Brazil's equipment financing facility could provide notice to declare the amounts outstanding under this facility due and payable. Because of these events of default, we have continued to classify the amount outstanding under this facility as a current liability in our consolidated balance sheet as of December 31, 2016. As of December 31, 2016, we had $293.6 million in principal amount outstanding under Nextel Brazil's equipment financing facility. We do not have the ability to borrow additional amounts under this facility.

Brazil Bank Loans. In December 2011, Nextel Brazil borrowed the equivalent of $341.2 million from a Brazilian bank and utilized the proceeds of this borrowing to repay a portion of the unpaid purchase price relating to the spectrum it acquired in June 2011. Because this loan is 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. In October 2012, Nextel Brazil entered into an additional Brazilian real-denominated bank loan agreement, under which Nextel Brazil borrowed the equivalent of approximately $196.9 million.

In February 2015, Nextel Brazil and the lenders providing the local bank loans entered into standstill agreements under which the lenders agreed that they would not seek remedies under the provisions of the agreements related to Nextel Brazil's failure to satisfy the financial covenants in the loan agreements in the period before September 15, 2015 and that further principal repayment obligations due between the signing date and September 15, 2015 would be suspended. In addition, the standstill agreements formally committed the lenders to sign further amendments to the terms of the local bank loans. Among other things, the amendments revised the financial covenants and principal repayment schedule for the loans, granted the lenders a security interest over amounts held in certain collection accounts maintained with each lender and increased the interest margin on the loans from approximately 115% of the local Brazilian borrowing rate to approximately 140% of this local rate. Certain of these amendments were implemented in connection with the standstill agreements and the remainder became effective in connection with our emergence from Chapter 11 proceedings. Subsequent to the amendments, both of these loan agreements have floating interest rates equal to 139.54% of the local Brazilian borrowing rate (19.05% and 19.74% as of December 31, 2016 and 2015, respectively), have monthly repayment terms that began in June 2016 and a final maturity of October 2019.

The amendments provided for a "covenant holiday" through December 31, 2015, during which time we were not required to comply with the financial covenants outlined in Nextel Brazil's local bank loan agreements. In August 2016, Nextel Brazil secured waivers from the lenders of its local bank loans related to this financial covenant for the June 30, 2016 measurement date. In February 2017, Nextel Brazil secured additional waivers from the lenders of these loans related to this financial covenant as of December 31, 2016. The waivers also provide for a "covenant holiday" inclusive of the June 30, 2017 testing period, during which time no compliance will be required with respect to the net debt financial covenant. Starting on December 31, 2017, and on each six-month anniversary thereafter, Nextel Brazil must maintain a net debt to earnings before interest, taxes, depreciation and amortization, or EBITDA, ratio over the trailing 12 months of no greater than 2.5. In February 2017, Nextel Brazil and the lenders of our local bank loans entered into amendments to these loan agreements. The amendments provide, among other things, a 120-day standstill period, effective March 2, 2017, during which time no amortization payments will be required with respect to the related loans while Nextel Brazil seeks to negotiate long-term modifications of the financing arrangements, including potential further extensions of the existing amortization relief. To the extent Nextel Brazil is unable to agree on long-term amendments by July 2017, we will be required to make catch-up principal payments totaling 84.4 million Brazilian reais, or approximately $25.2 million based on current foreign currency exchange rates, followed by the resumption of the amortization schedule contained in the amended agreements.

Based on our current outlook, we believe it is unlikely that we will satisfy one of the applicable financial covenants included in both of Nextel Brazil's local bank loan agreements as of the next measurement date at December 31, 2017. If we are unable to negotiate amendments to the existing loan agreements or secure waivers from the lenders, we could be in default. If a default occurs, the lenders could require us to repay the amounts outstanding under these arrangements. As a result of this uncertainty, we have continued to classify the amounts outstanding under Nextel Brazil's local bank loans as current liabilities in our consolidated balance sheet as of December 31, 2016. As of December 31, 2016, we had $237.4 million principal amount outstanding under Nextel Brazil's local bank loans.

Brazil Spectrum Financing. In December 2015, Nextel Brazil participated in a spectrum auction and was the successful bidder for 30 MHz of spectrum in the 1.8 GHz band for 455 million Brazilian reais, or approximately $116.7 million based on foreign currency exchange rates at the time. The spectrum license has an initial term of 15 years with an optional 15-year renewal period. In July 2016, Nextel Brazil paid 45.5 million Brazilian reais, or approximately $14.0 million based on foreign currency exchange rates at the time, in connection with the signing of this license agreement. The remaining 409.5 million Brazilian reais, or approximately $122.2 million based on current foreign currency exchange rates, plus accrued interest of 1% per month and annual inflationary adjustments, is due in six annual installments, beginning in July 2019. Nextel Brazil elected to accept the government-provided spectrum financing for the remaining amount due under this spectrum financing.

Capital Leases and Tower Financing Obligations.

2013 Tower Transactions. In December 2013, Nextel Brazil sold 1,940 communication towers for proceeds based on foreign currency exchange rates at the time of $348.0 million, subject to purchase price adjustments and guaranteed by NIIT, which is a wholly-owned subsidiary of NII Holdings. Nextel Brazil also sold 103 towers for proceeds of $18.6 million in June 2014, subject to purchase price adjustments and guaranteed by NIIT. In October 2014, upon the finalization of the purchase price adjustments, Nextel Brazil completed the sale of all of these towers and began accounting for this transaction as a sale-leaseback. As a result, Nextel Brazil recognized an immaterial loss on the sale of the towers as a component of operating income in the fourth quarter of 2014.

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.

Tower Financing Obligations. From 2002 to 2008, we sold and subsequently leased back space on certain transmitter and receiver sites in Brazil. 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, 2016 and 2014, we recognized $7.7 million and $19.8 million, respectively, in other operating revenues related to these co-location lease arrangements. During the six months ended December 31, 2015 and the six months ended June 30, 2015, we recognized $3.6 million and $7.8 million in other operating revenues, respectively, related to these arrangements.

Debt Maturities.

Because it is unlikely that we will be able to satisfy one of the applicable financial covenants in Nextel Brazil's local bank loans as of the next measurement date at December 31, 2017, and as a result of certain events of default related to Nextel Brazil's equipment financing facility, we classified the principal amounts outstanding under these facilities as due in 2017 for purposes of the table below. For the years subsequent to December 31, 2016, scheduled annual maturities of all debt outstanding are as follows (in thousands):

Year	Principal Repayments
2017	$ 535,972
2018	4,129
2019	21,961
2020	22,836
2021	23,833
Thereafter	144,843
Total	$ 753,574

8. Fair Value Measurements

Nextel Argentina.

On September 11, 2015, two of our indirect subsidiaries entered into a binding agreement with Grupo Clarin relating to the sale of all of the outstanding equity interests of Nextel Argentina. In connection with the initial agreement, we issued a non-recourse promissory note in the amount of $85.0 million and pledged the remaining 51% of the equity interests in Nextel Argentina to Grupo Clarin. We recorded our retained 51% interest in Nextel Argentina as an equity method investment under the fair value option, which is included as a component of other assets in our consolidated balance sheet. As of December 31, 2015, we estimated the fair value of this investment to be $108.1 million. In addition, as of December 31, 2015, we recorded the non-recourse promissory note as a component of other long-term liabilities in our consolidated balance sheet at its estimated fair value of $108.1 million. This fair value estimate was based on the $178.0 million purchase price paid by Grupo Clarin, as adjusted for changes in excess cash from September 11, 2015 through December 31, 2015. On January 27, 2016, the agreement was amended to permit Grupo Clarin or any of its affiliates to exercise the right to acquire the remaining 51% equity interest prior to receiving regulatory approval, and Grupo Clarin and its affiliate immediately acquired the remaining 51% of Nextel Argentina for no additional proceeds. In connection with the completion of this transaction, the promissory note was canceled on January 27, 2016.

Available-for-Sale Securities.

As of December 31, 2016 and 2015, available-for-sale securities held by Nextel Brazil included $73.8 million and $56.2 million, respectively, in investment funds. As of December 31, 2015, available-for-sale securities held by Brazil also included $9.3 million in 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 year ended December 31, 2016, the six months ended December 31, 2015 and the six months ended June 30, 2015, as well as during the year ended December 31, 2014, we did not have any material unrealized gains or losses associated with these investments.

We account for our available-for-sale securities at fair value. The fair value of our Brazilian certificates of deposit is based on their current redemption amount and we classify these certificates of deposit within Level 2 of the fair value hierarchy. The fair value of Nextel Brazil's investment funds is measured based on the funds' net asset value as a practical expedient, which is excluded from the fair value hierarchy.

Held-to-Maturity Investments.

We periodically invest some of our cash holdings in certain securities that we intend to hold to maturity. As of December 31, 2015, held-to-maturity investments included $18.1 million in short-term investments at NIIT in U.S. treasury notes. We account for held-to-maturity securities at amortized cost, which approximates the fair value observed in the market. These securities matured in February 2016. As of December 31, 2015, the fair value of our held-to-maturity investments was $18.0 million.

Debt Instruments.

The carrying amounts and estimated fair values of our debt instruments are as follows:

	December 31,			
	2016		2015	
	Carrying Amount	Estimated Fair Value	Carrying Amount	Estimated Fair Value
	(in thousands)			
Brazil equipment financing	$ 291,597	$ 280,893	$ 339,850	$ 340,189
Bank loans and other	242,313	221,458	240,922	229,366
Brazil spectrum financing	125,684	117,059	—	—
	$ 659,594	$ 619,410	$ 580,772	$ 569,555

Bank loans and other consists primarily of loans with certain banks in Brazil. We estimated the fair value of these bank loans, as well as the fair value of our equipment financing facility and spectrum financing in Brazil, utilizing inputs such as U.S. Treasury security yield curves, prices of comparable bonds, LIBOR, U.S. Treasury bond rates and credit spreads on comparable publicly traded bonds. We consider Nextel Brazil's equipment financing facility, spectrum financing and its bank loans and other to be Level 3 in the fair value hierarchy.

Derivative Instruments.

We occasionally enter into derivative transactions for risk management purposes. We have not and will not enter into any derivative transactions for speculative or profit generating purposes. We record all derivative instruments as either assets or liabilities on our consolidated balance sheet at their fair value. As of December 31, 2016 and 2015, Nextel Brazil had an immaterial amount of derivative instruments that we classified as short-term investments in our consolidated balance sheets. We consider this measurement to be Level 3 in the fair value hierarchy. Nextel Brazil entered into foreign currency option agreements to manage the foreign currency exposures associated with the forecasted purchase of handsets and other U.S. dollar-denominated payments. We do not apply hedge accounting to these derivative instruments. As a result, we have included all changes in the fair value of these instruments as a component of other expense, net in our consolidated statement of comprehensive (loss) income. For the year ended December 31, 2016, Nextel Brazil recognized $3.3 million in net realized losses, resulting from the changes in estimated fair value of these derivative instruments. Unrealized losses recognized during 2016 were not material. For the six months ended December 31, 2015 and June 30, 2015, Nextel Brazil recognized $5.2 million and $6.3 million in net realized gains, respectively, resulting from the changes in the estimated fair value of these derivative instruments. The gains and losses we recognized in the year ended December 31, 2014 were not material. In addition, for the six months ended December 31, 2015 and June 30, 2015, Nextel Brazil recorded an immaterial amount of unrealized losses resulting from the changes in the estimated fair value of these derivative instruments.

Other Financial Instruments.

The carrying values of cash and cash equivalents, accounts receivable and accounts payable contained in our consolidated balance sheets approximate their fair values due to the short-term nature of these instruments.

9. Commitments and Contingencies

Capital and Operating Lease Commitments.

We have co-location capital lease obligations on some of our transmitter and receiver sites in Brazil. See Note 7 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 less than one to fifteen years and are generally renewable for additional terms. The remaining terms of our office leases range from less than one to ten years. For the year ended December 31, 2016, total rent expense under operating leases was $164.6 million. In addition, during the six months ended December 31, 2015, the six months ended June 30, 2015 and the year ended December 31, 2014, total rent expense under operating leases was $76.4 million, $93.4 million and $229.7 million, respectively.

For years subsequent to December 31, 2016, future minimum payments for all capital and operating lease obligations that have initial or remaining noncancelable lease terms exceeding one year, net of rental income, are as follows (in thousands):

	Capital Leases	Operating Leases	Total
2017	$ 55,708	$ 126,011	$ 181,719
2018	47,269	112,167	159,436
2019	41,397	103,531	144,928
2020	41,613	94,241	135,854
2021	41,519	85,644	127,163
Thereafter	631,216	203,718	834,934
Total minimum lease payments	858,722	725,312	1,584,034
Less: imputed interest	(762,000)	—	(762,000)
Total	$ 96,722	$ 725,312	$ 822,034

Brazil RAN Sharing Commitment.

In May 2016, Nextel Brazil entered into an amendment to a nationwide roaming voice and data services agreement with Telefonica Brazil, S.A., or Telefonica, to reduce the usage rates for roaming traffic. Concurrently, Nextel Brazil entered into a 10-year RAN sharing agreement with Telefonica, under which Telefonica will permit Nextel Brazil to use some of its tower and equipment infrastructure to transmit telecommunications signals on Nextel Brazil's spectrum. Nextel Brazil expects to use this agreement to fulfill the regulatory coverage obligations under its spectrum licenses rather than utilizing its own network. These agreements require Nextel Brazil to meet certain minimum annual commitments over a five-year period totaling 800 million Brazilian reais, or approximately $246.2 million based on foreign currency exchange rates at the time, which replaced the remaining commitments under the original roaming agreement. Nextel Brazil was required to prepay 250 million Brazilian reais, or approximately $76.9 million based on foreign currency exchange rates at the time, shortly after the agreements became effective with receipt of regulatory approvals, which occurred in August 2016.

We are allocating the aggregate 800 million Brazilian reais in minimum payments on a relative fair value basis to the services being received. We are recognizing approximately 318 million Brazilian reais on a ratable basis over a period of five years for the amended roaming agreement, which began in August 2016, and approximately 482 million Brazilian reais over a period of approximately eight years for the RAN sharing agreement, which began in October 2016.

In the fourth quarter of 2016, Nextel Brazil negotiated the early termination of leases for approximately 600 transmitter and receiver sites in connection with this RAN sharing agreement and recognized restructuring costs related to these terminations. See Note 4 for more information. We expect to incur restructuring costs of approximately $30.0 million in 2017 in connection with the termination of an additional 1,400 transmitter and receiver sites in low-usage areas.

Equipment, Handsets and Other Commitments.

We are a party to purchase agreements with various suppliers, under which we have committed to purchase equipment, network services and handsets that will be used or sold in the ordinary course of business. As of December 31, 2016, we are committed to purchase $439.1 million in total under these arrangements, which includes amounts related to the RAN sharing agreement discussed above, $276.2 million of which we are committed to pay in 2017, $87.9 million of which we are committed to pay in 2018 and 2019, and the remaining $75.0 million of which we are committed to pay in 2020 and 2021. 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. Amounts actually paid under some of these agreements will likely be higher due to variable components of these agreements. The more significant variable components that determine the ultimate obligation owed include such items as hours contracted, subscribers and other factors. In addition, we are a party to various arrangements that are conditional in nature and obligate us to make payments only upon the occurrence of certain events, such as the delivery of functioning software or a product.

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, 2016 and 2015.

As of December 31, 2016 and 2015, Nextel Brazil had accrued liabilities of $76.8 million and $57.7 million, respectively, related to contingencies, of which $1.4 million and $5.4 million related to unasserted claims, respectively. We currently estimate the reasonably possible losses related to matters for which Nextel Brazil has not accrued liabilities, as they are not deemed probable, to be approximately $520.0 million as of December 31, 2016. 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.

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.

10. Capital Stock

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, 2016, we had not issued any shares of undesignated preferred stock.

Common Stock Reserved for Issuance. In connection with our emergence from Chapter 11, our Board of Directors adopted an incentive compensation plan, which contemplates grants of up to 5,263,158 shares of our common stock to directors and employees of the reorganized company, including potential grants of restricted stock, restricted stock units and options to purchase shares of our common stock. Under the 2015 Incentive Compensation Plan, we had 809,613 shares of our common stock reserved for future issuance as of December 31, 2016.

11. Income Taxes

The components of (loss) income from continuing operations before income taxes and the related income tax benefit (provision) are as follows (in thousands):

	Successor Company		Predecessor Company	
	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,	Year Ended December 31,
	2016	2015	2015	2014
U.S.	$ (53,843)	$ (1,820)	$ 1,745,628	$ (340,545)
Non-U.S.	(1,482,928)	(295,686)	(224,218)	(879,150)
Total	$ (1,536,771)	$ (297,506)	$ 1,521,410	$ (1,219,695)

	Successor Company		Predecessor Company	
	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,	Year Ended December 31,
	2016	2015	2015	2014
Current:				
Federal	$ —	$ —	$ —	$ —
Foreign	(291)	2,502	(1,104)	(2,924)
Total current income tax (provision) benefit	(291)	2,502	(1,104)	(2,924)
Deferred:				
Federal	2,864	(403)	(814)	(1,846)
State, net of Federal tax benefit (provision)	319	(45)	(91)	(206)
Foreign	—	2,961	—	—
Total deferred income tax benefit (provision)	3,183	2,513	(905)	(2,052)
Total income tax benefit (provision)	$ 2,892	$ 5,015	$ (2,009)	$ (4,976)

A reconciliation of the U.S. statutory Federal income tax rate to our effective tax rate as a percentage of (loss) income from continuing operations before income tax benefit (provision) is as follows:

	Successor Company		Predecessor Company	
	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,	Year Ended December 31,
	2016	2015	2015	2014
Statutory Federal tax rate	35%	35%	35%	35%
Reorganization items	—	—	(46)	—
Effect of foreign operations	(2)	(12)	—	(2)
Change in deferred tax asset valuation allowance	(32)	(20)	9	(35)
Other, net	(1)	(1)	2	2
Effective tax rate	—	2%	—	—

The components of our deferred tax assets and liabilities consist of the following:

	Successor Company	
	December 31,	
	2016	2015
	(in thousands)	
Deferred tax assets:		
Net operating losses and capital loss carryforwards	$ 6,363,915	$ 5,094,306
Allowance for doubtful accounts	17,867	13,644
Accrued expenses	54,263	54,823
Accrual for contingent liabilities	24,669	18,413
Intangible assets	130,983	—
Property, plant and equipment	253,882	147,774
Leasing related activity	25,822	3,543
Equity compensation	1,182	701
Long term debt	53,159	68,159
Inventory reserve	1,729	1,982
Other	17,573	34,033
	6,945,044	5,437,378
Valuation allowance	(6,945,044)	(5,290,813)
Total deferred tax asset	—	146,565
Deferred tax liabilities:		
Intangible assets	—	149,749
Total deferred tax liability	—	149,749
Net deferred tax liability	$ —	$ (3,184)

As of December 31, 2016, we had $1.4 billion of net operating loss carryforwards for U.S. Federal and state income tax purposes, which expire in various amounts beginning in 2027 through 2036. Due to our emergence from bankruptcy on June 26, 2015, the timing and manner in which we will utilize the net operating loss carryforwards in any year will be limited relating to changes in our ownership. The annual limitation is $40.2 million, and some of our net operating loss carryforwards will expire before use in the future due to this limitation. As a result of this limitation, our net operating loss carryforwards for U.S. Federal and state income tax purposes are $888.1 million.

As of December 31, 2016, our Brazilian subsidiaries had $1.6 billion of net operating loss carryforwards that can 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, 2016, our holding companies in Luxembourg each had net operating losses ranging from $1.2 billion to $8.5 billion that can be carried forward indefinitely. Our holding companies in Spain had $847.9 million of net operating loss carryforwards that can be carried forward 18 years, and our holding company in the Netherlands had an immaterial amount of net operating loss carryforwards that can be carried forward nine years. 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.

The deferred tax asset valuation allowances that our subsidiaries and holding companies had as of December 31, 2016 and 2015 are as follows:

	Successor Company	
	2016	2015
	(in millions)	
Brazil	$ 1,089.9	$ 500.8
U.S.	367.2	359.8
Luxembourg	5,275.9	4,216.0
Spain	212.0	214.2
Total	$ 6,945.0	$ 5,290.8

The realization of deferred tax assets is dependent on the generation of future taxable income sufficient to realize our tax loss carryforwards and other tax deductions. Valuation allowances are required to be recognized on deferred tax assets unless it is determined that it is “more-likely-than-not” that the asset will be realized. As of December 31, 2016, we continued to record full valuation allowances on the deferred tax assets of our foreign operating companies, our U.S. parent company and subsidiaries and our foreign holding companies due to substantial negative evidence, including the recent history of cumulative losses and the projected losses for 2017 and subsequent years.

We are subject to income taxes in both the U.S. and the non-U.S. jurisdictions in which we operate and to potential examination by the relevant tax authorities. The earliest years that remain subject to examination by jurisdiction are: U.S. - 2007; Brazil - 2011, and Luxembourg, Netherlands and Spain - 2009. We regularly assess the potential outcome of future examinations in each of the taxing jurisdictions when determining the adequacy of our 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 accruals in accordance with this authoritative guidance where necessary. Once a financial statement benefit for a tax position is recorded or a tax accrual 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 amounts of the recorded financial statement benefits and tax accruals 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.

As of December 31, 2016, our unrecognized tax benefits are not material, and there are no unrecognized tax benefits that could potentially affect our future effective tax rate.

12. Employee Stock and Benefit Plans

In connection with our emergence from Chapter 11, NII Holdings canceled all shares of its common stock, preferred stock and other equity interests that existed prior to June 26, 2015. Our Board of Directors subsequently adopted an incentive compensation plan, which we refer to as the 2015 Incentive Compensation Plan. The 2015 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 officers. The 2015 Incentive Compensation Plan contemplates grants of up to 5,263,158 shares of our common stock to directors and employees of the reorganized company, including potential grants of restricted stock, restricted stock units and options to purchase shares of our common stock. All grants or awards made under the 2015 Incentive Compensation Plan are governed by written agreements between us and the participants and have a maximum term of ten years.

On the date of our emergence from Chapter 11, we made grants of 564,311 shares of restricted stock, 41,721 restricted stock units and 1,580,208 options to purchase shares of common stock. Subsequent to this date, we made grants of an additional 468,069 shares of restricted stock and 2,821,457 options to purchase shares of common stock. Stock options, restricted stock awards and restricted stock units are also granted to certain new employees on the later of the date of hire or the date that the grant is approved. In addition, under the provisions outlined in the 2015 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 40,000 shares in the aggregate for the plan year) and restricted stock/restricted stock unit awards (not to exceed 20,000 shares in aggregate for the plan year) to employees who are not executive officers.

Stock Option Awards

For the year ended December 31, 2016, the six months ended December 31, 2015, the six months ended June 30, 2015 and the year ended December 31, 2014, we recognized $2.8 million, $1.0 million, $1.5 million and $4.0 million, respectively, in share-based compensation expense related to stock options. The amounts recognized in our consolidated statement of comprehensive (loss) income for tax benefits related to share-based payment arrangements in 2016, 2015 and 2014 were not material. We include substantially all share-based compensation expense as a component of selling, general and administrative expenses. As of December 31, 2016, there was $4.1 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 1.72 years. The amount of cash paid for exercises under all share-based payment arrangements was immaterial for the year ended December 31, 2016, the six months ended December 31, 2015, the six months ended June 30, 2015 and the year ended December 31, 2014.

As a result of the Company's emergence from Chapter 11 proceedings, all prior stock option awards granted under the 2012 Incentive Compensation Plan were canceled. Our stock options generally vest thirty-three percent per year over a three-year period. The following table summarizes stock option activity under the 2015 Incentive Compensation Plan:

	Number of Options	Weighted Average Exercise Price per Option	Weighted Average Remaining Life	Aggregate Intrinsic Value
Outstanding, December 31, 2015	3,627,489	$ 11.53		
Granted	553,280	$ 3.83		
Exercised	—	—		
Forfeited	(904,664)	$ 11.86		
Outstanding, December 31, 2016	3,276,105	$ 10.14	7.74	—
Exercisable, December 31, 2016	997,926	$ 10.80	6.94	—

There were no options exercised during the year ended December 31, 2016. As of December 31, 2016, our vested stock options had an intrinsic value of zero. 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. If a participant's employment is terminated without cause prior to the date options are available to be exercised, the participant shall receive stock options on a pro-rata basis based on the fraction of the performance period that has elapsed from the beginning of the performance period until the participant's termination. If the participant does not exercise the pro-rata shares within 90 days of the employee's termination, the options are considered forfeited and are available for reissuance under the terms of the 2015 Incentive Compensation Plan.

The weighted average fair value of the stock option awards on their grant dates using the Black-Scholes-Merton option-pricing model was $1.48 for each option granted during the year ended December 31, 2016 and $2.98 for the period from June 26, 2015 to December 31, 2015, based on the following assumptions:

	Successor Company	
	Year Ended December 31, 2016	Period from June 26, 2015 to December 31, 2015
Risk free interest rate	1.53% - 1.90%	1.71% - 2.05%
Expected stock price volatility	40.71% - 40.87%	31.73% - 41.92%
Expected term in years	5.16	5.16 - 6.00
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 a Monte Carlo model of stock prices and option disposition intensity. The intensity is based on models of stock price path, time dependent suboptimal voluntary exercise and post-vest termination. The risk free interest rate for the grant date of options granted is consistent with the zero-coupon U.S. Treasury rate curve. Expected volatility takes into consideration a blended historical and implied volatility of comparable companies' option contracts.

Restricted Stock and Restricted Stock Unit Awards

For the year ended December 31, 2016, the six months ended December 31, 2015, the six months ended June 30, 2015 and the year ended December 31, 2014, we recognized $3.4 million, $1.9 million, $2.3 million and $10.4 million, respectively, in share-based compensation expense related to restricted stock and restricted stock units. The amounts recognized in our consolidated statement of comprehensive (loss) income for tax benefits related to share-based payment arrangements for the year ended December 31, 2016, the six months ended December 31, 2015, the six months ended June 30, 2015 and the year ended December 31, 2014 were not material. We include substantially all share-based compensation expense as a component of selling, general and administrative expenses.

As a result of the Company's emergence from Chapter 11 proceedings, all prior restricted stock awards and restricted stock units granted under the 2012 Incentive Compensation Plan were canceled. As of December 31, 2016, restricted stock represented both non-vested restricted stock awards and restricted stock units. Our restricted stock awards generally vest thirty-three percent per year over a three-year period. The following table summarizes restricted stock activity under the 2015 Incentive Compensation Plan, for the year ended December 31, 2016:

	Number of Shares	Weighted Average Grant Date Fair Value Per Share
Restricted stock awards as of December 31, 2015	997,444	$11.71
Granted	—	—
Vested	(347,618)	$11.73
Forfeited	(127,384)	$12.88
Restricted stock awards as of December 31, 2016	522,442	$10.65

If a participant's employment is terminated without cause prior to the vesting dates, the participant shall receive restricted stock on a pro-rata basis based on the fraction of the performance period that has elapsed from the beginning of the performance period until the participant's termination. Any unvested shares are forfeited and available for reissuance under the terms of the 2015 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, 2016, there was $3.1 million in unrecognized compensation cost related to restricted stock. We expect this cost to be recognized over a weighted average period of 1.49 years. For the year ended December 31, 2016, the value of our vested restricted stock awards was immaterial.

13. Segment Information

We have determined our reportable segment based on our method of internal reporting, which disaggregates our business by geographic location. We evaluate performance and provide resources to it based on operating income before depreciation, amortization and impairment, restructuring and other charges, which we refer to as segment earnings. Nextel Brazil is our only reportable segment.

	Brazil	Corporate and Eliminations	Consolidated
		(in thousands)	
Year Ended December 31, 2016 - Successor Company			
Operating revenues	$ 984,878	$ 168	$ 985,046
Segment earnings (losses)	$ 67,186	$ (36,821)	$ 30,365
Less:			
Impairment, restructuring and other charges			(1,384,811)
Depreciation and amortization			(172,383)
Foreign currency transaction gains, net			76,615
Interest expense and other, net			(85,754)
Loss from continuing operations before reorganization items and income tax provision			$ (1,535,968)
Capital expenditures	$ 51,307	$ —	$ 51,307
Six Months Ended December 31, 2015 - Successor Company			
Operating revenues	$ 529,332	$ 102	$ 529,434
Segment losses	$ (15,925)	$ (26,100)	$ (42,025)
Less:			
Impairment, restructuring and other charges			(32,308)
Depreciation and amortization			(85,364)
Foreign currency transaction losses, net			(99,737)
Interest expense and other, net			(39,539)
Loss from continuing operations before reorganization items and income tax provision			$ (298,973)
Capital expenditures	$ 72,112	$ 500	$ 72,612
Six Months Ended June 30, 2015 - Predecessor Company			
Operating revenues	$ 683,611	$ 100	$ 683,711
Segment losses	$ (75,234)	$ (37,982)	$ (113,216)
Less:			
Impairment, restructuring and other charges			(36,792)
Depreciation and amortization			(153,878)
Foreign currency transaction losses, net			(63,948)
Interest expense and other, net			(67,630)
Loss from continuing operations before reorganization items and income tax provision			$ (435,464)
Capital expenditures	$ 68,385	$ 818	$ 69,203
Year Ended December 31, 2014 - Predecessor Company			
Operating revenues	$ 1,848,918	$ 36	$ 1,848,954
Segment losses	$ (133,691)	$ (123,141)	$ (256,832)
Less:			
Impairment, restructuring and other charges			(105,664)
Depreciation and amortization			(394,061)
Foreign currency transaction losses, net			(51,149)
Interest expense and other, net			(340,388)
Loss from continuing operations before reorganization items and income tax provision			$ (1,148,094)
Capital expenditures	$ 218,855	$ 14,507	$ 233,362
December 31, 2016 - Successor Company			
Identifiable assets	$ 1,000,098	$ 418,411	$ 1,418,509
December 31, 2015 - Successor Company			
Identifiable assets	$ 1,989,753	$ 740,155	$ 2,729,908

14. Quarterly Financial Data (Unaudited)

	Successor Company			
	First	Second	Third	Fourth
	(in thousands, except per share amounts)			
2016				
Operating revenues	$ 226,557	$ 249,213	$ 260,836	$ 248,440
Operating loss	(54,064)	(28,751)	(1,386,696)	(57,318)
Net loss from continuing operations	(32,807)	(4,796)	(1,411,554)	(84,722)
Net loss from discontinued operations	(3,781)	(5,075)	(7,389)	(3,749)
Net loss from continuing operations, per common share, basic	$ (0.33)	$ (0.05)	$ (14.10)	$ (0.84)
Net loss from discontinued operations, per common share, basic	$ (0.04)	$ (0.05)	$ (0.07)	$ (0.04)
Net loss from continuing operations, per common share, diluted	$ (0.33)	$ (0.05)	$ (14.10)	$ (0.84)
Net loss from discontinued operations, per common share, diluted	$ (0.04)	$ (0.05)	$ (0.07)	$ (0.04)

	Predecessor Company		Successor Company	
	First	Second	Third	Fourth
	(in thousands, except per share amounts)			
2015				
Operating revenues	$ 363,409	$ 320,302	$ 284,652	$ 244,782
Operating loss	(105,811)	(198,075)	(77,652)	(82,045)
Net (loss) income from continuing operations	(218,407)	1,737,808	(201,949)	(90,542)
Net (loss) income from discontinued operations	(91,111)	312,225	12,528	(920)
Net (loss) income from continuing operations, per common share, basic	$ (1.27)	$ 10.04	$ (2.02)	$ (0.90)
Net (loss) income from discontinued operations, per common share, basic	$ (0.53)	$ 1.80	$ 0.12	$ (0.01)
Net (loss) income from continuing operations, per common share, diluted	$ (1.27)	$ 10.03	$ (2.02)	$ (0.90)
Net (loss) income from discontinued operations, per common share, diluted	$ (0.53)	$ 1.80	$ 0.12	$ (0.01)

During 2016, we recorded a non-cash asset impairment charge of $1.34 billion to reduce the carrying values of Nextel Brazil's long-lived assets to their respective fair values. See Note 4 for more information on this impairment charge.

In connection with the preparation of our condensed consolidated financial statements for the three months ended March 31, 2016, we determined that an error existed in our previously issued financial statements. Specifically, selling, general and administrative expenses for the fourth quarter of 2015 were understated by $6.9 million as the result of a failure to properly accrue expenses for services Nextel Brazil received under a management consulting services arrangement. As a result of the correction of this error, for the fourth quarter of 2015, operating loss and net loss from continuing operations increased by $6.9 million. In addition, for the fourth quarter of 2015, the correction of this error resulted in a $0.07 increase in both net loss from continuing operations per basic and diluted common share.

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 September 2015, two of our indirect subsidiaries entered into a binding agreement with Grupo Clarin relating to the sale of all of the outstanding equity interests of Nextel Argentina. In April 2015, we completed the sale of our Mexican operations to

New Cingular Wireless, Inc., an indirect subsidiary of AT&T, Inc. As a result of the sale of Nextel Argentina and Nextel Mexico, the quarterly amounts included above differ from the amounts originally included in our quarterly reports on Form 10-Q for each of the quarterly periods in 2015.

NII HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

NII HOLDINGS, INC.
CONDENSED BALANCE SHEETS (PARENT COMPANY ONLY)
(in thousands)

	Successor Company	
	December 31, 2016	December 31, 2015
ASSETS		
Current assets		
Cash and cash equivalents	$ 54,101	$ 56,011
Short-term intercompany receivables	1,242	1,202
Prepaid expenses and other	—	61
Total current assets	55,343	57,274
Intangible assets, net	—	37,956
Long-term intercompany receivables	3,146	281
Investment in subsidiaries	112,503	4,752,755
Total assets	$ 170,992	$ 4,848,266
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities		
Short-term intercompany payables	$ 4,570	$ 4,570
Total current liabilities	4,570	4,570
Long-term intercompany payables	—	3,296,117
Other long-term liabilities	400	3,584
Total liabilities	4,970	3,304,271
Total stockholders' equity	166,022	1,543,995
Total liabilities and stockholders' equity	$ 170,992	$ 4,848,266

NII HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE I — CONDENSED FINANCIAL INFORMATION OF THE REGISTRANT

NII HOLDINGS, INC.
CONDENSED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME (PARENT COMPANY ONLY)
(in thousands)

	Successor Company		Predecessor Company	
	Year Ended December 31,	Six Months Ended December 31,	Six Months Ended June 30,	Year Ended December 31,
	2016	2015	2015	2014
Operating revenues	$ —	$ —	$ —	$ —
Operating expenses				
Selling, general and administrative	—	—	429	2,145
Impairment, restructuring and other charges	36,839	—	—	—
Depreciation and amortization	1,116	744	—	—
	37,955	744	429	2,145
Operating loss	(37,955)	(744)	(429)	(2,145)
Other (expense) income				
Interest expense, net	—	—	(119)	(570)
Intercompany interest expense	(117,078)	(118,365)	(159,117)	(165,324)
Interest income	—	—	37	691
Intercompany interest income	197	97	125	—
Equity in (loss) income of affiliates	(1,401,998)	(167,324)	1,793,151	(1,805,438)
Other (expense) income, net	(206)	(3)	995	8,212
	(1,519,085)	(285,595)	1,635,072	(1,962,429)
(Loss) income before reorganization items and income tax benefit	(1,557,040)	(286,339)	1,634,643	(1,964,574)
Reorganization items	—	(373)	68,355	(291)
Income tax benefit (provision)	3,183	(448)	(1,002)	7,167
Net (loss) income from continuing operations	(1,553,857)	(287,160)	1,701,996	(1,957,698)
(Loss) income from discontinued operations, net of income taxes	(16)	6,277	38,519	—
Net (loss) income	$ (1,553,873)	$ (280,883)	$ 1,740,515	$ (1,957,698)
Comprehensive (loss) income, net of income taxes				
Foreign currency translation adjustment	$ 169,785	$ (248,781)	$ (205,899)	$ (340,847)
Reclassification adjustment for sale of Nextel Argentina, Nextel Mexico and Nextel Chile	—	(1,672)	421,953	(33,885)
Other	—	4,734	2,956	(544)
Other comprehensive income (loss)	169,785	(245,719)	219,010	(375,276)
Net (loss) income	(1,553,873)	(280,883)	1,740,515	(1,957,698)
Total comprehensive (loss) income	$ (1,384,088)	$ (526,602)	$ 1,959,525	$ (2,332,974)

NII HOLDINGS, INC.
CONDENSED STATEMENTS OF CASH FLOWS (PARENT COMPANY ONLY)
(in thousands)

	Successor Company		Predecessor Company	
	Year Ended December 31, 2016	Six Months Ended December 31, 2015	Six Months Ended June 30, 2015	Year Ended December 31, 2014
Cash flows from operating activities:				
Net (loss) income	$ (1,553,873)	$ (280,883)	$ 1,740,515	$ (1,957,698)
Adjustments to reconcile net (loss) income to net cash provided by (used in) operating activities	1,554,075	280,910	(1,735,521)	1,861,773
Net cash provided by (used in) operating activities	202	27	4,994	(95,925)
Cash flows from investing activities:				
Changes in restricted cash and escrow accounts	—	—	—	25,300
Investments in subsidiaries	(36,356)	(29,690)	(61,405)	(180,712)
Return of investments in subsidiaries	34,260	35,315	23	—
Other, net	(16)	—	—	1,856
Net cash (used in) provided by investing activities	(2,112)	5,625	(61,382)	(153,556)
Cash flows from financing activities:				
Other, net	—	—	—	(86)
Net cash used in financing activities	—	—	—	(86)
Net (decrease) increase in cash and cash equivalents	(1,910)	5,652	(56,388)	(249,567)
Cash and cash equivalents, beginning of period	56,011	50,359	106,747	356,314
Cash and cash equivalents, end of period	$ 54,101	$ 56,011	$ 50,359	$ 106,747

NII HOLDINGS, INC. AND SUBSIDIARIES

SCHEDULE I — 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 Nextel Brazil. See Note 1 to our consolidated financial statements for more information. As specified in Nextel Brazil's 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. These condensed financial statements have been presented on a "parent company only" basis. In accordance with this parent company only presentation, we have presented our parent company's investments in consolidated subsidiaries under the equity method. These condensed parent company only financial statements should be read in conjunction with our consolidated financial statements included elsewhere herein.

2. Dividends From Subsidiaries

For the year ended December 31, 2016, NII Holdings' consolidated subsidiaries declared and paid $33.9 million in cash dividends to the parent company. NII Holdings' consolidated subsidiaries did not declare any dividends to the parent company during the six months ended December 31, 2015, the six months ended June 30, 2015 or during the year ended December 31, 2014.

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, 2016 — Successor Company					
Allowance for doubtful accounts	$ 39,033	$ 77,883	$ (62,695)		$ 54,221
Valuation allowance for deferred tax assets	$ 5,290,813	$ 1,555,006	$ 99,225		$ 6,945,044
Six Months Ended December 31, 2015 — Successor Company					
Allowance for doubtful accounts	$ —	$ 32,279	$ 6,754	**(2)**	$ 39,033
Valuation allowance for deferred tax assets	$ 4,388,792	$ 1,010,438	$ (108,417)		$ 5,290,813
Six Months Ended June 30, 2015 — Predecessor Company					
Allowance for doubtful accounts	$ 30,749	$ 65,396	$ (96,145)	**(3)**	$ —
Valuation allowance for deferred tax assets	$ 4,447,133	$ 22,828	$ (81,169)		$ 4,388,792
Year Ended December 31, 2014 — Predecessor Company					
Allowance for doubtful accounts	$ 35,458	$ 57,418	$ (62,127)		$ 30,749
Valuation allowance for deferred tax assets	$ 4,145,002	$ 340,425	$ (38,294)		$ 4,447,133

(1) Includes the impact of foreign currency translation adjustments.
(2) Includes the impact of cash collections subsequent to the implementation of fresh start accounting.
(3) Includes the impact of a $50.6 million reduction to allowance for doubtful accounts resulting from the application of fresh start accounting.

EXHIBIT INDEX

Exhibit Number	Exhibit Description	Form	Exhibit	Incorporated by Reference Filing Date	Filed Herewith
2.1	First Amended Joint Plan of Reorganization Proposed by the Debtors and Debtors in Possession and the Official Committee of Unsecured Creditors	8-K	2.1	06/22/15	
3.1	Amended and Restated Certificate of Incorporation of NII Holdings.	S-8	3.1	06/26/15	
3.2	Fifth Amended and Restated Bylaws of NII Holdings.	S-8	3.2	06/26/15	
4.1	Registration Rights Agreement, dated June 26, 2015, by and among NII Holdings and the stockholders party thereto.	8-K	10.1	06/30/15	
10.1	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	
10.2	Amendment No. 3 to Fourth Amended and Restated Trademark License Agreement with Nextel Communications, Inc. and NII Holdings, dated June 1, 2015.	10-K	10.2	03/03/16	
10.3	Purchase and Sale Agreement, dated as of January 26, 2015, between New Cingular Wireless Services, Inc., NIHD Telecom Holdings, B.V., NIU Holdings LLC, Comunicaciones de Mexico S.A. de C.V., Nextel International (Uruguay) LLC, NII International Telecom S.C.A., NII International Holdings S.à r.l., NII Global Holdings, Inc., NII Capital Corp. and NII Holdings.	8-K	10.1	01/26/15	
10.4	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).	10-K	99.3	02/28/14	
10.5	Credit Agreement, dated April 20, 2012, among Nextel Telecomunicações Ltda., the Guarantors and China Development Bank Corporation, as Lender, Administrative Agent and Arranger (Sinosure).	10-K	99.4	02/28/14	
10.6	Amendment No. 1 to the Credit Agreement, dated September 25, 2013, among Nextel Telecomunicações Ltda., the Guarantors and China Development Bank Corporation, as Lender, Administrative Agent and Arranger (Non-Sinosure).	10-K/A	99.9	02/28/14	
10.7	Amendment No. 1 to the Credit Agreement, dated September 25, 2013, among Nextel Telecomunicações Ltda., the Guarantors and China Development Bank Corporation, as Lender, Administrative Agent and Arranger (Sinosure).	10-K/A	99.10	02/28/14	
10.8	Amendment No. 2 to the Credit Agreement, dated December 5, 2014, among Nextel Telecomunicações Ltda., the Guarantors and China Development Bank Corporation, as Lender, Administrative Agent and Arranger (Non-Sinosure).	10-K	99.13	03/10/15	
10.9	Amendment No. 2 to the Credit Agreement, dated December 5, 2014, among Nextel Telecomunicações Ltda., the Guarantors and China Development Bank Corporation, as Lender, Administrative Agent and Arranger (Sinosure).	10-K	99.14	03/10/15	
10.10	Parent Guaranty, dated April 20, 2012, between NII Holdings, as Parent Guarantor, and China Development Bank Corporation, as Administrative Agent under the Sinosure Credit Agreement and Non-Sinosure Credit Agreement.	10-K	10.14	03/03/16	
10.11	Amendment to Parent Guaranty, dated December 5, 2014, between NII Holdings, as Parent Guarantor, and China Development Bank Corporation, as Administrative Agent under the Sinosure Credit Agreement and Non-Sinosure Credit Agreement.	8-K	10.10	06/30/15	

10.12	Shareholder Undertaking Agreement, dated April 20, 2012, between NII Holdings, as Parent Guarantor, and China Development Bank Corporation (as Sinosure Administrative Agent and Non-Sinosure Administrative Agent).	10-K	10.16	03/03/16	
10.13	Bank Credit Certificate, dated November 8, 2011, between Nextel Telecomunicações Ltda., and Caixa Econômica Federal.	10-K	99.5	02/28/14	
10.14	Amendment No. 1 to Bank Credit Certificate, dated February 13, 2015, between Nextel Telecomunicações Ltda. and Caixa Econômica Federal.	8-K	10.6	06/30/15	
10.15	Amendment No. 2 to Bank Credit Certificate, dated January 25, 2015, between Nextel Telecomunicações Ltda. and Caixa Economica Federal.	8-K	10.7	06/30/15	
10.16	Amendment No. 3 to the Bank Credit Certificate, dated February 24, 2017, between Nextel Telecomunicações Ltda. and Caixa Econômica Federal.	8-K	10.1	03/01/17	
10.17	Waiver Letter, dated February 24, 2017, among Nextel Telecomunicações Ltda. and Caixa Economica Federal.	8-K	10.3	03/01/17	
10.18	Bank Credit Certificate, dated December 31, 2012, between Nextel Telecomunicações Ltda. and Banco do Brasil, S.A.	10-K	99.6	02/28/14	
10.19	Amendment No. 1 to Bank Credit Certificate, dated February 13, 2015, between Nextel Telecomunicações Ltda. and Banco do Brasil, S.A.	8-K	10.8	06/30/15	
10.20	Amendment No. 2 to Bank Credit Certificate, dated June 25, 2015, between Nextel Telecomunicações Ltda., and Banco do Brasil, S.A.	8-K	10.9	06/30/15	
10.21	Amendment No. 3 to the Bank Credit Certificate, dated February 24, 2017, between Nextel Telecomunicações Ltda. and Banco do Brasil, S.A.	8-K	10.2	03/01/17	
10.22	Wavier Letter, dated February 24, 2017, among Nextel Telecomunicações Ltda., and Banco do Brasil, S.A.	8-K	10.4	03/01/17	
10.23(+)	NII Holdings Severance Plan.	10-K	10.16	02/28/13	
10.24(+)	NII Holdings Change of Control Severance Plan.	8-K	10.2	12/22/15	
10.25(+)	NII Holdings 2015 Incentive Compensation Plan.	S-8	4.1	06/26/15	
10.26(+)	Form of Restricted Stock Award Agreement (Employees).	8-K	10.3	06/30/15	
10.27(+)	Form of Nonqualified Stock Option Agreement (Employees).	8-K	10.4	06/30/15	
10.28(+)	Form of Restricted Stock Award Agreement (Directors).	10-Q	10.4	11/05/15	
10.29(+)	Form of Separation and Release Agreement for Certain Executives.				*
10.30(+)	Offer Letter for Steven M. Shindler, dated April 30, 2013.	8-K	10.1	05/02/13	
10.31(+)	Form of Director and Executive Officer Indemnification Agreement.	10-K	10.32(+)	03/03/16	
10.32(+)	Employment Agreement between Nextel Telecomunicações Ltda. and Francisco Tosta Valim Filho, dated August 25, 2015.	10-K	10.37(+)	03/03/16	
16.1	PricewaterhouseCoopers LLP Letter of Concurrence, dated March 4, 2014.	8-K	16.1	03/05/14	
21.1	Subsidiaries of NII Holdings.				*
23.1	Consent of KPMG 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.				*

101	The following materials from the NII Holdings, Inc. Annual Report on Form 10-K for the year ended December 31, 2016 formatted in eXtensible Business Reporting Language (XBRL): (i) Consolidated Balance Sheets, (ii) Consolidated Statements of Comprehensive (Loss) 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.

Exhibit 10.29

FORM OF EXECUTIVE OFFICER SEPARATION AND RELEASE AGREEMENT

This Separation and Release Agreement ("Agreement") is made by and between NII Holdings, Inc. ("NII"), a Delaware corporation, and _____ (hereinafter "Employee"). NII and Employee are collectively referred to as the "Parties" and individually as a "Party."

RECITALS:

WHEREAS, in connection with the wind down of its operations in Reston, Virginia, NII is undergoing a reduction-in-force that will result in the elimination of Employee's position;

WHEREAS, NII desires to provide Employee with separation benefits to assist Employee in the transition from employment with NII; and

WHEREAS, the parties to this agreement desire to resolve all issues, whether known or unknown, arising out of Employee's employment and separation from employment in a mutually satisfactory manner, confidentially, and without resort to litigation.

AGREEMENT:

NOW, THEREFORE, in consideration of the promises and of the mutual covenants herein contained and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties do hereby covenant and agree:

1. **Termination of Employment; Separation Benefits**

A. Employee will be terminated from employment due to job elimination on [SEE SCHEDULE A] or on an earlier or later date in the sole discretion of NII as described below (the "Termination Date"). In consideration of Employee's acceptance of this Agreement:

(a) NII shall pay Employee two times annual base salary. This amount is subject to increase based on the base salary in effect on the Termination Date and shall be paid to Employee in one lump sum, payable within twenty (20) business days of the Termination Date or the Effective Date, whichever is later.

(b) In the event that NII exercises its discretion to makes a payment under NII's cash bonus plan following the execution of this Agreement and that bonus covers a period prior to and including the employee's Termination Date, NII shall pay to Employee the unpaid prorated bonus to which Employee would have been entitled based on NII's actual performance and pursuant to the terms and conditions of the then applicable bonus plan if and when it is paid.

(c) In the event that NII triggers a payment pursuant to the Key Employee Incentive Plan (the "KEIP"), as provided for in the Company's bankruptcy proceedings concluded in June 2015, NII shall pay to Employee his portion of the KEIP pursuant to the terms and conditions of the KEIP and when payments are made to other eligible employees.

B. The Parties hereby agree that if NII determines in its sole discretion that the transition of Employee's responsibilities is substantially complete prior to the Termination Date, then NII may accelerate the Termination Date with at least 30 days prior written notice without any additional base salary or benefits owed to the Employee after the amended Termination Date other than as provided in this Agreement. In addition, the Parties hereby agree that if NII determines that the transition of the Employee's responsibilities are not substantially complete prior to the Termination Date, then NII may extend the Termination Date with at least 30 days prior written notice. If Employee's Termination Date is extended, Employee will continue to be paid regular salary and remain covered by benefits up to and including the Termination Date.

C. Employee hereby agrees that NII will deduct from the above-described payments all withholding taxes and other payroll deductions that NII is required by law to make from wage payments to employees. Employee hereby agrees that the payments and performances described in this Agreement are all that Employee shall be entitled to receive from NII except for vested qualified retirement benefits, if any, to which Employee may be entitled under NII's ERISA plans. Employee further acknowledges and agrees that the payment described in Section 1(A) shall be deemed to satisfy NII's obligations pursuant to NII's Severance Plan (as amended and restated February 27, 2013) (the "Severance Plan"), that such payment represents the full amount payable to Employee under the terms of the Severance Plan, and that the Severance Plan requires Employee to execute this Agreement as a condition of receiving any such payments.

2. **Consideration**

Employee hereby agrees and acknowledges that the benefits set forth in Section 1 of this Agreement are more than Employee would otherwise be entitled to receive under any of NII's policies and procedures and that they are in addition to anything of value to which Employee already is entitled; and, specifically, that because execution of this Agreement is a condition of receiving any benefits under the Severance Plan, to the extent it would be deemed to apply to Employee's termination, Employee is not otherwise entitled to any of the benefits set forth in Section 1. Employee acknowledges and agrees that the amount made payable to him is in complete satisfaction of any and all claims of any kind that he has made or could have in connection with his employment and separation from employment.

3. **Complete Release**

In exchange for the consideration set forth herein, Employee hereby knowingly and voluntarily releases and forever discharges NII and any related companies, including, without limitation, their affiliates, former and current employees, officers, agents, directors, shareholders, investors, attorneys, successors and assigns or any of them (the "Released Parties") from all liabilities, claims, demands, rights of action or causes of action Employee had, has or may have against any of the Released Parties, including but not limited to any claims or demands based upon or relating to Employee's employment with NII or the termination of that employment. This includes but is not limited to a release of any rights or claims Employee may have under Title VII of the Civil Rights Act of 1964, which prohibits discrimination in employment based on race, color, national origin, religion or sex; the Equal Pay Act, which prohibits paying men and women unequal pay for equal work; the Age Discrimination in Employment Act of 1967, the ("ADEA") which prohibits age discrimination in employment; the Americans with Disabilities Act, which prohibits discrimination against otherwise qualified disabled individuals; the Virginia Human Rights Act, which is a state statue prohibiting, among other things, employment discrimination; the Fairfax County Human Rights Ordinance, which is a local ordinance prohibiting, among other things, employment discrimination; or any other federal, state or local laws or regulations prohibiting employment discrimination. This also includes but is not limited to a release by Employee of any claims for wrongful discharge, breach of contract, under the Severance Plan, or

any other statutory, common law, tort or contract claim that Employee had, has or may have against any of the Released Parties. This release covers both claims that Employee knows about and those that Employee may not know about.

Notwithstanding the foregoing, neither party is releasing any right to enforce this Agreement, and Employee is not releasing: (1) any vested qualified retirement benefits under NII's ERISA plan (although it does include a release of all claims to benefits under the Severance Plan); (2) the right to continuation in NII's medical plans as provided by COBRA; (3) any claims for unemployment compensation or workers compensation benefits or other rights that may not be released as a matter of law; (4) any claims solely relating the validity of this general release under the ADEA, as amended; (5) any non-waiveable right to file a charge with the U.S. Equal Employment Opportunity Commission, the Occupational Safety and Health Act, the Securities and Exchange Commission or any other federal, state or local governmental agency or commission ("Government Agencies"); or (6) any rights to indemnification pursuant to NII's or any successor company's Certificate of Incorporation, Delaware General Corporation Law or the Director and Officer Indemnification Agreement between the Parties. If a government agency were to pursue any matters that are released herein, Employee agrees that this Agreement will control as the exclusive remedy and full settlement of all such claims by Employee for money damages. However, Employee understands that this Agreement does not limit Employee's ability to communicate with any Government Agencies or otherwise participate in any investigation or proceeding that may be conducted by any Government Agencies. This Agreement does not limit Employee's right to receive an award for information provided to any Government Agencies.

Employee represents and warrants that Employee has no knowledge of any improper or illegal actions, misstatements or omissions by NII, is not aware of any facts or evidence that could give rise to such a claim, nor does Employee know of any basis on which any third party or governmental entity could assert such a claim. Employee further represents and warrants that he/she has fulfilled Employee's duties to NII to the best of Employee's abilities and in a reasonable and prudent manner, and that Employee has not knowingly engaged, directly or indirectly, in any actions or omissions that could be perceived as improper or unlawful, nor has Employee failed to report any such actions or omissions to NII. Employee further represents and warrants that he/she has been paid all compensation due and owing from NII as a result of Employee's work, that he/she has received all rights to which Employee is entitled under the Family and Medical Leave Act, and that he/she is not suffering from any undisclosed illness or injury that would be compensable under NII's workers' compensation insurance.

Employee hereby acknowledges and agrees that this release is a general release and that by signing this Agreement, he is signing and agreeing to this release.

4. **Non-Release of Future Claims**

Employee understands and agrees that he is waiving any and all rights and claims under the ADEA. Employee agrees that his waiver of these ADEA claims is knowing and voluntary, and understands that he is forever releasing any such claims that might have arisen before the date of this Agreement. The parties agree that the decision to terminate Employee's employment has been made prior to the execution of this agreement.

5. **Encouragement to Consult with Attorney**

Employee has had the opportunity to consult with an attorney and has been encouraged to do so prior to executing this Agreement.

6. **Period for Review and Consideration of Agreement**

Employee may have, if desired, 45 days within which to consider this Agreement, first proposed to him on November 13, 2015. Employee acknowledges and agrees that any changes made to this Agreement after it first was offered do not re-start the running of the 45-day period. Employee may execute the Agreement prior to the expiration of the 45-day period but in no event may he execute it prior to the Termination Date. Employee acknowledges that in the event he decides to execute this Agreement in fewer than 45 days, he has done so with the express understanding that he has been given and declined the opportunity to consider this release for a full 45 days. Employee acknowledges that his decision to sign the Agreement in fewer than 45 days was not induced by NII through fraud, misrepresentation, or a threat to withdraw or alter the offer prior to the expiration of the 45-day time period. Employee acknowledges receipt of the OWBPA document appended to this Agreement that contains the employees affected by this termination program and their titles and ages.

7. **Employee's Right to Revoke Agreement**

Employee may revoke this Agreement within seven (7) days of Employee's signing it. Revocation can be made by delivering a written notice of revocation to Shana Smith, Vice President, General Counsel and Secretary, NII Holdings, Inc., 1875 Explorer Street, Suite 800, Reston, VA 20190. For this revocation to be effective, written notice must be received by Ms. Smith no later than the close of business on the seventh day after Employee signs this Agreement. If Employee has not revoked the Agreement, the eighth (8th) day after Employee signs this Agreement shall be the "Effective Date" for purposes of this Agreement.

8. **No Future Lawsuits**

Employee promises never to file a lawsuit asserting any claims that are released in Section 3 of this Agreement. In the event Employee breaches this Section 8, Employee shall pay to NII all of its expenses incurred as a result of such breach, including but not limited to, reasonable attorney's fees and expenses.

9. **Disclaimer of Liability**

This Agreement and the payments and performances hereunder are made solely to assist Employee in making the transition from employment with NII, and are not and shall not be construed to be an admission of liability, an admission of the truth of any fact, or a declaration against interest on the part of NII.

10. **Confidential Information/Return of Property**

Employee covenants and agrees that Employee shall not use, divulge, publish or disclose to any person or organization, confidential information obtained by Employee during the course of Employee's employment or related to Employee's cessation of employment ("Confidential Information"). The Confidential Information consists of the following: (a) the existence and terms of this Agreement itself; (b) personal, financial, private or sensitive information concerning NII's executives, employees, customers and suppliers; (c) information concerning NII's finances, business practices, long-term and strategic plans and similar matters; (d) information concerning NII's formulas, designs, methods of business, trade secrets, technology, business operations, business records and files; and (e) any other non-public information which, if used, divulged, published or disclosed by Employee, would be reasonably likely to provide a competitive advantage to a competitor or to cause any of NII's executives or employees embarrassment. Employee further agrees to return immediately to NII all of NII's property, if any, in Employee's possession or under Employee's control upon the Termination Date or such earlier date as Employee's employment shall cease. Employee agrees that if he intentionally damages any NII property following notification of termination, this agreement

becomes null and void. Notwithstanding the restrictions contained in this Section 10, Employee shall be permitted to make necessary disclosures to members of Employee's immediate family or Employee's attorneys and advisors concerning the terms of this Agreement, provided they agree to be bound by the terms of this promise of confidentiality, with Employee to be responsible for their compliance. Employee acknowledges that in addition to the promises contained in this Agreement, he remains bound by the Non-Competition and Confidentiality Agreement between the Parties.

11. **Statements Regarding the Parties**

The Parties agree not to do or say or write anything, directly or indirectly, that reasonably may be expected to have the effect of criticizing or disparaging the other Party. In addition, the Employee agrees not to do or say or write anything, directly or indirectly, that reasonably may be expected to have the effect of criticizing or disparaging any director of NII; any of NII's employees, officers or agents; or diminishing or impairing the goodwill and reputation of NII or the products and services it provides. Employee further agrees not to assert that any current or former employee, agent, director or officer of NII has acted improperly or unlawfully with respect to Employee or any other person regarding employment.

12. **Cooperation with Litigation**

Employee will cooperate fully with NII in its defense of any lawsuit filed over matters that occurred during the course of Employee's employment with NII, and Employee agrees to provide full and accurate information with respect to the same.

13. **Litigation Assistance**

Employee agrees that, unless compelled by valid subpoena or other court order, and in such case only after providing sufficient notice to NII of such subpoena or court order to allow NII a reasonable opportunity to object to the same, Employee shall not, directly or indirectly, assist any person or entity in connection with any potential or actual litigation against NII or any other of the Released Parties described in Section 3 of this Agreement.

14. **Execution of Documents**

Each of the parties hereto shall execute any and all further documents and perform any and all further acts reasonably necessary or useful in carrying out the provisions of this Agreement.

15. **Invalid Provisions**

The invalidity or unenforceability of any particular provision of this Agreement shall not affect the validity or enforceability of any other provisions hereof, and this Agreement shall be construed in all respects as if such invalid or unenforceable provision were omitted.

16. **Acknowledgment**

Employee acknowledges that Employee has signed this Agreement freely and voluntarily without duress of any kind. Employee has conferred with an attorney or has knowingly and voluntarily chosen not to confer with an attorney about the Agreement.

17. **Entire Agreement**

This Agreement contains the entire understanding of Employee and NII concerning the subjects it covers and it supersedes all prior understandings and representations, except that Employee acknowledges and confirms the continuing effectiveness of the provisions of any Confidentiality Agreement between Employee and NII. NII has made no promises to Employee other than those set forth herein. This Agreement may not be modified or supplemented except by a subsequent written agreement signed by all parties.

18. **Successorship**

It is the intention of the parties that the provisions hereof be binding upon the parties, their employees, affiliates, agents, heirs, successors and assigns forever.

19. **Governing Law**

This Agreement shall be governed by the laws of the Commonwealth of Virginia, without regard to its conflict of laws principles.

EMPLOYEE ACKNOWLEDGES THAT EMPLOYEE HAS READ THIS AGREEMENT, UNDERSTANDS IT, AND IS VOLUNTARILY ENTERING INTO IT. PLEASE READ THIS AGREEMENT CAREFULLY. IT CONTAINS A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

EMPLOYEE MAY NOT EXECUTE THIS AGREEMENT PRIOR TO THE TERMINATION DATE

IN WITNESS WHEREOF, the parties have executed this Agreement on the dates stated below.

_____ _____

Date [Employee]

NII HOLDINGS, INC.

_____ By: _____

Date Shana Smith

VP, General Counsel

Exhibit 21.1

SUBSIDIARIES OF NII HOLDINGS, INC.

(as of December 31, 2016)

Corporation	Jurisdiction of Incorporation
Nextel International (Services) Ltd.	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
NII Mercosur Móviles, S.L.	Spain
NII Mercosur Telecom, S.L.	Spain
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
Sunbird Participações Ltda.	Brazil
Sunbird Telecomunicações Ltda.	Brazil
NIHD Telecom Holdings B.V.	Netherlands
NIU Holdings, LLC	Delaware, USA

Exhibit 23.1

Consent of Independent Registered Public Accounting Firm

The Board of Directors and Stockholders
NII Holdings, Inc.:

We consent to the incorporation by reference in the registration statements (No. 333-205259 and 333-205665) on Forms S-8 and S-3, respectively, of NII Holdings, Inc. (the Company) of our reports dated March 9, 2017 with respect to the consolidated balance sheets as of December 31, 2016 and 2015 (Successor), and the related consolidated statements of comprehensive (loss) income, changes in stockholders' equity, and cash flows for the year ended December 31, 2016 (Successor), for the six month periods ended December 31, 2015 (Successor) and June 30, 2015 (Predecessor) and for the year ended December 31, 2014 (Predecessor), and all related financial statement schedules, and the effectiveness of internal control over financial reporting as of December 31, 2016, which reports appear in the December 31, 2016 annual report on Form 10-K of the Company.

Our report dated March 9, 2017, on the effectiveness of internal control over financial reporting as of December 31, 2016, expresses our opinion that the Company did not maintain effective internal control over financial reporting as of December 31, 2016 because of the effect of a material weakness on the achievement of the objectives of the control criteria. A material weakness related to an ineffective tone at the top at Nextel Brazil which could result in management override of internal control over financial reporting and an ineffective information and communication process related to the identification of information necessary to account for leases, certain accrued liabilities and operating expenses resulting in ineffective process-level controls over the completeness and accuracy of data and assumptions used to support accounting analyses and reconciliations for the related accounts was identified.

Our report dated March 9, 2017, on the consolidated financial statements, contains an explanatory paragraph that states that the Company believes that if it cannot obtain waivers for the existing events of default under Nextel Brazil's equipment financing facility and for the applicable financial covenants it is required to meet as of the December 31, 2017 measurement date, modify the repayment terms on its loans, obtain suitable financing if and when it is required, or obtain access to a significant portion of certain escrowed funds as anticipated in its business plan, the Company's results of operations and liquidity would be negatively impacted, and the Company may be unable to settle its obligations as they come due. The combination of these conditions continues to raise substantial doubt about the Company's ability to continue as a going concern. The consolidated financial statements do not include any adjustments that might result from the outcome of this uncertainty.

Our report dated March 9, 2017, on the consolidated financial statements, contains an explanatory paragraph that states that on June 26, 2015, the Company satisfied the conditions to emerge from Chapter 11 bankruptcy proceedings. Accordingly, the consolidated financial statements as of and for the year ended December 31, 2016 (Successor) and for the six month period ended June 30, 2015 (Successor) have been prepared in accordance with Accounting Standards Codification Topic 852, *Reorganizations*. The Company applied fresh-start reporting as of June 30, 2015 and recognized net assets at fair value, resulting in a lack of comparability with the consolidated financial statements of the Predecessor.

/s/ KPMG LLP
McLean, Virginia
March 9, 2017

Exhibit 31.1

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, 2016 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: March 9, 2017

/s/ STEVEN M. SHINDLER

Steven M. Shindler
Chief Executive Officer

Exhibit 31.2

CERTIFICATION PURSUANT TO

RULE 13a-14(a)

I, Daniel E. Freiman, certify that:

1. I have reviewed this annual report on Form 10-K for the period ended December 31, 2016 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: March 9, 2017

/s/ DANIEL E. FREIMAN

Daniel E. Freiman

Chief Financial Officer

Exhibit 32.1

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, 2016 (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.

March 9, 2017

/s/ STEVEN M. SHINDLER

Steven M. Shindler
Chief Executive Officer

Exhibit 32.2

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, 2016 (the "Report") of NII Holdings, Inc. and subsidiaries (the "Company"), I, Daniel E. Freiman, 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.

March 9, 2017

/s/ DANIEL E. FREIMAN

Daniel E. Freiman
Chief Financial Officer