

NII Holdings, Inc.
Reconciliations of Non-GAAP Financial Measures for 2019

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

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

a. Consolidated

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(US\$)				
Consolidated operating loss	\$ (13,293)	\$ (20,292)	\$ 1,345	\$ (9,625)	\$ 881
Consolidated depreciation.....	4,134	3,878	3,614	3,493	5,043
Consolidated amortization	<u>3,591</u>	<u>3,447</u>	<u>3,191</u>	<u>3,268</u>	<u>3,313</u>
Consolidated operating loss before depreciation and amortization.....	(5,568)	(12,967)	8,150	(2,864)	9,237
Asset impairment charges	733	(249)	1,100	1,134	661
Restructuring charges	1,618	11,970	(1,102)	3,745	5,130
Sale-related transaction costs.....	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,905</u>
Consolidated adjusted operating income (loss) before depreciation and amortization	<u>\$ (3,217)</u>	<u>\$ (1,246)</u>	<u>\$ 8,148</u>	<u>\$ 2,015</u>	<u>\$ 18,933</u>
Consolidated adjusted operating income (loss) before depreciation and amortization margin ...	<u>(2)%</u>	<u>(1)%</u>	<u>6%</u>	<u>1%</u>	<u>13%</u>

*All amounts presented above are translated into US dollars using the average monthly foreign currency exchange rate for the Brazilian real compared to the US dollar. Monthly translated amounts are then summed for each quarter.

(a) Amounts include the impact of the revision of certain immaterial errors. For more information, see our Quarterly Report on Form 10-Q for the three months ended March 31, 2019.

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

a. Consolidated

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(US\$)				
Handset and accessory revenues, net	\$ 4,985	\$ 5,146	\$ 3,141	\$ 1,822	\$ 800
Less: cost of handsets and accessories	<u>9,065</u>	<u>7,015</u>	<u>3,452</u>	<u>(961)</u>	<u>5,081</u>
Handset subsidy costs	4,080	1,869	311	(2,783)	4,281
Selling and marketing *	<u>21,231</u>	<u>15,495</u>	<u>18,903</u>	<u>19,697</u>	<u>18,176</u>
Costs per statement of operations.....	25,311	17,364	19,214	16,914	22,457
Less: costs unrelated to initial customer acquisition.....	<u>(1,950)</u>	<u>(1,971)</u>	<u>(463)</u>	<u>2,920</u>	<u>(1,608)</u>
Customer acquisition costs.....	<u>\$ 23,361</u>	<u>\$ 15,393</u>	<u>\$ 18,751</u>	<u>\$ 19,834</u>	<u>\$ 20,849</u>
Cost per Gross Add	<u>\$ 77</u>	<u>\$ 48</u>	<u>\$ 55</u>	<u>\$ 56</u>	<u>\$ 56</u>

b. Nextel Brazil

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(US\$)				
Handset and accessory revenues, net	\$ 4,985	\$ 5,146	\$ 3,141	\$ 1,822	800
Less: cost of handsets and accessories	<u>9,065</u>	<u>7,015</u>	<u>3,452</u>	<u>(961)</u>	<u>5,081</u>
Handset subsidy costs	4,080	1,869	311	(2,783)	4,281
Selling and marketing *	<u>21,231</u>	<u>15,495</u>	<u>18,903</u>	<u>19,697</u>	<u>18,176</u>
Costs per statement of operations.....	25,311	17,364	19,214	16,914	22,457
Less: costs unrelated to initial customer acquisition.....	<u>(1,950)</u>	<u>(1,971)</u>	<u>(463)</u>	<u>2,920</u>	<u>(1,608)</u>
Customer acquisition costs.....	<u>\$ 23,361</u>	<u>\$ 15,393</u>	<u>\$ 18,751</u>	<u>\$ 19,834</u>	<u>\$ 20,849</u>
Cost per Gross Add	<u>\$ 77</u>	<u>\$ 48</u>	<u>\$ 55</u>	<u>\$ 56</u>	<u>\$ 56</u>

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(BR R\$)				
Handset and accessory revenues, net	R\$ 16,186	R\$ 18,690	R\$ 12,155	R\$ 6,986	3,013
Less: cost of handsets and accessories	<u>29,422</u>	<u>25,152</u>	<u>13,586</u>	<u>(4,018)</u>	<u>19,230</u>
Handset subsidy costs	13,236	6,462	1,431	(11,004)	16,217
Selling and marketing *	<u>68,962</u>	<u>55,159</u>	<u>74,470</u>	<u>74,780</u>	<u>68,503</u>
Costs per statement of operations.....	82,198	61,621	75,901	63,776	84,720
Less: costs unrelated to initial customer acquisition.....	<u>(6,349)</u>	<u>(7,048)</u>	<u>(1,823)</u>	<u>11,406</u>	<u>(6,135)</u>
Customer acquisition costs.....	<u>R\$ 75,849</u>	<u>R\$ 54,573</u>	<u>R\$ 74,078</u>	<u>R\$ 75,182</u>	<u>R\$ 78,585</u>
Cost per Gross Add	<u>R\$ 250</u>	<u>R\$ 171</u>	<u>R\$ 218</u>	<u>R\$ 212</u>	<u>R\$ 212</u>

(a) Amounts include the impact of the revision of certain immaterial errors. For more information, see our Quarterly Report on Form 10-Q for the three months ended March 31, 2019.

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

a. Consolidated

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(US\$)				
Selling, general and administrative expenses...	\$ 90,886	\$ 76,084	\$ 68,504	\$ 73,354	\$ 65,329
Less: selling and marketing expenses *	<u>(21,231)</u>	<u>(15,494)</u>	<u>(18,903)</u>	<u>(19,697)</u>	<u>(18,176)</u>
General and administrative expenses	69,655	60,590	49,601	53,657	47,153
Cost of service	84,507	74,155	61,633	67,303	61,377
Customer retention costs and other	<u>1,950</u>	<u>1,971</u>	<u>463</u>	<u>(2,920)</u>	<u>1,608</u>
Total	<u>\$ 156,112</u>	<u>\$ 136,716</u>	<u>\$ 111,697</u>	<u>\$ 118,040</u>	<u>\$ 110,138</u>
Cash Cost per User	<u>\$ 16</u>	<u>\$ 14</u>	<u>\$ 12</u>	<u>\$ 12</u>	<u>\$ 11</u>

b. Brazil

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(US\$)				
Selling, general and administrative expenses	\$ 86,603	\$ 72,194	\$ 63,902	\$ 68,801	\$ 57,248
Less: selling and marketing expenses *	<u>(21,231)</u>	<u>(15,494)</u>	<u>(18,902)</u>	<u>(19,697)</u>	<u>(18,176)</u>
General and administrative expenses	65,372	56,700	45,000	49,104	39,072
Cost of service	84,507	74,155	61,634	67,303	61,377
Customer retention costs and other	<u>1,950</u>	<u>1,971</u>	<u>463</u>	<u>(2,920)</u>	<u>1,608</u>
Total	<u>\$ 151,829</u>	<u>\$ 132,826</u>	<u>\$ 107,097</u>	<u>\$ 113,487</u>	<u>\$ 102,057</u>
Cash Cost per User	<u>\$ 16</u>	<u>\$ 14</u>	<u>\$ 11</u>	<u>\$ 12</u>	<u>\$ 10</u>

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(BR R\$)				
Selling, general and administrative expenses.....	R\$ 280,988	R\$ 258,923	R\$ 252,565	R\$ 261,124	R\$ 214,850
Less: selling and marketing expenses *	<u>(68,962)</u>	<u>(55,160)</u>	<u>(74,470)</u>	<u>(74,780)</u>	<u>(68,503)</u>
General and administrative expenses	212,026	203,763	178,095	186,344	146,347
Cost of service	273,900	264,858	243,233	257,290	230,964
Customer retention costs and other	<u>6,349</u>	<u>7,048</u>	<u>1,823</u>	<u>(11,406)</u>	<u>6,135</u>
Total	<u>R\$ 492,275</u>	<u>R\$ 475,669</u>	<u>R\$ 423,151</u>	<u>R\$ 432,228</u>	<u>R\$ 383,446</u>
Cash Cost per User	R\$ <u>51</u>	R\$ <u>49</u>	R\$ <u>45</u>	R\$ <u>44</u>	R\$ <u>38</u>

(a) Amounts include the impact of the revision of certain immaterial errors. For more information, see our Quarterly Report on Form 10-Q for the three months ended March 31, 2019.

(4) The following table shows the impact of changes in foreign currency exchange rates on certain financial measures for the three months ended March 31, 2018 compared to the same period in 2019 by (i) adjusting the relevant measures for the three months ended March 31, 2018 to levels that would have resulted if the average foreign currency exchange rates for the three months ended March 31, 2018 were the same as the average foreign currency exchange rates that were in effect for the three months ended March 31, 2019; and (ii) comparing the actual and adjusted financial measures for the three months ended March 31, 2018 to the similar financial measures for the three months ended March 31, 2019 to show the percentage change in those measures before and after taking those adjustments into account. The amounts reflected in the following table for operating income before depreciation and amortization on a consolidated basis and segment earnings for Nextel Brazil, before the adjustments for changes in foreign currency exchange rates, are based on the calculations contained elsewhere in these non-GAAP reconciliations for the three months ended March 31, 2019 and 2018. The average foreign currency exchange rates for each of the relevant currencies during each of the three months ended March 31, 2019 and 2018 are included in the notes to the table below. The information reflected in the following table is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations. We believe that these calculations provide useful information concerning our relative performance for the three months ended March 31, 2019 compared to the same period in 2018 by removing the impact of the significant difference in the average foreign currency exchange rates in effect for those periods.

Three Months Ended March 31,						
	1Q 2018 Actual (a)	1Q 2018 Adjustment (1)	1Q 2018 Normalized (1)	1Q 2019 Actual	1Q 2018 to 1Q 2019 Actual B(W) Growth (2)	1Q 2018 to 1Q 2019 Normalized B(W) Growth (3)
(dollars in thousands)						
Consolidated:						
Operating revenues	\$181,241	\$(25,319)	\$155,922	\$146,815	(19)%	(6)%
Adjusted operating income (loss) before depreciation and amortization	(3,217)	(146)	(3,363)	18,933	NM	NM
Nextel Brazil:						
Operating revenues	\$181,220	\$(25,319)	\$155,901	\$146,815	(19)%	(6)%
Adjusted operating income (loss) before depreciation and amortization	1,045	(146)	899	23,109	NM	NM

NM-Not Meaningful

- (1) The "1Q 2018 Normalized" amounts reflect the impact of applying the average foreign currency exchange rates for the three months ended March 31, 2019 to the operating revenues earned in foreign currencies and to the other components of each of the actual financial measures shown above for the three months ended March 31, 2018, other than certain components of those measures consisting of U.S. dollar-based operating expenses, which were not adjusted. The amounts included under the columns "1Q 2018 Normalized" reflect the amount determined by adding the "1Q 2018 Adjustment" amounts calculated as described in the preceding sentence to the "1Q 2018 Actual" amounts and reflect the impact of the year-over-year change in the average foreign currency exchange rates on each of the financial measures for the three months ended March 31, 2019. The average foreign currency exchange rates for each of the relevant currencies during the three months ended March 31, 2019 and 2018 for purposes of these calculations were as follows:

	Three Months Ended March 31,	
	2019	2018
Brazilian real	3.77	3.24

- (2) The percentage amounts in these columns reflect the better, or B, or worse, or W, growth rates for each of the financial measures comparing the amounts in the "1Q 2019 Actual" columns with those in the "1Q 2018 Actual" columns.
- (3) The percentage amounts in these columns reflect the better, or B, or worse, or W, growth rates for each of the financial measures comparing the amounts in the "1Q 2019 Actual" columns with those in the "1Q 2018 Normalized" columns.
- (5) Operational free cash burn is an industry term that represents all of the Company's cash spending, with the exception of payments related to debt principal and interest, cash returned from escrow in connection with the sale of Nextel Mexico and cash recovered from certain performance bonds relating to the Company's obligations to deploy its WCDMA spectrum in Brazil. Operational free cash burn is not derived from or based on any measurement under accounting principles generally accepted in the United States but is instead calculated through the Company's cash forecasting process. For this reason, we believe that it would require unreasonable efforts to provide a quantitative reconciliation of this term.

Additional Information

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

a. Consolidated

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(US\$)				
Digital service and other revenues	\$ 176,198	\$ 150,809	\$ 138,594	\$ 139,889	\$ 146,015
Less: other revenues.....	<u>(6,414)</u>	<u>(5,310)</u>	<u>(4,823)</u>	<u>(2,930)</u>	<u>(2,883)</u>
Total subscriber revenues.....	<u>\$ 169,784</u>	<u>\$ 145,499</u>	<u>\$ 133,771</u>	<u>\$ 136,959</u>	<u>\$ 143,132</u>
ARPU calculated with subscriber revenues...	<u>\$ 17</u>	<u>\$ 15</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 14</u>
ARPU calculated with digital service and other revenues	<u>\$ 18</u>	<u>\$ 16</u>	<u>\$ 15</u>	<u>\$ 14</u>	<u>\$ 15</u>

b. Nextel Brazil

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(US\$)				
Digital service and other revenues	\$ 176,177	\$ 150,808	\$ 138,594	\$ 139,889	\$ 146,015
Less: other revenues.....	<u>(6,414)</u>	<u>(5,310)</u>	<u>(4,823)</u>	<u>(2,930)</u>	<u>(2,883)</u>
Total subscriber revenues.....	<u>\$ 169,763</u>	<u>\$ 145,498</u>	<u>\$ 133,771</u>	<u>\$ 136,959</u>	<u>\$ 142,132</u>
ARPU calculated with subscriber revenues...	<u>\$ 17</u>	<u>\$ 15</u>	<u>\$ 14</u>	<u>\$ 14</u>	<u>\$ 14</u>
ARPU calculated with digital service and other revenues	<u>\$ 18</u>	<u>\$ 16</u>	<u>\$ 15</u>	<u>\$ 14</u>	<u>\$ 15</u>

	For the Three Months Ended March 31, 2018 (a)	For the Three Months Ended June 30, 2018 (a)	For the Three Months Ended September 30, 2018	For the Three Months Ended December 31, 2018	For the Three Months Ended March 31, 2019
	(BR R\$)				
Digital service and other revenues	R\$ 571,195	R\$ 541,358	R\$ 548,348	R\$ 532,412	R\$ 550,466
Less: other revenues.....	<u>(20,621)</u>	<u>(19,074)</u>	<u>(19,040)</u>	<u>(11,058)</u>	<u>(10,861)</u>
Total subscriber revenues.....	<u>R\$ 550,574</u>	<u>R\$ 522,284</u>	<u>R\$ 529,308</u>	<u>R\$ 521,354</u>	<u>R\$ 539,605</u>
ARPU calculated with subscriber revenues...	<u>R\$ 57</u>	<u>R\$ 54</u>	<u>R\$ 56</u>	<u>R\$ 53</u>	<u>R\$ 53</u>
ARPU calculated with digital service and other revenues	<u>R\$ 59</u>	<u>R\$ 56</u>	<u>R\$ 58</u>	<u>R\$ 54</u>	<u>R\$ 54</u>

(a) Amounts include the impact of the revision of certain immaterial errors. For more information, see our Quarterly Report on Form 10-Q for the three months ended March 31, 2019.