

NII Holdings, Inc.
Non-GAAP and Other Reconciliations for 2018

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 September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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
	(US\$)				
Consolidated operating (loss) income.....	\$ (74,432)	\$ (37,708)	\$ (13,293)	\$ (20,292)	\$ 1,345
Consolidated depreciation.....	2,428	3,420	4,134	3,878	3,614
Consolidated amortization	<u>3,663</u>	<u>3,575</u>	<u>3,591</u>	<u>3,447</u>	<u>3,191</u>
Consolidated operating (loss) income before depreciation and amortization.....	(68,341)	(30,713)	(5,568)	(12,967)	8,150
Asset impairment (benefits) charges.....	(5,096)	3,806	733	(249)	1,100
Restructuring charges (benefits)	<u>39,890</u>	<u>10,584</u>	<u>1,618</u>	<u>11,970</u>	<u>(1,102)</u>
Consolidated adjusted operating (loss) income before depreciation and amortization	<u>\$ (33,547)</u>	<u>\$ (16,323)</u>	<u>\$ (3,217)</u>	<u>\$ (1,246)</u>	<u>\$ 8,148</u>
Consolidated adjusted operating (loss) income before depreciation and amortization margin ...	<u>(16)%</u>	<u>(9)%</u>	<u>(2)%</u>	<u>(1)%</u>	<u>6%</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 September 30, 2018.

- (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 September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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
	(US\$)				
Handset and accessory revenues, net	\$ 4,496	\$ 4,734	\$ 4,985	\$ 5,146	\$ 3,141
Less: cost of handsets and accessories	<u>8,736</u>	<u>9,764</u>	<u>9,065</u>	<u>7,015</u>	<u>3,452</u>
Handset subsidy costs	4,240	5,030	4,080	1,869	311
Selling and marketing	<u>28,275</u>	<u>29,647</u>	<u>21,231</u>	<u>15,495</u>	<u>18,903</u>
Costs per statement of operations	32,515	34,677	25,311	17,364	19,214
Less: costs unrelated to initial customer acquisition.....	<u>(943)</u>	<u>(1,396)</u>	<u>(1,950)</u>	<u>(1,971)</u>	<u>(463)</u>
Customer acquisition costs.....	<u>\$ 31,572</u>	<u>\$ 33,281</u>	<u>\$ 23,361</u>	<u>\$ 15,393</u>	<u>\$ 18,751</u>
Cost per Gross Add.....	<u>\$ 100</u>	<u>\$ 102</u>	<u>\$ 77</u>	<u>\$ 48</u>	<u>\$ 55</u>

b. Nextel Brazil

	For the Three Months Ended September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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
	(US\$)				
Handset and accessory revenues, net	\$ 4,496	\$ 4,734	\$ 4,985	\$ 5,146	\$ 3,141
Less: cost of handsets and accessories	<u>8,736</u>	<u>9,764</u>	<u>9,065</u>	<u>7,015</u>	<u>3,452</u>
Handset subsidy costs	4,240	5,030	4,080	1,869	311
Selling and marketing	<u>28,275</u>	<u>29,647</u>	<u>21,231</u>	<u>15,495</u>	<u>18,903</u>
Costs per statement of operations	32,515	34,677	25,311	17,364	19,214
Less: costs unrelated to initial customer acquisition.....	<u>(943)</u>	<u>(1,396)</u>	<u>(1,950)</u>	<u>(1,971)</u>	<u>(463)</u>
Customer acquisition costs.....	<u>\$ 31,572</u>	<u>\$ 33,281</u>	<u>\$ 23,361</u>	<u>\$ 15,393</u>	<u>\$ 18,751</u>
Cost per Gross Add.....	<u>\$ 100</u>	<u>\$ 102</u>	<u>\$ 77</u>	<u>\$ 48</u>	<u>\$ 55</u>

	For the Three Months Ended September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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
	(BR R\$)				
Handset and accessory revenues, net	R\$ 14,167	R\$ 15,383	R\$ 16,186	R\$ 18,690	R\$ 12,155
Less: cost of handsets and accessories	<u>27,633</u>	<u>31,773</u>	<u>29,422</u>	<u>25,152</u>	<u>13,586</u>
Handset subsidy costs	13,466	16,390	13,236	6,462	1,431
Selling and marketing	<u>89,362</u>	<u>96,248</u>	<u>68,962</u>	<u>55,159</u>	<u>74,470</u>
Costs per statement of operations	102,828	112,638	82,198	61,621	75,901
Less: costs unrelated to initial customer acquisition.....	<u>(2,985)</u>	<u>(4,538)</u>	<u>(6,349)</u>	<u>(7,048)</u>	<u>(1,823)</u>
Customer acquisition costs.....	<u>R\$ 99,843</u>	<u>R\$ 108,100</u>	<u>R\$ 75,849</u>	<u>R\$ 54,573</u>	<u>R\$ 74,078</u>
Cost per Gross Add.....	<u>R\$ 316</u>	<u>R\$ 332</u>	<u>R\$ 250</u>	<u>R\$ 171</u>	<u>R\$ 218</u>

* The adoption of Accounting Standards Codification, or ASC, No. 606, resulted in the capitalization of both direct and indirect commissions beginning on January 1, 2018 compared to the expensing of these types of commissions during the first, second and third quarters of 2017, which resulted in a decrease in selling and marketing expenses from the first, second and third quarters of 2017 to the first, second and third quarters of 2018.

(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 September 30, 2018.

- (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 not be considered in addition to, but not as a substitute for, the information contained in our statements of operations. We believe CCPU is a measure of the recurring costs we incur on a monthly basis to provide service to our subscribers. Consolidated CCPU can be reconciled to our consolidated statements of operations as follows (in thousands, except CCPU):

a. Consolidated

	For the Three Months Ended September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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
	(US\$)				
Selling, general and administrative expenses	\$ 139,004	\$ 107,086	\$ 90,886	\$ 76,084	\$ 68,504
Less: selling and marketing expenses	<u>(28,275)</u>	<u>(29,647)</u>	<u>(21,231)</u>	<u>(15,494)</u>	<u>(18,903)</u>
General and administrative expenses	110,729	77,439	69,655	60,590	49,601
Cost of service	91,230	88,653	84,507	74,155	61,633
Customer retention costs and other	<u>943</u>	<u>1,396</u>	<u>1,950</u>	<u>1,971</u>	<u>463</u>
Total	<u>\$ 202,902</u>	<u>\$ 167,488</u>	<u>\$ 156,112</u>	<u>\$ 136,716</u>	<u>\$ 111,697</u>
Cash Cost per User	<u>\$ 20</u>	<u>\$ 17</u>	<u>\$ 16</u>	<u>\$ 14</u>	<u>\$ 12</u>

b. Brazil

	For the Three Months Ended September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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
	(US\$)				
Selling, general and administrative expenses	\$ 132,699	\$ 104,869	\$ 86,603	\$ 72,194	\$ 63,902
Less: selling and marketing expenses	<u>(28,275)</u>	<u>(29,647)</u>	<u>(21,231)</u>	<u>(15,494)</u>	<u>(18,902)</u>
General and administrative expenses	104,424	75,222	65,372	56,700	45,000
Cost of service	91,230	88,653	84,507	74,155	61,634
Customer retention costs and other	<u>943</u>	<u>1,396</u>	<u>1,950</u>	<u>1,971</u>	<u>463</u>
Total	<u>\$ 196,597</u>	<u>\$ 165,271</u>	<u>\$ 151,829</u>	<u>\$ 132,826</u>	<u>\$ 107,097</u>
Cash Cost per User	<u>\$ 20</u>	<u>\$ 17</u>	<u>\$ 16</u>	<u>\$ 14</u>	<u>\$ 11</u>

	For the Three Months Ended September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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
	(BR R\$)				
Selling, general and administrative expenses.....	R\$ 419,466	R\$ 340,078	R\$ 280,988	R\$ 258,923	R\$ 252,565
Less: selling and marketing expenses	<u>(89,362)</u>	<u>(96,248)</u>	<u>(68,962)</u>	<u>(55,160)</u>	<u>(74,470)</u>
General and administrative expenses	330,104	243,830	212,026	203,763	178,095
Cost of service	288,726	287,641	273,900	264,858	243,233
Customer retention costs and other.....	<u>2,985</u>	<u>4,538</u>	<u>6,349</u>	<u>7,048</u>	<u>1,823</u>
Total.....	<u>R \$621,815</u>	<u>R\$ 536,009</u>	<u>R\$ 492,275</u>	<u>R\$ 475,669</u>	<u>R\$ 423,151</u>
Cash Cost per User	<u>R\$ 62</u>	<u>R\$ 55</u>	<u>R\$ 51</u>	<u>R\$ 49</u>	<u>R\$ 45</u>

* The adoption of Accounting Standards Codification, or ASC, No. 606, resulted in the capitalization of both direct and indirect commissions beginning on January 1, 2018 compared to the expensing of these types of commissions during the first, second and third quarters of 2017, which resulted in a decrease in selling and marketing expenses from the first, second and third quarters of 2017 to the first, second and third quarters of 2018.

(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 September 30, 2018.

- (4) The following table shows the impact of changes in foreign currency exchange rates on certain financial measures for the three and nine months ended September 30, 2017 compared to the same periods in 2018 by (i) adjusting the relevant measures for the three and nine months ended September 30, 2017 to levels that would have resulted if the average foreign currency exchange rates for the three and nine months ended September 30, 2017 were the same as the average foreign currency exchange rates that were in effect for the three and nine months ended September 30, 2018; and (ii) comparing the actual and adjusted financial measures for the three and nine months ended September 30, 2017 to the similar financial measures for the three and nine months ended September 30, 2018 to show the percentage change in those measures before and after taking those adjustments into account. The amounts reflected in the following table for operating income before depreciation and amortization on a consolidated basis and segment earnings for Nextel Brazil, before the adjustments for changes in foreign currency exchange rates, are based on the calculations contained elsewhere in these non-GAAP reconciliations for the three and nine months ended September 30, 2018 and 2017. The average foreign currency exchange rates for each of the relevant currencies during each of the three and nine months ended September 30, 2018 and 2017 are included in the notes to the table below. The information reflected in the following table is not a measurement under accounting principles generally accepted in the United States and should be considered in addition to, but not as a substitute for, the information contained in our statements of operations. We believe that these calculations provide useful information concerning our relative performance for the three and nine months ended September 30, 2018 compared to the same periods in 2017 by removing the impact of the significant difference in the average foreign currency exchange rates in effect for those periods.

Three Months Ended September 30,						
	3Q 2017 Actual (a)	3Q 2017 Adjustment (1)	3Q 2017 Normalized (1)	3Q 2018 Actual	3Q 2017 to 3Q 2018 Actual B(W) Growth (2)	3Q 2017 to 3Q 2018 Normalized B(W) Growth (3)
(dollars in thousands)						
Consolidated:						
Operating revenues	\$205,423	\$(41,226)	\$164,197	\$141,737	(31)%	(14)%
Adjusted OIBDA	(33,547)	5,473	(28,074)	8,148	124%	129%
Nextel Brazil:						
Operating revenues	\$205,399	\$(41,226)	\$164,173	\$141,737	(31)%	(14)%
Adjusted OIBDA	(27,266)	5,473	(21,793)	12,749	147%	158%

Nine Months Ended September 30,

	YTD 2017 Actual (a)	YTD 2017 Adjustment (1)	YTD 2017 Normalized (1)	YTD 2018 Actual	YTD 2017 to YTD 2018 Actual B(W) Growth (2)	YTD 2017 to YTD 2018 Normalized B(W) Growth (3)
(dollars in thousands)						
Consolidated:						
Operating revenues	\$681,512	\$(83,244)	\$598,268	\$478,986	(30)%	(20)%
Adjusted operating (loss) income before depreciation and amortization	(33,793)	1,443	(32,350)	3,685	111%	111%
Nextel Brazil:						
Operating revenues	\$681,429	\$(83,244)	\$598,185	\$478,964	(30)%	(20)%
Adjusted OIBDA	(11,813)	1,443	(10,370)	16,436	239%	258%

- (1) The "3Q 2017 Normalized" and "YTD 2017 Normalized" amounts reflect the impact of applying the average foreign currency exchange rates for the three and nine months ended September 30, 2018 to the operating revenues earned in foreign currencies and to the other components of each of the actual financial measures shown above for the three and nine months ended September 30, 2017, 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 "3Q 2017 Normalized" and "YTD 2017 Normalized" reflect the amount determined by adding the "3Q 2017 Adjustment" and "YTD 2017 Adjustment" amounts calculated as described in the preceding sentence to the "3Q 2017 Actual" and "YTD 2017 Actual" amounts and reflect the impact of the year-over-year change in the average foreign currency exchange rates on each of the financial measures for the three and nine months ended September 30, 2018. The average foreign currency exchange rates for each of the relevant currencies during the three and nine months ended September 30, 2018 and 2017 for purposes of these calculations were as follows:

	Three Months Ended September 30,		Nine Months Ended September 30,	
	2018	2017	2018	2017
Brazilian real	3.96	3.16	3.61	3.17

- (2) The percentage amounts in these columns reflect the growth rates for each of the financial measures comparing the amounts in the "3Q 2018 Actual" and "YTD 2018 Actual" columns with those in the "3Q 2017 Actual" and "YTD 2017 Actual" columns.
- (3) The percentage amounts in these columns reflect the growth rates for each of the financial measures comparing the amounts in the "3Q 2018 Actual" and "YTD 2018 Actual" columns with those in the "3Q 2017 Normalized" and "YTD 2017 Normalized" columns.
- (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 September 30, 2018.
- (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 September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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
	(US\$)				
Digital service and other revenues	\$ 200,874	\$ 184,361	\$ 176,198	\$ 150,809	\$ 138,594
Less: other revenues.....	<u>(14,593)</u>	<u>(12,497)</u>	<u>(6,414)</u>	<u>(5,310)</u>	<u>(4,823)</u>
Total subscriber revenues.....	<u>\$ 186,281</u>	<u>\$ 171,864</u>	<u>\$ 169,784</u>	<u>\$ 145,499</u>	<u>\$ 133,771</u>
ARPU calculated with subscriber revenues...	<u>\$ 19</u>	<u>\$ 18</u>	<u>\$ 17</u>	<u>\$ 15</u>	<u>\$ 14</u>
ARPU calculated with digital service and other revenues	<u>\$ 20</u>	<u>\$ 19</u>	<u>\$ 18</u>	<u>\$ 16</u>	<u>\$ 15</u>

b. Nextel Brazil

	For the Three Months Ended September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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 (a)
	(US\$)				
Digital service and other revenues	\$ 200,850	\$ 184,338	\$ 176,177	\$ 150,808	\$ 138,594
Less: other revenues.....	<u>(14,593)</u>	<u>(12,497)</u>	<u>(6,414)</u>	<u>(5,310)</u>	<u>(4,823)</u>
Total subscriber revenues.....	<u>\$ 186,257</u>	<u>\$ 171,841</u>	<u>\$ 169,763</u>	<u>\$ 145,498</u>	<u>\$ 133,771</u>
ARPU calculated with subscriber revenues...	<u>\$ 19</u>	<u>\$ 18</u>	<u>\$ 17</u>	<u>\$ 15</u>	<u>\$ 14</u>
ARPU calculated with digital service and other revenues	<u>\$ 20</u>	<u>\$ 19</u>	<u>\$ 18</u>	<u>\$ 16</u>	<u>\$ 15</u>

	For the Three Months Ended September 30, 2017 (a)	For the Three Months Ended December 31, 2017 (a)	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
	(BR R\$)				
Digital service and other revenues	R\$ 635,658	R\$ 598,755	R\$ 571,195	R\$ 541,358	R\$ 548,348
Less: other revenues.....	<u>(46,197)</u>	<u>(40,590)</u>	<u>(20,621)</u>	<u>(19,074)</u>	<u>(19,040)</u>
Total subscriber revenues.....	<u>R\$ 589,461</u>	<u>R\$ 558,165</u>	<u>R\$ 550,574</u>	<u>R\$ 522,284</u>	<u>R\$ 529,308</u>
ARPU calculated with subscriber revenues	<u>R\$ 59</u>	<u>R\$ 57</u>	<u>R\$ 57</u>	<u>R\$ 54</u>	<u>R\$ 56</u>
ARPU calculated with digital service and other revenues	<u>R\$ 63</u>	<u>R\$ 61</u>	<u>R\$ 59</u>	<u>R\$ 56</u>	<u>R\$ 58</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 September 30, 2018.